Investing in rural people

Independent Office of Evaluation

# Republic of Zambia

## COUNTRY PROGRAMME EVALUATION

October 2014

Independent Office of Evaluation

# Republic of Zambia

# Country Programme Evaluation

October 2014
Report No. 3551-ZM
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Photos of activities supported by IFAD-financed projects in the Republic of Zambia

Front cover: Smallholder Agri-Business Promotion Programme. The project has supported smallholder farmers to increase and diversify production, to enhance their access to markets and to link them to value chains. More than half of the beneficiaries are women. ©IFAD/Miguel Torralba

Back cover: Young woman pumps water from a well in the late hours of the afternoon in Simuchimbu village in southern Zambia (left); A beneficiary of the Smallholder Livestock Investment Project groups his cattle together in his property in Simuchimbu village, Choma district, southern Zambia. ©IFAD/Siegfried Modola

# *Foreword*

*This is the first country programme evaluation undertaken in Zambia by the Independent Office of Evaluation of IFAD and it covers the period 1999–2013.The objectives were to assess the performance and impact of IFAD-financed operations and to generate findings and recommendations that will inform future cooperation between IFAD and the Government of Zambia.*

*Since 1981, when IFAD started operations in Zambia, it has financed 13 agriculture and rural development projects on highly concessional terms. The costs amount to US$274.2 million, which included US$188 million in loans from IFAD and US$51 million in counterpart funding from the Government and beneficiaries.*

*The interventions supported by IFAD have helped to increase and diversify production by beneficiary smallholder farmers, enhance access to markets and improve the control of livestock diseases such as east coast fever and contagious bovine pleuropneumonia. There is evidence that the poverty-reduction component has helped to increase rural household incomes and assets and promote some improvements in productivity. The portfolio is also contributing to augment the social capital and empowerment of the target groups, in particular by promoting gender equality and the empowerment of women.*

*The evaluation found, nonetheless, that the development effectiveness potential of the programme was not fully realized because: i) there were substantial delays in implementation and weaknesses in financial management; ii) there was limited success in developing a cohesive country programme; and iii) the targeting strategy in the country strategic opportunities programme was too broad and did not sufficiently focus on the most disadvantaged households and communities.*

*The evaluation noted some successes in policy engagement, in connection to the development of the rural finance and agriculture policies and to IFAD's contribution to raise awareness and capacity in the approach of "agriculture as a business" in the country. Collaboration with the private sector is incipient, but was constrained by uncertain government policies. Zambia's new status will require a different level of partnership in line with IFAD's strategy for engagement with middle-income countries. This will include a more customized programme that responds to the needs and priorities of the rural poor.*

*The evaluation report includes the agreement at completion point summarizing the main evaluation findings. It also presents the recommendations agreed upon by the Government of the Republic of Zambia and IFAD, including the timelines and roles and responsibilities of the different partners in the implementation of the evaluation's recommendations. In closing, I hope the results of the evaluation will be useful, in promoting accountability and learning for IFAD's better future performance and development results in Zambia.*

*Oscar A. Garcia*
*Director*
*Independent Office of Evaluation of IFAD*

## Acknowledgements

This country programme evaluation (CPE) was prepared under the responsibility of Miguel Torralba, Senior Evaluation Officer of the Independent Office of Evaluation of IFAD (IOE), with contributions by Catrina Perch (IOE Evaluation Officer), and consultants James Sackey (consultant team leader), Graham Perrett (specialist in rural financial services), Dorothy Lucks (specialist in smallholder enterprise development and value chains), and Kenny Samui (livestock specialist). Administrative support was provided by Ximena Novoa, former IOE Evaluation Assistant.

Internal peer reviewers from IOE -Ashwani Muthoo, Deputy Director; Fabrizio Felloni, Senior Evaluation Officer and Anne-Marie Lambert, former Senior Evaluation Officer- provided comments on the approach paper and draft final report.

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# Contents

**Annexes**

# Currency equivalent, weights and measures

## Currency equivalent

Currency unit = Zambian Kwacha
US$1.00 = ZK 5.485 (November 7, 2013)

## Weights and measures

International Metric System, unless specified in text

# Abbreviations and acronyms

| | |
|---|---|
| ACP | agreement at completion point |
| ACPG | Agriculture Cooperating Partners Group |
| AfDB | African Development Bank |
| AFRACA | African Rural and Agricultural Credit Association |
| APP | actual problem project |
| ARRI | Annual Report on Results and Impact of IFAD Operations |
| ASAP | Adaptation for Smallholder Agriculture Programme |
| CAADP | Comprehensive Africa Agriculture Development Programme |
| CBFI | community-based financial institutions |
| CBPP | contagious bovine pleuro-pneumonia |
| COSOP | country strategic opportunities programme |
| CPE | country programme evaluation |
| CPM | country programme manager |
| CPMT | country programme management team |
| CPO | country programme officer |
| DBZ | Development Bank of Zambia |
| ECF | east coast fever |
| ESA | East and Southern Africa Division (of IFAD) |
| FAO | Food and Agriculture Organization of the United Nations |
| FISP | Farmer Input Support Programme |
| FNDP | Fifth National Development Plan |
| FRA | Food Reserve Agency |
| GRZ | Government of Zambia |
| GDP | Gross Domestic Product |
| GEF | Global Environmental Facility |
| HDI | Human Development Index |
| HIPC | Heavily Indebted Poor Countries |
| IOE | Independent Office of Evaluation of IFAD |
| IMF | International Monetary Fund |
| KM | knowledge management |
| KM&L | knowledge management and learning |
| LOC | line of credit |
| MACO | Ministry of Agriculture and Cooperatives |
| MAL | Ministry of Agriculture and Livestock |
| M&E | Monitoring and Evaluation |
| MDG | Millennium Development Goals |
| MFI | microfinance institution |
| MOF | Ministry of Finance |
| MTR | Mid-Term Review |
| NSCB | National Savings and Credit Bank |
| ODA | Official Development Assistance |
| OFID | OPEC Fund for International Development |
| OIE | World Organization for Animal Health |

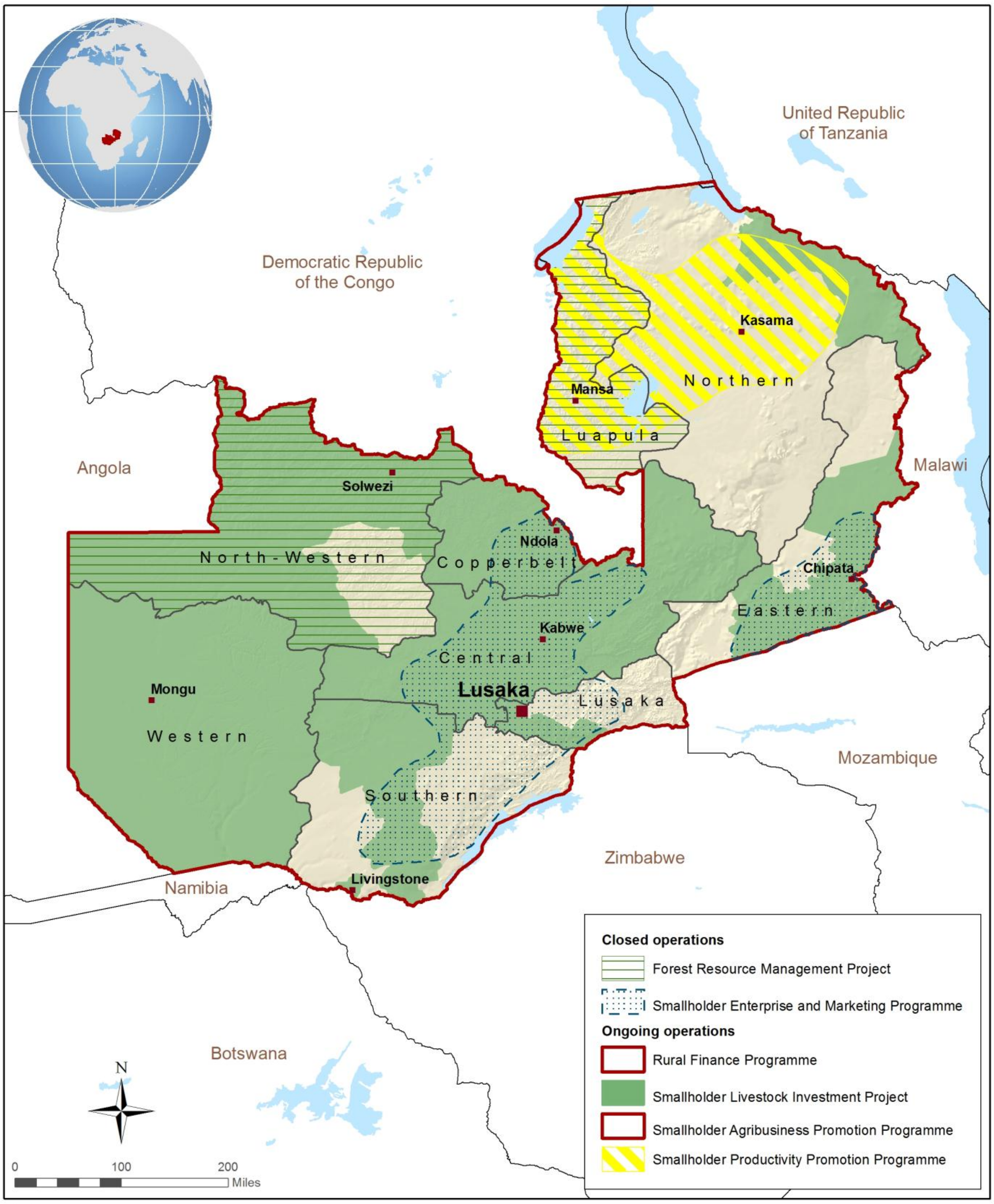
| | |
|---|---|
| PBAS | Performance-based Allocation System |
| PCR | Project Completion Report |
| PFU | Project Facilitation Unit |
| PIU | Programme Implementation Unit |
| PMFI | Participating Microfinance Institution |
| PPA | Project Performance Assessment |
| PRSP | Poverty Reduction Strategy Paper |
| PSC | Project Steering Committee |
| PSR | Project Status Report |
| REDD | Reducing Emissions from Deforestation and Forest Degradation |
| RFP | Rural Finance Programme |
| RFU | Rural Finance Unit |
| RUFEP | Rural Finance Extension Programme |
| S3P | Smallholder Productivity Promotion Programme |
| SAPP | Smallholder Agribusiness Promotion Programme |
| SDR | Special Drawing Rights |
| SHEMP | Smallholder Enterprise and Marketing Programme |
| SIDA | Swedish International Development Agency |
| SLIP-SF | Smallholder Livestock Investment Project-Supplementary Financing |
| SLIP | Smallholder Livestock Investment Project |
| SNDP | Sixth National Development Plan |
| UNCT | United Nations Country Team |
| UNDP | United Nations Development Programme |
| UNOPS | United Nations Office for Project Services |
| USAID | United States Agency for International Development |
| VSL | Village Savings and Loans |
| WFP | World Food Programme |
| ZMK | Zambian Kwacha |
| ZNFU | Zambia National Farmers Union |

# Map of IFAD-supported operations

## Republic of Zambia

IFAD-funded operations covered by the CPE

*Country programme evaluation*




IFAD

The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

*Map compiled by IFAD* | 11-12- 2012

# Executive summary

1. **Country context.** Zambia is a resource-rich country with abundant copper and cobalt and large tracts of arable land. Recent developments have stabilized and liberalized the economy: investment and production are increasing in the mining sector, and agriculture is performing strongly. Economic growth averaging 5.6 per cent per annum between 2000 and 2012 resulted in annual per-capita income estimated by the World Bank at US$1,350 in 2012. Nonetheless, Zambia has yet to make significant progress in reducing poverty and achieving social and human development. Poverty declined from 69 per cent in 1996 to 60.5 per cent in 2011, mainly in urban areas, but the number of people living on US$1.25/day remains high. The number of poor people increased from 6 million in 1991 to 7.9 million in 2010, mainly as a result of population growth.

2. **IFAD's country strategy and operations.** IFAD's cooperation with the Government of the Republic of Zambia between 1999 and 2013 was guided by country strategic opportunities programmes (COSOPs) in 1997, 2004 and 2011. The focus was the poor smallholder farming household, with an emphasis on support for rural women. The COSOPs also noted that attention would be given to identifying activities for young people. Since 1981, IFAD has provided loans, grants and non-lending support such as knowledge management, policy dialogue and partnership building. It has financed 13 projects costing a total of US$274.2 million: of this, IFAD provided US$188.5 million accounting for 7 per cent of its regional financing and 1.5 per cent of its total financing.

3. Of the approved lending to Zambia in the 14 years under review, 29 per cent was intended to increase the productivity of smallholders and 21 per cent to promote access to markets and value chains, maintain infrastructure and roads and support marketing. The portfolio includes: i) the closed Forest Resource Management Project and the Smallholder Enterprise and Marketing Programme; ii) the ongoing Rural Finance Programme, Smallholder Livestock Investment Project, Smallholder Agri-Business Promotion Programme and Smallholder Productivity Promotion Programme; and iii) the new Rural Finance Extension Project, presented to the Executive Board in December 2013.

4. **Portfolio performance.** The 2013 project status report ratings for the ongoing portfolio are moderately satisfactory at 3.80 overall, which is below the regional average of 4.14. The 2012 rating averaged 3.97 compared with the regional average of 4.21. Two projects – the Smallholder Agri-Business Promotion Programme and the Smallholder Productivity Promotion Programme – are at risk compared with one – Smallholder Agri-Business Promotion Programme – in 2012. The project status report ratings show that the portfolio is consistently below regional performance. The estimated risk factor of 4.0 is substantially higher than the regional average of 2.81, partly because of the "Actual Problem Project" status of two projects. The risk factor could be traced to non-compliance with loan covenants, delays in procurement and audit, and project management limitations.

5. In terms of core performance, the relevance of the seven operations under review is judged to be moderately satisfactory. All projects were aligned with their objectives and with the Government's poverty reduction strategy paper and its fifth and sixth development plans. Follow-up operations took into consideration lessons from previous operations and complied with IFAD's change of focus to markets and value chain development. The objectives of the projects were in line with documents such as the Strategic Framework (2002–2006) and the three COSOPs under review.

6. Effectiveness was hampered by substantial implementation delays, usually relating to procurement, and by incoherence among project components; it is therefore rated moderately satisfactory, subject to expected improvements. Efficiency was

limited by issues such as process delays, project management cost increases and spoilage of goods; it is therefore rated moderately unsatisfactory. Implementation delays also limited efficiency: an average of six months elapsed between Board approval and loan signing for the four ongoing projects. The time between loan approval and the start of disbursement ranged from 33 months for the Rural Finance Programme to 20 months for the Smallholder Livestock Investment Project to 4 months for the Smallholder Agri-Business Promotion Programme.

7. **Rural poverty impact.** Despite concerns as to the quality of data, which were essentially descriptive and qualitative, the portfolio helped to reduce rural poverty, particularly by helping to increase household incomes and assets in project districts and by promoting improvements in productivity. The portfolio contributed to building the social capital of target groups, particularly in terms of gender equality and the empowerment of women. The portfolio also provides to some extent a framework for dealing with HIV and AIDS issues among beneficiaries and for raising environmental concerns, but it continues to be difficult to attribute poverty reduction to the portfolio.

8. **Sustainability.** The sustainability of some components was limited, partly because of weak commitment by the Government to future financial obligations and limited capacity in ministries. The sustainability of most activities in the closed Forest Resource Management Project and Smallholder Enterprise and Marketing Programme is limited; the sustainability of the ongoing projects is uncertain and varies with the activities. In particular, the country programme evaluation was concerned about the nature of support for the livestock sector: it is unlikely that the improvements in disease control achieved in the Smallholder Livestock Investment Project will be sustainable because the budget is limited and the cost-recovery strategy is inadequate. Lack of access to credit and lack of technical support for business development constitute risks to the sustainability of the Smallholder Agri-Business Promotion Programme and Smallholder Productivity Promotion Programme.

9. **Non-lending activities.** IFAD’s non-lending activities in Zambia are relatively new but likely to have positive effects. Successes were recorded in terms of policy dialogue with regard to developing the rural finance and agriculture policies; IFAD also participated in policy dialogue through the Agricultural Cooperating Partners’ Group and the United Nations country team. IFAD’s partnership with the Government remained strong; its partnerships with other development partners were largely consultative. Co-financing was weak, but there are good prospects in the Smallholder Agri-Business Promotion Programme and Smallholder Productivity Promotion Programme. Partnerships with private-sector companies and trade associations are a recent development, especially in the Smallholder Agri-Business Promotion Programme; many private-sector operators are showing interest in working with small farmers. A number of activities were concerned with knowledge management, but the drafting of a national knowledge-management strategy and recruitment of a manager are recent developments.

10. **COSOP performance.** The country programme evaluation observed that the three COSOPs were appropriate and provided clear guidance. They were relevant in that they supported interventions aligned with the Government’s development plans, reflected the needs of the economy and were aligned with IFAD’s policies. The strategies were also aligned with the activities of the United States Agency for International Development, the Swedish International Development Agency and the African Development Bank. The COSOPs consistently promoted women’s access to technologies, assets and market opportunities; specific measures were included to alleviate constraints that affect women in particular. The COSOPs also reflected IFAD’s shift from dependence on cooperating institutions to direct supervision. Although there was some progress towards the objectives of the COSOPs, there was limited success in developing a cohesive country programme: in terms of

relevance and effectiveness, therefore, COSOP performance is rated moderately satisfactory.

11. **Overall IFAD-Government partnership.** Table 1 shows the CPE's overall assessment of the IFAD-Government partnership on the basis of the ratings of portfolio performance, non-lending activities and COSOP performance. The final score is not a simple average of these scores over the 14 years under review: it is based on the informed and objective judgement of the evaluation team, taking into account improvements in recent years.

**CPE overall assessment ratings**

| *Assessment* | *First cohort (COSOP 1997)* | *Second cohort (COSOPs 2004, 2011)* | *Overall assessment* |
|---|---|---|---|
| Portfolio performance | 3 | 4 | 4 |
| Non-lending activities | 3 | 4 | 4 |
| COSOP performance | 3 | 4 | 4 |
| IFAD-Government performance | 3 | 4 | 4 |

## Recommendations

12. **Recommendation 1. Improve programme cohesiveness.** Despite the intention to create a synergistic portfolio, especially in the 2011 COSOP, coherence among projects has so far been sub-optimal. To maximize its impact, IFAD should prioritize the development of a cohesive country programme with synergies among its components. Coordination and communications systems must be established at the various stages of the programme cycle – COSOP preparation, project design, start up and implementation. There must also be clarity as to the profiles and objectives of projects and as to the roles and responsibilities of stakeholders to ensure that the programme is concerted.

13. **Recommendation 2. Sharpen the focus on poverty and geographic issues.** The focus on poverty and on geographic issues needs to be refined in the next COSOP to reflect Zambia's middle-income status and to ensure that poor smallholder farmers are included in the economic transition. Targeting should be based on a combination of income criteria and geography. The self-targeting approach needs to be balanced by greater attention to the poverty gap to ensure that extremely poor but capable smallholder farmers are included. And there should be deeper engagement in fewer areas so that impacts are not constrained by spreading IFAD's limited resources too thinly.

14. **Recommendation 3. Support the development of Government capacity.** To eliminate the implementation delays caused by limited government capacities, IFAD must factor capacity-building into its intervention processes, and allow for the time required. It should also help the Government to establish an enabling policy and an institutional environment for agriculture and rural development: this is as important as increasing investments in the sector. IFAD may also need to increase capacity development for its own project staff and for other stakeholders to optimize implementation processes and ensure transparency and compliance with government procedures.

15. **Recommendation 4. Promote private-sector involvement.** To maintain private-sector interest and engage all players in the agricultural sector, IFAD and the Government should use lending and non-lending activities to create and maintain an enabling environment for public-private partnerships. This will include discussion of the next COSOP, and the roles and responsibilities of the Government and private-sector entities in current operations; it will also involve approaches to

eliciting future private-sector support, and consideration of the risks affecting the parties.

16. **Recommendation 5. Ensure sustainability.** A combination of approaches in various areas will be required to ensure sustainability: i) the projects must optimize their mechanisms for sustainability; ii) IFAD must engage in policy dialogue, knowledge management and communication to promote visibility and its achievements with a view to obtaining public commitment in terms of financial obligations; and iii) public-private collaboration should be explored with a view to funding aspects of the programme such as a vaccination drive to eradicate contagious bovine pleuropneumonia.

17. **Recommendation 6. Increase support for value chains and open up to new partners.** IFAD should increase its support for interventions that promote the development of value chains. Three approaches are required – IFAD should: i) allocate substantial resources to attract and educate the rural private sector in value chain development; ii) build partnerships with the Government and other development partners to ensure that resources and technologies are available on a scale that would be beyond the scope of a single provider; and iii) improve its monitoring and evaluation tools to cover the impact of value-chain development on poor smallholder farmers; this would include the establishment of an effective learning tool.

18. **Recommendation 7. Build farmers' institutional capacity.** The focus on value chain development and private-sector promotion means that IFAD must pay more attention to building farmers' capacities, for example by organizing them into groups and building institutional capacity to enable them to benefit from the development of agri-businesses and to develop commercial and business-management skills. This organization is also essential in view of the high unit costs of reaching smallholder farmers in areas of low population density and the need for them to share the risks and benefits of products and financial consolidation. IFAD should improve the flow of information, train staff to evaluate markets, and provide the technology, infrastructure and finance to access the markets.

19. **Recommendation 8. Mainstream environmental issues, with particular attention to climate change.** The effects of climate change on the rural smallholder economy, evident in the intensity of recent droughts, must be addressed. An assessment mechanism should be developed to study price and yield risks facing smallholder farmers, and innovations that reduce transaction costs and spread risks – examples are index-based insurance and commodity price hedging – must be adopted more widely. Index-based insurance can cover smallholder farmers against weather-related losses more effectively than the current fiscally burdensome mechanisms for responding to natural disasters. By promoting partnerships with development partners, IFAD could help the Government to design and test mechanisms to deal with the above mentioned risks in rural areas.

# Agreement at Completion Point

## A. Introduction

1. This is the first country programme evaluation (CPE) by the Independent Office of Evaluation of IFAD (IOE) in Zambia since the Fund started its operations in the country in 1981. The CPE had two main objectives: (i) assess the overall partnership between IFAD and Zambia in reducing rural poverty; and (ii) generate a series of findings and recommendations that will inform the definition of future cooperation between IFAD and the Government of Zambia as well as to assist in the implementation of ongoing operations and in the design of future IFAD-funded projects in Zambia.

2. Based on the analysis of cooperation during the period 1999-2013, the CPE aims at providing an overarching assessment of: (i) the performance and impact of programmes and projects supported by IFAD operations; (ii) the performance and results of IFAD's non-lending activities in Zambia: policy dialogue, knowledge management and partnership building; (iii) the relevance and effectiveness of IFAD's country strategic opportunities programmes (COSOPs) of 1997, 2004, and 2011; and (iv) overall management of the country programme. This Agreement at Completion Point (ACP) contains a summary of the main findings and recommendations from the CPE (see section B below).

3. The ACP has been reached between the IFAD management (represented by the Programme Management Department) and the Government of Zambia (represented by Ministry of Finance and Ministry of Agriculture and Livestock), and reflects their understanding of the main findings from the CPE as well as their commitment to adopt and implement the recommendations contained in section C of the ACP within specified timeframes.

4. It is noted that IOE does not sign the ACP, although it facilitated the process leading up to its conclusion. The implementation of the recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions, which is presented to the IFAD Executive Board on an annual basis by the Fund's Management.

5. This ACP will be included as an annex of the new COSOP for Zambia. In line with the decision in 2013, the Zambia CPE will be discussed in the IFAD Executive Board at the same time when the new Zambia COSOP will be considered by the Board. Moreover, IOE will prepare written comments on the new COSOP for consideration at the same Board session. The written comments will focus on the extent to which the main findings and recommendations from the Zambia CPE have been internalized in the new COSOP.

## B. Main evaluation findings

6. Over the past 14 years covered by the CPE, IFAD has made a positive contribution to agriculture and rural development in Zambia. IFAD is a trusted partner in the country with a good reputation as the only agency with experience and exclusive focus in rural development in the poorer areas of Zambia.

7. IFAD supported interventions have contributed to increase production of beneficiary smallholder farmers, crop diversification, increased access to markets and the control of livestock diseases of national importance such as east coast fever (ECF) and contagious bovine pleuropneumonia (CBPP). Some poverty impact is being realized with respect to increases in rural household income and assets in project districts, as well as in relation to selected improvements in productivity, thereby enhancing food security. Enhanced access to rural financial services has led to substantial increases in household incomes of participants at the end of the cycles, when profits are distributed. The portfolio is also contributing to the build-up of social capital and empowerment of the beneficiary target groups, and in

particular supporting IFAD's objective of promoting gender equality and women empowerment.

8. Investments in agribusiness and value chain development, one of IFAD's strategic objectives in Zambia, have been recognized as a valid approach for poverty reduction and agriculture sector development in the country and stand high in the government agenda. Despite progress, the value chain development potential has not yet fully realized. Investment in value chains is complex, requires a relatively high level of expertise, and involves a larger number of stakeholders (from primary production to consumption) compared to other investments.

9. Despite these important results, the full development effectiveness potential of the programme has not been fully realized for three main reasons. First, portfolio effectiveness and efficiency have been affected by substantial implementation delays associated to various issues, including severe procurement delays, weakness in financial management and project management, as well as problems related to institutional arrangements.

10. Second, in spite of clear intentions in the COSOPs covered by the CPE, there has been only limited success in developing a cohesive country programme. To date the programme has essentially comprised a number of separate projects and expected synergies between, for example, the Small Agribusiness Promotion Programme (SAPP) and the Smallholder Livestock Investment Project (SLIP) have not yet materialized. Also the various agriculture investments in the portfolio were supposed to be linked to the Rural Finance programme as a source of credit, but there were no integral mechanisms between the projects to operationalize the potential synergy.

11. Third, the targeting strategy described in the COSOPs is still too broad and could lead to programme benefits being captured by better-off farmers, an issue of particular relevance to Zambia as an emerging middle-income country (MIC), with strong economic growth, but overall limited and unequally distributed results on poverty reduction. Emphasis on group formation and self-targeting, while useful, has not always ensured focus on the poor smallholder farmers. Having a broad coverage is desirable for maximizing out-reach, but tends to compound implementation issues given limited public capacity in staffing and equipment and fails to maximize impact under circumstances of limited resources.

12. Weak prospects for sustainability in most IFAD-supported projects in Zambia represent a key issue of concern. Sustainability of benefits from infrastructure investments in roads and markets is unlikely because of the lack of mechanisms and sources of financing for maintenance within the districts. It is also not clear that the current disease control gains under SLIP would be sustainable because of the absence of an adequate cost recovery strategy and limited budgetary allocation. Moreover, in both SAPP and in the Smallholder Production Promotion Programme (S3P), the lack of a clear link to credit and the absence of direct technical support for business development pose significant risk to sustainability.

13. Environment and sustainable management of natural resources offer opportunities for further collaboration. Despite being richly endowed, Zambia -as many other natural resource rich countries- has not been able to translate natural resource rents into broad based development and poverty reduction. Environmental degradation, including deforestation and the effects of climate change poses significant constraints to key growth sectors such as agriculture and tourism.

14. While relatively in its infancy, IFAD's non-lending activities in Zambia are likely to have positive effects. In terms of policy engagement, some successes have been recorded in the context of getting the rural finance and agriculture policies developed, and IFAD has also actively participated in policy dialogue through the Agriculture Cooperating Partners Group and the United Nations Country Team.

Moreover, the Fund’s support has contributed to raising awareness and capacity in the approach of “agriculture as a business” in the country. Beyond maintaining a solid partnership with government, IFAD’s partnership with other development partners has been largely consultative. The co-financing effort has been weak, although some prospects have emerged in the two most recent operations. Collaboration with the private sector is incipient, but is constrained by an unclear policy approach to private sector engagement by the government.

15. Performance of both IFAD and the government has improved in the recent years. However, despite a good level of ownership, and recent important initiatives, the government has not yet been able to provide adequate policy guidance and carry out its coordinating functions.

16. Moving forward, opportunities for strengthening and consolidating the partnership between IFAD and the GRZ are likely to be facilitated by the recent out-posting of the Country Programme Manager as IFAD Country Director in Zambia. Zambia’s new status as a MIC will require, in line with IFAD’s strategy for engagement with MICs, and new level of partnership, including a more responsive and customized programme in response to country needs and within IFAD mandate.

## C. Agreement at completion point

17. This section addresses each of the recommendations prepared by IOE which are contained in the CPE report.

**Recommendation 1: Strengthen programme cohesiveness**

20. Despite clear intentions, especially in the last COSOP, to create a synergistic programme across the portfolio, coherence between projects has not so far been optimized. To enhance the overall impact of the programme, IFAD would need to dedicate special attention and effort to developing a cohesive country programme in which the various interventions create synergies and support one another. Adequate mechanisms for effective coordination and communication need to be in place along the various stages of the programme cycle, including COSOP preparation, projects design, start up and during implementation. In addition, it is important to ensure there is clarity about the projects profile, objectives and various roles and responsibilities among various stakeholders which enables a concerted effort.

21. Proposed follow up: Since the strengthening of IFAD‘s presence in country and the out-posting of the Country Director, efforts have been made to bring the different ongoing programmes together and develop coherence between them. Also, a greater engagement between the ICO and the GRZ is ongoing. Work has been initiated to create synergies between the Fund’s supported investments, better coordination and communication. In fact work has already started in harmonizing the country portfolio consisting of S3P, SLIP, SAPP, RUFEP (entered into force on 22nd July 2014) and Enhanced-Smallholder Livestock Investment Programme-E-SLIP (to be submitted to the IFAD Executive Board of September 2014). Each programme is to fully exploit its comparative advantages in the core areas of: (i) rainfed agriculture and good agricultural practices (S3P); (ii) livestock disease control and livestock productivity enhancement (SLIP and E-SLIP); (iii) market and value chain linkages (SAPP); and (iv) rural finance services (RUFEP). A portfolio Realignment Paper will be jointly prepared by the ICO and GRZ during the course of fiscal year 2015.

Deadline date for implementation: 31st December 2015

Entities responsible for implementation: The Ministry of Finance (MOF), the Ministry of Agriculture and Livestock (MAL), and IFAD

**Recommendation 2: Sharpen poverty and geographic focus**

22. Both the poverty and the geographic focus need to be refined in the next COSOP in order to recognize the country's emerging MIC status and to reflect the requirement not to exclude poor smallholder farmers from the on-going economic transition and transformation. The COSOP may need to explore a targeting strategy based on a combination of income criteria and geography. First, the self-targeting approach needs to be balanced with a stronger focus on the poverty gap, so as not to exclude the extremely poor smallholder farmers who are capable. Second, there may be the need to seek deeper engagement in a limited set of geographic areas so that IFAD's limited resources are not spread thinly thereby reducing potential impact.

23. Proposed follow up: Both GRZ and IFAD have agreed to extend the period of the current COSOP from 2015 to 2018. The 2013 Mid-term Review of the current COSOP reconfirmed the validity of the COSOP and afforded an opportunity to align the COSOP with the GRZ National Agricultural Investment Programme (NAIP) launched in 2013 and goes for 2014-2018. During the COSOP extension exercise, a sharpening of the poverty and geographic focus will be considered while taking into consideration the efforts of the realignment of the portfolio. The targeting strategy will be refined to include other criteria in addition to food security such as income in order to ensure that the rural poor and extremely poor populations are not left behind and sliding into deeper poverty as is the case in other MICs in Africa.

Deadline date for implementation: End of 2015

Entities responsible for implementation: The GRZ (MOF, MAL) and IFAD

**Recommendation 3: Support the development of Government capacity**

24. To deal with limited government capacity that accounts for implementation delays, IFAD may need to adequately factor into its project intervention process, the time and capacity building requirements for project implementation. IFAD may also need to support the Government to establish an enabling policy and institutional environment for agriculture and rural development, which is as much important as increasing investment into the sector. Finally, IFAD may need to provide greater support for capacity development of all stakeholders, including IFAD project staff, to increase their understanding of requirements for successful implementation processes, and ensuring the need for transparency and compliance with government procedures.

25. Proposed follow up: Many initiatives are ongoing to support the Government to enhance its capacity to provide procurement and financial management to programmes under implementation. Current support is being provided by S3P, SAPP and SLIP to enhance the capacity of the MAL-Procurement and Supply Unit through provision of training to staff, office refurbishing and equipment. Also, MAL has adopted the establishment of monthly top management meetings between IFAD Programmes and Key-Departments involved with implementation. Programmes are being requested to share monthly, three-monthly and six-monthly workplans aimed at accelerating procurement and disbursement rates to be reviewed at the MAL meetings. Also, a more realistic planning of AWPBs is actively promoted by the ICO; building in the necessary time and capacity building to ensure delivery on agreed implementation milestones as AWPBs become more result oriented management tools. Lastly, more efforts will be undertaken by the ICO in supporting capacity building of GRZ Stakeholders-inclusive of project staff to ensure successful implementation with transparency and a greater compliance with Government procedures. Work is ongoing.

Increasingly, the ICO and the GRZ are involved in supporting further an enabling policy and institutional environment for agriculture and rural development. The RFP (now closed) supported GRZ in the drafting of the rural finance policy and strategy. RUFEP will further support the GRZ in the development of other policies relevant to accessing financial services in the rural sector such as mobile banking, agency banking, equity funding and development of new financial products etc. SAPP has initiated support to MAL in the establishment of an agribusiness development framework. SLIP initiated policy discussion with MAL and the Veterinary Council in redefining the space for public and private sector in the provision of animal health services. This policy dialogue will be further enhanced during E-SLIP implementation. S3P is supporting policy reviews and consultations and establishing an enabling environment that will support smallholder productivity growth. More can be achieved as the portfolio evolves.

Deadline date for implementation: Ongoing-progress will be reported annually in supervision reports

Entities responsible for implementation: The GRZ (MOF, MAL and Implementation Agencies) and IFAD

**Recommendation 4: Promote greater involvement of the private sector**

26. To support the strong private sector interest and government commitment to engage all players in the agricultural sector, including the private sector and civil society, IFAD and the government should consider using existing instruments (both lending and non-lending activities) to ensure an adequate enabling environment for public-private partnerships. This includes discussing in the next COSOP, and in the current operations, the most appropriate and effective respective roles and responsibilities of government and private sector; approaches to promote and elicit support from the private sector; as well as the potential risk to all parties.

27. Proposed follow up: Through the Department of Agribusiness and Marketing of MAL (ABM), SAPP is supporting development of an Agribusiness Model for Zambia, with participation of all key agribusiness stakeholders. This will define the expected functions and roles of different stakeholders. This model will be finalized during the course of 2015. In addition, the programmes (SAPP, S3P and RUFEP) are promoting and facilitating Public-Private-Producer partnerships through the Matching Grants, and encouraging significant contributions from the private sector. S3P will be piloting the pluralistic extension services aimed at expanding the private sector participation in the provision of agricultural extension services. Experience so far gained in the ongoing PPPPs will inform the extended COSOP in 2015.

Deadline date for implementation: Ongoing

Entities responsible for implementation: The MAL (Department of Agribusiness and Marketing and Departments of Agriculture and Livestock) and IFAD

**Recommendation 5: Strengthen efforts to ensure sustainability**

28. Strengthening sustainability would require combination of efforts in various areas. First, it will be necessary to improve mechanisms for sustainability in the projects. Second, IFAD needs to pay more attention to ensure public commitment in terms of future financial obligations through focused policy engagement as well as improving knowledge management activities aimed at better visibility and communication of results. Third, possibilities for public/private collaboration should be explored to funding certain aspects of the programme, such as a sustained vaccination effort in order to eradicate CBPP.

29. Proposed follow up: All designs are spearheaded by Government-appointed Project Design Groups that ensure ownership throughout programme implementation when they transform into Technical Advisory Groups. Effort has been made in ensuring that sustainability is inherent in all programme designs recently. RUFEP and E-SLIP designs had factored in lessons learned from RFP and SLIP consolidated key activities to ensure sustainability. For instance under RUFEP consolidation of community-based financial institutions (CBFIs) and their linkages to formal financial institutions to ensure their long term sustainability. E-SLIP has built in an adequate cost recovery strategy for east coast fever (ECF) and in order to

eradicate CBPP a concentrated and sustained vaccination programme along with a strict cattle movement control in the primary risk areas has been fully developed and funded. Furthermore E-SLIP will be supporting the MAL in the preparation of the policy and strategy for the provision of animal health services through Public-Private collaboration. Other initiatives supported by the programmes to strengthen sustainability include inter alia: the use of existing partnerships with the private sector, NGOs, community organizations and decentralized government institutions for the service delivery with an aim of enhancing the capacity of these institutions to implement the programmes in a sustainable manner. Provision has also been made for progressive increments in GRZ/beneficiary/private sector contributions to replace IFAD financing as the programme matures. Knowledge management and sharing is increasingly being embraced by direct programme stakeholders and target beneficiaries.

Deadline date for implementation: Ongoing

Entities responsible for implementation: The GRZ (MOF, MAL and Implementation Agencies) and IFAD

**Recommendation 6: Strengthen support to value chains, including opening-up to new partners**

30. In view of their strategic importance, as well as challenges still remaining, going forward, IFAD should consider strengthening support to its ongoing interventions in the area of value chain development. This move would require three main approaches: First, IFAD would need to dedicate substantial effort to attract and educate the rural private sector on value chain development because of the complexity of value chains and the important role that private sector could play. Second, in addition to the private sector, IFAD would need to build strong partnership with government and other development partners because the technology and resource (market access and financial) requirement for value chain development could be beyond the scope of a single provider. Finally, IFAD would need to strengthen its monitoring and evaluation (M&E) tools to cover the impact of value chain development on the smallholder poor farmer. This will go beyond assessing programme performance and impact to include establishing an effective learning tool.

31. Proposed follow up: Firstly, the programmes are promoting models where private sector entities work with smallholder farmers in different areas of value chain development, and increasingly bringing government to facilitate the linkages. Secondly, an on-going re-orientation of Programmes under the IFAD portfolio, to ensure that individual programmes become service providers and/or service recipients in order to create demand for services and products of other programmes. Thirdly, SAPP is supporting sector-wide M&E and Learning which has so far involved the European Union, USAID, Embassy of Finland and Embassy of Sweden. Under this support, all sector players, including programmes and projects under MAL, will be reporting on specific indicators to the MAL M&E. Further, ICO has facilitated the development of a framework for the National Agricultural Information Services (NAIS) of MAL in which the latter will play a key role in the capturing and dissemination of activities supported by IFAD programmes and will be supported to expand its coverage to other donor funded programmes. Fourthly, SAPP is building the capacity of the Department of Agribusiness and Marketing in Value Chain approaches.

Deadline date for implementation: On-going

Entities responsible for implementation: MAL Department of Policy and Planning, the Department of Agribusiness and Marketing and IFAD

**Recommendation 7: Build farmers institutional capacity**

32. The focus on value chain development and private sector promotion requires that IFAD pays more attention to building farmers capacity. This may require greater effort on the part of IFAD to organize the smallholder farmers into groups, and to build their institutional capacity so that they can benefit more directly from the development of agri-business, including developing commercial skills such as negotiation and marketing and improving the management of their businesses. The high unit costs of reaching smallholder farmers in low population-density rural areas, and the need for them to share risk and benefits from products and financial agglomeration, also dictates that they must be organized. Moreover, IFAD would need to support enhanced information flow and invest in training to understand and evaluate markets, along with the tools (technology, infrastructure, and finance) to access these markets.

33. Proposed follow up: In line with Government policy, the design and implementation of the programmes under the current Country Portfolio recognize farmer/beneficiaries' groups as an entry point of intervention given the high unit costs of reaching individual smallholder farmers not only in low-population density but high-population density rural areas. Under the on-going SAPP and S3P, grants are being provided to farmer groups to finance infrastructure and equipment that are aimed at enhancing the productivity, production and marketing (through bulking) capacities of smallholder farmers. Associated with these grants, there is agribusiness training of smallholder farmers through farmer groups. The training is aimed at equipping farmers with knowledge of markets to enable them to understand and appreciate market dynamics. Specifically under the SAPP and S3P, resources have been dedicated to systematically assess and build the institutional and development capacities of farmer organizations in order that they may effectively provide a wide-range of production and marketing, including flow of market information, services to their members. Deliberate efforts will be made to report on specific farmer institutional capacity interventions by the Country Portfolio.

Deadline date for implementation: On-going

Entities responsible for implementation: MOF, MAL and IFAD

**Recommendation 8: Strengthen environmental mainstreaming, with particular attention to climate change**

34. Although the effect of climate change has been felt in the intensity of periodic droughts in Zambia, its impact on the rural smallholder economy has not been sufficiently addressed. This may require the assessment and mitigation mechanism for traditional price and yield risks facing the smallholder farmer to be strengthened. Innovations that reduce transaction costs and spread risks more effectively, such as "index-based" insurance and commodity price hedging, ought to be adopted more widely than seem to be the current practice in Zambia. In particular, index-based insurance offers a credible promise to extend catastrophic weather-related insurance to smallholder producers, substituting for fiscally burdensome and distortionary means of responding to natural disasters, such as drought and livestock diseases. By promoting partnership with other development partners, IFAD could support the Government in the design and testing of mechanisms to deal with the above mentioned risks in rural areas.

35. Proposed follow up: Programmes under the current Country Portfolio have specific interventions aimed at weather risk mitigations. The S3P, for example, is promoting conservation agriculture as one of the means to reduce the vulnerability of farmers to weather variations. The RUFEP has a grant window on rural finance equity and innovations that could be accessed to introduce such agricultural insurance services such as weather index-based insurance (WII). The country portfolio, under the S3P whose objective includes reduction of farmers' vulnerability arising from weather

variations, will initiate a study on the assessment and applicability of WII in Zambia. The setting up of the WII will be undertaken by RUFEP. Further to strengthen environmental mainstreaming, with particular attention to climate change adaptation Zambia is earmarked to access ASAP (Adaptation for Smallholder Agriculture Programme) funding in 2016 and probably a grant from the Global Environmental Facility. There is a need to prepare project proposal to this effect.

Deadline date for implementation: Assessment and Applicability of WII in Zambia by end 2015. Preparation and submission of proposals to access ASAP and possibly GEF resources by end of 2016

Entities responsible for implementation: MOF, MAL, Ministry of Lands, Natural Resources and Environmental Protection, ICO.

**For IFAD:**

**John McIntire**
**Associate Vice President**
**Programme Management Department**

**Date**

**For the Government of Zambia:**

**Julius J Shawa**
**Permanent Secretary**
**Ministry of Agriculture and Livestock**

REPUBLIC OF ZAMBIA
MINISTRY OF AGRICULTURE
AND LIVESTOCK
31 JUL 2014
PERMANENT SECRETARY
P.O. BOX 50197, LUSAKA.

**Date**

**Caiton Chiluli, member of the Chabota Group in Monze District, Southern region of Zambia. The group is supported by the IFAD-funded project Smallholder Agribusiness Promotion Programme in entrepreneurship, rearing of improved goat breeds and small-livestock marketing.**



# Republic of Zambia
# Country Programme Evaluation

# I. Background

## A. Introduction

1. As decided by the Executive Board[1] the Independent Office of Evaluation of IFAD (IOE)[2] undertook in 2013 the first country programme evaluation (CPE) in the Republic of Zambia, assessing the cooperation and partnership between the Government and IFAD during 1999-2013. The Zambia CPE is conducted within the provisions contained in the IFAD Evaluation Policy[3] and follows IOE's methodology and processes for CPEs as per the Evaluation Manual.[4]

2. **Overview of IFAD's assistance.** The cooperation between IFAD and the Government of the Republic of Zambia has involved loans, grants and non-lending activities, including knowledge management, policy dialogue and partnership-building. Since inception in 1981, IFAD financed 13 projects with a total cost of US$274.2 million, of which US$188.5 million are attributed to IFAD, representing 7.0 per cent of IFAD regional financing and 1.5 per cent of total IFAD financing (see annex II- IFAD loans in Zambia 1981-2013).

Table 1
**A summary of IFAD operations in Zambia**

| | |
|---|---|
| First IFAD loan-funded project | 1981 |
| Total loans-funded projects approved | 13 |
| Total amount of IFAD lending | US$188.5 million |
| Counterpart funding (Government of Zambia & Beneficiaries) | US$50.7 million |
| Co-financing amount | US$34.9 million |
| Total portfolio cost | US$274.2 million |
| Lending terms | Highly concessional |
| Focus of operations | Rural finance, value chains, agribusiness development, smallholder enterprises, animal disease control |
| Cofinancers | World Bank , Africa Fund, OPEC Fund for International Development, Netherlands, United Nations Development Programme, World Bank-IDA, Germany, Ireland, Swedish Complementary, Finland/FINNIDA |
| Number of ongoing projects | 4 |
| Total grant amount | US$12.7 million |
| Total regional grants benefiting Zambia | US$12.7 million |
| Responsible IFAD division for operations | East and Southern Africa Division |
| Country strategic opportunities programme (COSOP) | 1997, 2004, 2011 |
| Country Office in Zambia | Yes, since 2010 |
| Country programme managers since 1999 | 4 |
| Current country programme manager | Responsible since February 2013 |
| Lead agencies | Ministry of Finance, Ministry of Agriculture and Livestock |

[1] EB/2009/98/R.2, p.54.
[2] Following IFAD's Evaluation Policy, IOE provides an independent assessment of IFAD's operations and policies and reports directly to the Executive Board.
[3] Available at: http://www.ifad.org/evaluation/policy/new_policy.htm
[4] http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf

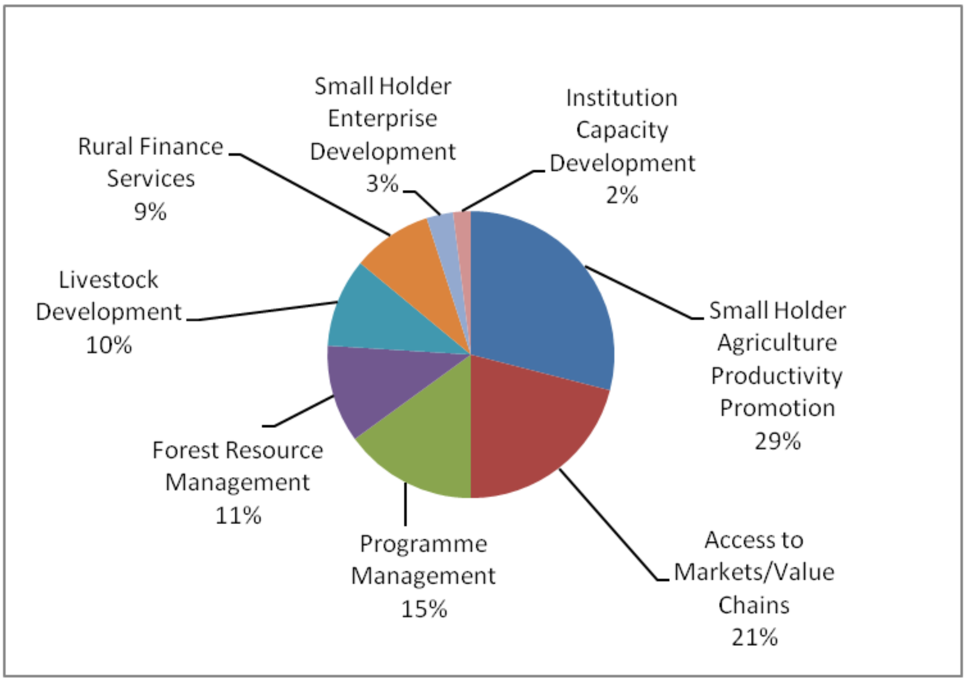
3. Cofinancing by other development partners accounted for US$34.9 million, while about US$50.7 million constituted the counterpart contribution from Government and beneficiaries.[5] The country also benefited from activities financed by several regional grants supporting inter alia knowledge management initiatives for a total of US$12.7 million. The following cofinancers have participated in IFAD-financed projects in Zambia: World Bank, the Africa Fund, the OPEC Fund for International development (OFID), Netherlands, United Nations Development Programme (UNDP), Germany, Ireland, Sweden, and Finland.

4. There are four ongoing IFAD-supported operations in Zambia. They are: the Rural Finance Programme (RFP), the Smallholder Livestock Investment Project (SLIP), the Smallholder Agribusiness Promotion Programme (SAPP), and the Smallholder Productivity Promotion Programme (S3P).

5. The **Government's coordinating ministry** for IFAD in Zambia is the Ministry of Finance (MOF), formally, Ministry of Finance and National Planning (MFNP). The lead implementing agency for IFAD-funded operations is the Ministry of Agriculture and Livestock (MAL), previously the Ministry of Agriculture and Cooperatives (MACO). The MOF is the lead programme agency for the Rural Finance programme (RFP).

6. In terms of **sectoral allocation** (figure 1), IFAD's support to Zambia over the last 15 years is concentrated on smallholders to help increase their agricultural productivity (29 per cent of funds approved), and in promoting access to markets and linkages to value chains (21 per cent), which includes infrastructure -rural roads/tracks- and marketing support. Other important components in the portfolio include forest resource management, livestock development (mainly animal disease control) and rural financial services. The support has been provided through the Government of the Republic of Zambia on Highly Concessional terms,[6] with the exception of the first loan approved in 1981 on Intermediate terms.

Figure 1
**IFAD-supported programme in Zambia Investment per component type (1999-2013)**




Source: IOE according to data available in PPMS.

[5] All figures are calculated based on the current financing amount.
[6] IFAD lends on highly concessional, intermediary or ordinary terms.

## B. Objectives, coverage, methodology, and process

7. **Objectives**. The CPE has three main objectives, to: (i) assess the performance and impact of IFAD-supported operations in Zambia; (ii) generate a series of findings and recommendations to enhance the country programme's overall development effectiveness; and (iii) provide relevant information and insights to inform the formulation of the future Zambia Country Strategic Opportunities Programme (COSOP) by IFAD and the Government.

8. **Coverage**. This CPE covers a period of 14 years from 1999-2013 (as opposed to the normal 10 years coverage by IOE).[7] Accordingly, the evaluation covers programmes based upon the three strategies agreed between the Government and IFAD in the Country Strategic Opportunity Programmes (COSOPs) of 1997, 2004 and 2011. The operations covered by this evaluation include (table 2) **two completed projects** (Forest Resource Management Project (FRMP) and Smallholder Enterprise and Marketing Programme (SHEMP)); **four on-going projects**[8] (Rural Finance Programme (RFP), Smallholder Livestock Investment Project (SLIP), Smallholder Agri-business Promotion Programme (SAPP) and Smallholder Productivity Promotion Programme (S3P)); and **one new project**, the Rural Finance Extension Project (RUFEP) presented to Executive Board in December 2013 (see also annex III-Implementation periods of IFAD-supported projects in Zambia covered by the CPE).

9. In view of the relatively long period covered by the evaluation and the changes in both IFAD and the country in that span, the evaluation will distinguish two cohorts in the project portfolio with the intention to reflect more accurately the programme performance as well as its evolution.

Table 2
**IFAD loans to Zambia covered by the CPE**

| *Project/programme* | *Approval year* | *Effective* | *Completion year* | *Percentage disbursed* [a] | *CPE criteria*[b] |
|---|---|---|---|---|---|
| First cohort | | | | | |
| Forest Resource Management Project | Dec 1999 | June 2002 | June 2007 | 85 | Full |
| Smallholder Enterprise and Marketing Programme | Dec 1999 | Nov 2000 | June 2008 | 100 | Full |
| Second cohort | | | | | |
| Rural Finance Programme | Dec 2004 | Sept 2007 | Sept 2013 | 80 | Full |
| Smallholder Livestock Investment Project | Dec 2005 | Sept 2007 | Sept 2014 | 80 | Full |
| Smallholder Agri-business Promotion Programme | Sept 2009 | Jan 2010 | Mar 2017 | 20 | Relevance |
| Smallholder Productivity Promotion Programme | Sept 2011 | Dec 2011 | Dec 2018 | 3 | Relevance |
| Rural Finance Expansion Programme | Dec 2013 | - | - | - | Relevance |

[a] Disbursement rates as of June 30, 2013 (Source IFAD (2013), ESA Portfolio Performance 2013).

b The evaluation will use "full criteria" only to the extent possible. For example, the assessment of impact will address only those domains in which the project can be expected to show changes in view of the nature of its objectives and the activities undertaken.

[7] See chapter 4 of the Evaluation Manual on Methodology and Processes, IFAD Office of Evaluation: "The period of coverage should allow the evaluation to adequately take account of evolving objectives and approaches as well as to assess the results and impact of IFAD-supported operations". In light of this guidance, this CPE analyses the more recent seven projects (including a planned programme for 2013).
[8] Two of which (RFP and SLIP) are quite advanced at close to 80 percent disbursement; SAPP is approaching mid-term, and S3P which has started only recently.

10. **Methodology**. The CPE uses internationally recognized evaluation criteria to assess the performance of three mutually reinforcing pillars in the IFAD-Government partnership in Zambia: (i) project portfolio; (ii) non-lending activities (knowledge management, policy dialogue and partnership building); and (iii) the COSOP in terms of its relevance and effectiveness. In assessing the performance of IFAD's assistance in the three areas, IOE applied its standard evaluation methodology, covering relevance (were the project's objectives consistent with the relevant Zambia COSOPs and the Government's main policies for agriculture and rural development, as well as the needs of the poor); effectiveness (whether projects have achieved their development objectives); and efficiency (how economically were inputs converted into outputs/results).

11. In addition, the evaluations incorporated a number of criteria that related more directly to the types of operations supported by IFAD. These included: (i) rural poverty impact by addressing the five domains on which IFAD-funded projects are likely to have an impact: household income and assets, human and social capital and empowerment, food security and agricultural productivity, natural resources and the environment, including climate change, and institutions and policies; (ii) sustainability, by assessing whether the benefits of the project are likely to continue after the closing date and completion of IFAD assistance; (iii) prospects for innovation, replication, and scaling- up; (iv) gender equality and empowerment by assessing whether gender considerations were included in all projects; the relevance of the approach taken in view of women needs and country context; and the specific results in terms of inter alia women's workload, skills, better access to resources, and income; and (v) evaluating the performance of both IFAD and the Government across a number of indicators.

12. Special attention was also devoted to assessing and reporting on the following strategic issues which are particularly relevant to Zambia:(i) the extent to which IFAD was responding to new opportunities for rural development after years of strong macroeconomic growth in the country (for example, stronger partnership with private sector, new cofinancing opportunities); (ii) management and institutional arrangements that were affecting portfolio performance, including choice of institutional partners with which IFAD has worked, capacity and strength of coordinating units, and oversight provided by government implementing institutions; (iii) the role of the newly established Country Office, particularly with regards to improved implementation support; and (iv) the opportunities and challenges for developing a more cohesive country programme in which different interventions create synergies and support one another.

13. The portfolio performance in each evaluation criteria is rated on a scale of 1 to 6 (with 1 being the lowest score, and 6 the highest) in accordance to IOE's Evaluation Manual. Ratings are also provided for non-lending activities, the COSOP's relevance and effectiveness as well as the overall Government-IFAD partnership.

14. Limitations. Assessment of the rural poverty impact is constrained by weak project M&E systems in projects as well as the lack of a results framework and quantitative M&E system in the implementing agencies during the implementation of the first two COSOPs. This situation is being improved in the 2011 COSOP, which is results-based with project M&E expected to be linked to the COSOP's monitoring framework. Furthermore, although M&E system is in place and operational, it relies on data submitted by implementing partners and service providers and this impinges on data quality and timeliness. Results and Impact Management System (RIMS) reports thus tends to be comprehensive enough towards project

completion, thereby limiting the amount of information available to the CPE team in assessing the poverty impact of uncompleted project/programmes.[9]

15. **Process.** The CPE process involved five phases with specific deliverables: (i) Preparation, discussion and completion of an approach paper; (ii) desk review of IFAD's programme and its components, by the IOE; (iii) country work phase; (iv) report writing; and (v) communication activities.

16. During the preparatory phase, IOE developed the CPE Approach Paper, which outlined the evaluation's objectives, methodology, process, timelines, key questions and related information. This was followed by a preparatory mission to Zambia (May 6-10, 2013) to discuss the draft Approach Paper with Government and key development partners.

17. The desk review phase included the preparation of short desk review notes on the projects to be evaluated and a list of evaluation questions. Each desk review note followed a standard format developed by IOE. A separate desk review note was also prepared for non-lending activities, gender and environmental issues. One of the projects covered by the CPE, (FRMP) was subjected to a Project Performance Assessment (PPA)[10] by IOE in 2012. The PPA was used as input for the CPE.

18. The country work phase entailed the fielding of the main CPE Mission[11] during the four weeks of July 7 through July 31, 2013. In the first week, the Mission worked in Lusaka with project teams, government and development partners; in the second and third weeks, the Mission visited project sites in the East (RFP), Central and Copper Belt (SHEMP/SAPP/RFP) and the South and West (SHEMP/SAPP/SLIP/RFP). During the fourth week, the CPE mission completed meetings with government, development partners and stakeholders in Lusaka and prepared a Debriefing Note, which was shared with government at the wrap-up meeting on July 30, 2013 (see annex VI - List of key persons met during the main mission in the country).

19. During the CPE report writing phase, the CPE team members prepared their independent evaluation reports, based on the data collected throughout the evaluation process, which were incorporated into the draft CPE. As per IOE's usual practice, the draft CPE was exposed to a rigorous internal peer review within IOE.[12] Thereafter, it was shared with East and Southern Africa Division (ESA) for comments. Following the incorporation of ESA's comments, the draft CPE was sent to the Government and other partners in the country for their feedback. A dedicated mission was organized by IOE to Zambia to discuss with the Government their comments. As part of the process, an audit trail was prepared giving the response and follow-up actions on the comments made.

20. As per common practice in CPEs undertaken by IOE, the evaluation has benefited from comments from a Senior Independent Advisor (SIA), Mr Hans Binswanger. The SIA's comments on design and methodological aspects, as well as on the soundness and analysis and recommendations have been taken into consideration in the finalization of the evaluation report.

21. The final phase of the evaluation, communication, entails a range of activities to ensure timely and effective outreach of the findings, lessons learned and recommendations from the Zambia CPE. *In particular, a CPE national roundtable workshop was held in Zambia to discuss the main issues emerging from the evaluation and laid the basis for the Agreement at Completion Point (ACP),* to be

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[9] The CPE team had access to only two project completion reports, which were not based on a comprehensive results framework.

[10] The objective of PPAs is to provide additional independent evidence on results as well as to further validate conclusions and evidence from the completion report of the project.

[11] This was made up of a multi-disciplinary team of independent consultants in agricultural economics, micro-enterprises, rural finance, and livestock. The team (including two IOE staff members) was accompanied during field visits by representatives of the projects team.

[12] Include the Acting Director of IOE and one or two other evaluation officers.

signed by IFAD's Programme Management Department and the designated representative of the Government. The ACP is a short document that captures the main evaluation findings and recommendations, and illustrates IFAD's and the Government's agreement to adopt and implement the evaluation recommendations within specific timeframes.

**Key points**

- This is the first CPE in Zambia since the beginning of IFAD operations in the country in 1981.
- Since inception, IFAD financed 13 projects in Zambia with a total cost of US$274.2 million, of which US$188.5 million are attributed to IFAD, representing 6.8 per cent of IFAD regional financing and 1.4 per cent of total IFAD financing.
- IFAD's support to Zambia over the last 15 years is concentrated on smallholders to help increase their agriculture productivity, and in promoting accessing to markets and linkages to value chains. Other important components in the portfolio include forest resource management, livestock development (mainly animal disease control) and rural financial services.
- The objectives of the CPE are to assess the performance and impact of IFAD-supported operations in Zambia; generate a series of findings and recommendations to enhance the country programme's overall development effectiveness; and provide relevant information and insights to inform the formulation of the future Zambia Country Strategic Opportunities Programme (COSOP) by IFAD and the Government.
- The CPE assessed performance in three mutually reinforcing areas of IFAD-Government partnership in Zambia: (i) project portfolio; (ii) non-lending activities (knowledge management, policy dialogue and partnership building); and (iii) the COSOP in terms of its relevance and effectiveness.

# II. Country context

## A. Overview

22. **Geography and demographics.**[13] Though landlocked,[14] Zambia is a resource-rich country endowed with abundant copper and cobalt resources, as well as large tracts of arable land to support agriculture, forestry and wildlife resources. Most of the landmass in Zambia (estimated at 752,000 square kilometres) is high plateau, with a few hills and mountains lying between 910 and 1,370 meters above sea level. The prevailing type of vegetation is open woodland or savannah.

23. The **population** of Zambia in 2010 was estimated at 13.4 million giving it a very low population density of 17.3 persons per square kilometre, one of the lowest in the world. Approximately 3 per cent of the population is over 65 years of age, and another 45 per cent under 15 years of age.[15] About 60.5 per cent lived in rural areas in 2010 but urban population is growing at an annual rate of 4.2 per cent, compared to the national average of 2.8 per cent and rural of 2.1 per cent. Some 22.5 per cent of the estimated households are headed by females. The main urban concentrations are in the Copper Belt mining complex. The prevalence of HIV/AIDS (although has dropped significantly to meet the Millennium Development Goals [MDG] target) remains a major health and social problem, especially in large cities, requiring a sustainable source of government financing since it is currently mainly supported by external donors. It is estimated that 14.3 per cent of adults between the ages of 15–49 were living with HIV/AIDS in 2007 (Zambia Demographic and Health Survey, 2007), but new HIV infection is increasing due to expanding population (UNDP, 2013). The disease's most significant impact, apart from the

[13] Information derived from Government of the Republic of Zambia (2012) [www.zamstats.gov.zm/report/census/2010/2010 Census of Population National Analytical Report – 2010 Census.pdf]
[14] Zambia is bordered by Angola in the west, the Democratic Republic of Congo (DRC) to the west and north, Tanzania to the northeast, Malawi to the east, and Mozambique, Zimbabwe, Botswana and Namibia to the south.
[15] Central Statistical Office of Zambia (www.zamstats.gov.zm/census/cen.php/). All data on population are derived from Government of the Republic of Zambia (2012).

high individual and public cost for mitigation and prevention, is the high vulnerability of children orphaned by HIV/AIDS.

24. **Governance environment**. The 1970s and 1980s were politically turbulent decades for Zambia, exacerbated by falling copper prices and rising fuel costs. Austerity measures introduced in mid-1980s compounded food shortages and unemployment, resulting in massive rioting and strikes, that intensified the mood for political change and the abolition of Zambia's one-party state initiated by President Kenneth Kaunda in 1972. In 1991, the constitution was amended, opposition parties were legalized and full elections held in October, which ushered in Frederick Chiluba's Movement for Multiparty Democracy (MMD) into power. Since then, elections have been held every five years, with the president serving a maximum of two five-year terms. In the September 2011 general elections, Michael Chilufya Sata of the Patriotic Front replaced the incumbent Rupiah Banda of the MMD.

25. Assessment of the governance environment in Zambia is mixed.[16] Compared to neighbouring countries, Zambia has one of the lowest female representations in Parliament and poor open budget policy; but does better in the doing business environment and corruption; and has mixed outcomes with respect to press freedom and judiciary independence. Although women made up to 52 per cent of the voting block in the 2011 general elections, they hold a low proportion of seats in both local councils (6.3 per cent) and parliament (11.4 per cent), which represents one of the lowest in Africa (UNDP, 2013). Over time however, the governance environment seems to have improved. The 2011 Mo Ibrahim Index of African Governance (IIAG)[17] rates Zambia as having improved its overall governance quality, especially between 2006 and 2012 and thus received a score of 58.5 out of 100 for governance quality in 2012.

26. The Government's **policies** and priorities during the period under review were guided by three national development plans (the fourth through the sixth), the "Vision 2030" document and the annual budgets. The current Sixth National Development Plan (SNDP), covering the period 2011-2015 aims to: accelerate infrastructure development, economic growth and diversification, promote rural investment, accelerate poverty reduction and enhance human development. The priority growth sectors identified by the SNDP are agriculture, livestock and fisheries, mining, tourism, manufacturing, commerce and trade. The "Vision 2030", issued in 2006, defines the Government's long-term development agenda, which aims at Zambia becoming "a prosperous middle income country by 2030." The annual budgets translate the plans and the vision statements into programmes. The most recent, the **2013 budget**, for example, highlights the macroeconomic objectives as to: (i) achieve real Gross Domestic Product (GDP) growth of above 7 per cent; (ii) attain inflation of no more than 6 per cent; (iii) achieve domestic revenue of at least 20 per cent of GDP; (iv) limit the overall fiscal deficit to 4.3 per cent of GDP, of which 1.5 per cent (of GDP) will be domestic borrowing and 1.2 per cent (of GDP) will be grants from development partners; (v) maintain at least four months of import cover for gross international reserves (more than US$2 billion); and (vi) create 200,000 decent jobs (GRZ, 2013 Budget Statement).

27. **The economy**. Following substantial economic down-turn during the 1990s,[18] the economy has since been marked by improved macroeconomic stability, economic liberalization, rising investment and production in the mining sector, and recently, a strong performance in agriculture. In 2000, Zambia became eligible for US$3.8

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[16] Using the definition by the UNDP (2013), "GOVERNANCE is the exercise of political, economic and administrative authority to manage a nation's affairs. It is the complex mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights and obligations, and mediate their differences".

[17] A composite index based on four sets of concepts: (a) safety and rule of law, (b) participation and human rights, (c) sustainable economic opportunity, and (d) human development (http://www.moibrahimfoundation.org/iiag).

[18] High inflation, severe drought, declining export prices, and failed economic policies all took their toll. After steady declines in per capita GDP, Zambia was re-designated a least developed country by the World Bank.

billion in **debt relief** under the International Monetary Fund (IMF)/World Bank Heavily Indebted Poor Countries (HIPC) initiative. Further debt relief during 2005-2006 under HIPC and the Multi-donor Debt Reduction Initiative (MDRI) significantly reduced Zambia's public sector external debt stock to 9 per cent of GDP in 2006 (US$$0.5 billion), down from 86 per cent (US$$7.2 billion) in 2005 (IMF, 2012). Government has maintained prudent debt policy by borrowing on concessional terms from multilateral creditors, which has resulted in only modest rise in public sector external debt, at an average of 10 per cent of GDP during 2008-2012. **Economic growth** has averaged 5.6 per cent per annum during 2000-2012 and 6.5 per cent per annum since 2006. This has seen per capita income increasing more than three-folds since 2003 and in 2011 Zambia was once more classified as a **middle-income country**, a status it last realized in the mid-1960s. Annual per-capita income is estimated (Atlas method by World Bank) at US$1,350 in 2012 (table 3).

28. Zambia is dependent on **copper mining**, which accounts for about 80 per cent of foreign exchange earnings and only about 6 per cent of total government revenues because of the high level of concession given to the mining companies following denationalization.[19] Privatization of government-owned copper mines in the 1990s relieved the government from covering mammoth losses generated by the industry and greatly increased copper mining output and profitability to spur economic growth. Copper output has increased steadily since 2004, due to higher copper prices and foreign investment. Foreign direct investment rose from approximately US$164.9 million in 2003 to US$1.73 billion in 2010 with most investments going to mining, manufacturing, wholesale and retail trade (World Bank MetaData). Zambia's dependency on copper makes it vulnerable to depressed commodity prices, but record high copper prices and a bumper maize crop in 2010 helped Zambia rebound quickly from the world economic slowdown that began in 2008. Zambia has made some strides to improve the ease of doing business.

Table 3
**Zambia – Select economic indicators**

| *Indicator* | *2000* | *2002* | *2004* | *2006* | *2008* | *2010* | *2012*[c] |
|---|---|---|---|---|---|---|---|
| GDP growth (annual %) | 3.5 | 3.3 | 5.4 | 6.2 | 6.0 | 7.6 | 7.3 |
| Agriculture growth | 1.5 | -1.7 | 4.3 | 2.2 | 2.6 | 6.6 | 7.1 |
| Industry growth | 2.9 | 9.6 | 10.4 | 9.1 | 4.1 | 8.9 | 12.3 |
| Service growth | 4.3 | 3.9 | 4.3 | 7.1 | 8.4 | 7.0 | 8.2 |
| GNI per capita (US$)[a] | 310.0 | 330.0 | 410.0 | 620.0 | 970.0 | 1080.0 | 1350.0 |
| Reserves (months of imports) | - | = | - | 2.0 | 1.9 | 3.5 | - |
| Exchange rate (LCU/US$)[b] | 3.1 | 4.4 | 4.8 | 3.6 | 3.7 | 4.8 | 5.1 |
| Inflation (CPI annual %) | 26.0 | 22.2 | 18.0 | 9.0 | 12.4 | 8.5 | 7.0 |
| Deposit interest rate (%) | 20.2 | 23.3 | 11.5 | 10.3 | 6.6 | 7.4 | 7.0 |
| Lending interest rate (%) | 38.8 | 45.1 | 30.7 | 23.1 | 19.1 | 20.9 | 12.1 |
| Real interest rate (%) | 6.2 | 21.2 | 8.9 | 8.7 | 6.4 | 8.3 | 5.6 |

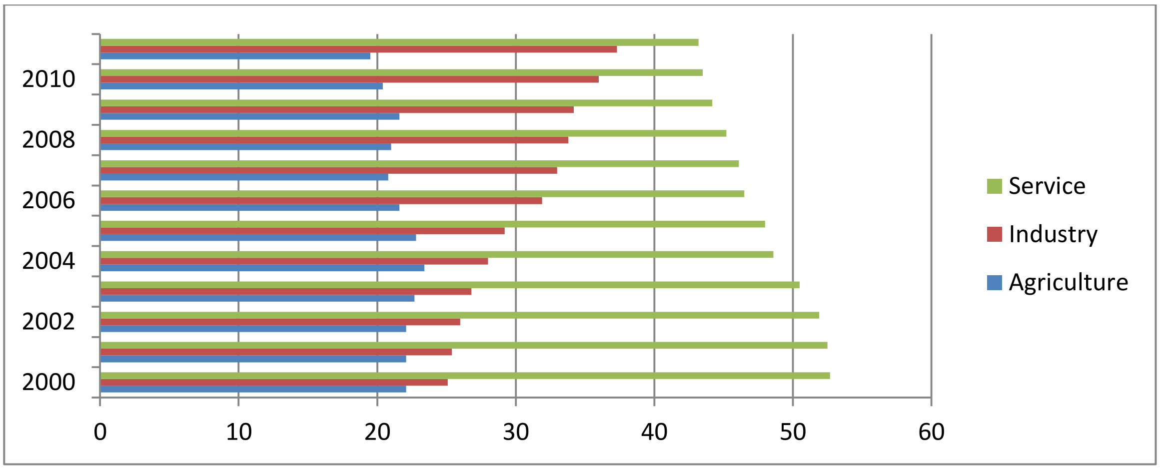
[a] World Bank Atlas Method in current US$.
[b] Average exchange rate.
[c] Sectoral growth rates for 2012 are estimates by the Central Statistical Office, Lusaka.
Source: World Bank ZMB MetaData (Accessed August 2013).

[19] See annex II of IMF (2012), page 34 for analysis of the mining sector and its contribution to export revenues and tax revenues. During 2000-07, copper exports contributed 30 per cent of GDP and 0.5 per cent of tax revenues.

29. Though the **service sector** is the largest in its share of GDP, this has seen a steady decline from 53 per cent in 2000 to about 43 per cent in 2011. The decline reflects the rapid growth of the mining sector in recent years (table 3).

30. The sectoral share of **agriculture** in GDP has remained relatively constant over the past decade and a half. The sector employs about 70 per cent of the economically active population but contributes about 21 per cent to Gross Domestic Product (figure 2). It is mostly rain-fed crop agriculture, with mean size of the land holding estimated at 3.27 hectares, and the small-scale farming systems overwhelmingly dominated by a single crop (nearly 83 per cent of all households grow maize). Agriculture has shown moderate growth rates in small-scale farming and very impressive growth rates in highly specialized cash crop commercial farming, but from a low initial level.

Figure 2
**Zambia –Sectoral shares of GDP, 2000-2011**




31. The macro-economy has also seen improvements in recent years. Annual inflation declined from about 26 per cent in 2000 to 7 per cent in 2012. Fiscal deficit was contained within the range of 2.2 and 3.1 per cent of GDP during 2008-2010, although it has started inching up. The strong growth of real GDP is expected to continue in the medium-term at around 7 per cent up to 2015, underpinned by increased output and investments in mining and rising construction activities as the government implements its plans to develop energy and transport infrastructure (IMF, 2012).[20] Despite recent improvements in economic performance, Zambia has yet to achieve significant gains in poverty and social and human development.

32. **Poverty.** The overall level of poverty has declined in the last 15 years, from 69 per cent in 1996 to 60.5 per cent in 2011, with marked fluctuations within the period.[21] However, poverty reduction has been concentrated in urban areas and the poverty headcount (at approximately US$1.25/day) remains high, with more than half of the population in 2010 living below the poverty line and 42 per cent considered to be in extreme poverty (table 4). Moreover, the absolute number of the poor has increased from about six million in 1991 to 7.9 million in 2010, primarily due to population growth.

33. The urban picture is far better than the rural: in the Copper Belt and Lusaka provinces, for example, poverty incidence is fairly low (22 per cent and 34 per cent respectively), whereas in the rest of the country, which is dominated by agriculture, poverty rates are greater than 70 per cent. Almost 90 per cent of

[20] The 2013 Budget highlights the new government's priorities to put the economy on a path to sustainable and inclusive growth, through job creation and enhanced basic service delivery.
[21] The ratio has fluctuated to reflect the economic performance of the country. For example, the proportion living in extreme poverty rose from 58 per cent in 1991 to 61 per cent in 1993, declined to 46 per cent in 2002 and rose to 53 per cent in 2004.

Zambians who live below the extreme poverty line are concentrated in rural areas, and the poverty gap ratio (a measure of how far average incomes fall below the poverty line) is far higher for the rural population than their urban counterparts (20 per cent and 3.7 per cent, respectively). Poverty incidence among female-headed households was slightly higher than male–headed households (62.5 per cent versus 60 per cent). Thus, although the proportion of Zambians living in extreme poverty has declined in general, the proportion of rural Zambians in extreme poverty has not changed significantly.

34. Using broader indicators of poverty confirms that the effect of economic growth on overall poverty reduction has been small, as much of the benefits of growth have accrued to those already above the poverty line.

Table 4
**Zambia – Dimensions of poverty**

| *Indicator* | *Zambia* | *Lower middle-income country* | *Low-income* |
|---|---|---|---|
| GNI per capita US$[a] | 1 160.00 | >1 025.00 | < 1 025.00 |
| UNDP HDI (2012) | 0.45 | (Global) 0.69 | 0.45 |
| Headcount ratio[b] | 60.50 | Cameroon – 39.90 | Ethiopia – 38.90 |
| | | Ghana – 28.50 | Uganda – 24.50 |
| Under 5 year mortality[c] | 119.00 | 69.00 | 108.00 |
| Maternal mortality[c] | 591.00 | 300.00 | 590.00 |
| Life expectancy | 49.00 | 65.00 | 59.00 |
| Gender inequality index[d] | 0.62 | (Global) 0.46 | 0.57 |

[a] Classification of middle income country (MIC) and low-income country (LIC) is based on World Bank July 2012.
[b] Based on national poverty line.
[c] Per 100,000 live birth.
[d] A composite measure reflecting inequality in achievements between women and men in three dimensions: reproductive health, empowerment, and the labour market (http://hdr.undp.org/en/media/HDR_2013_EN_complete.pdf).

35. **Social and human development.** Zambia's ranking in the United Nations Development Program (UNDP) Human Development Index (HDI), a composite measure which takes into account life expectancy, access to safe water, access to health services, literacy and nutrition, is below the Sub-Saharan Africa average. In 2012 Zambia's HDI was 0.448, and ranked 163 out of 187 countries with comparable data.[22] Overtime, the HDI for Sub-Saharan Africa increased from 0.365 in 1980 to 0.463 in 2011, and Zambia has fallen below the regional average.

36. While the most recent Zambia Demographic and Health Survey (2007) shows notable reductions in maternal and under-five year mortality rates during 2002-2007, the levels are still above those for comparator MICs and the annual rates of reduction of 2.1 per cent for under-5 mortality and 2.5 per cent for maternal mortality for 1990-2011 are less than half of the annual rates of reduction required to achieve the MDG targets. The latest MDG Progress Report for Zambia (UNDP, 2013) indicates that Zambia may need significant reforms and investments in order to achieve the following key MDG targets: reduce by half the proportion in extreme poverty, halve the Gini coefficient, raise to 100 per cent the literacy rates for 15-24 year-olds, reduce by two-thirds the under-five mortality rate and infant mortality rate, reduce by three-quarters maternal mortality ratio, and halve the proportion of population without access to an improved water source and an improved sanitation facility (annex IX - Zambia's progress towards the MDGs, 2013).

[22] The value of HDI ranges from 0 (worst) to 1 (best); refer to: UNDP HDI, 2013 (http://hdr.undp.org/en/media/HDR_2013_EN_complete.pdf).

37. Despite the Government's good record of ratifying international protocols on gender and women empowerment,[23] gender inequality is still high in Zambia. The 2011 Gender Inequality Index, which reflects gender based inequalities (in reproductive health, empowerment and the labour market) scores Zambia 0.647, which places Zambia at 131 out of 146 countries.[24]

## B. Agricultural and rural development

38. Agricultural policy is outlined in the National Agricultural Policy (2004-2015), which derives from the SNDP, and acknowledges that increasing productivity for small farmers, reducing farmers' vulnerability to drought, and stimulating the rural economy are leading priorities for poverty reduction and broad-based growth.[25] In January 2011, Zambia signed the Comprehensive Africa Agriculture Development Programme (CAADP) Compact, which aims at (i) sustainable land management; (ii) agricultural productivity improvement; (iii) agricultural marketing development and investment promotion; (iv) food and nutrition security; and (v) research, seeds and extension enhancement (GRZ, CAADP Compact). Under the compact, the Government commits to maintaining a minimum of 10 per cent of budget to agriculture, and seek at least 6 per cent annual growth in agriculture through reforms to agriculture marketing and credit, fertilizer distribution and expanded role of the private sector. Since 2010, the growth in agriculture has exceeded 6 per cent per annum, but the Government has not been able to meet the minimum 10 per cent budget allocation to agriculture.[26]

39. The majority of Zambia's population lives and works in rural areas predominantly in crops and livestock agriculture, yet agricultural value added accounts for about 20 per cent of GDP. The sector is markedly dualistic. Smallholder farmers (1.1 million, 1.5 hectares average of land, low input technology) co-exist with circa 50,000 emergent farmers (which cultivate 5-20 hectares, typically using draught power, purchased inputs and hired labour). In addition there are also 1,500 large-scale commercial farmers and a few large corporate operations.

40. The number of agribusiness operators in the country continues to grow steadily. A growing number of progressive smallholder farmers are now starting to operate at higher levels in the value chains getting into out-grower set ups, processing and trading. There is a wide range of intermediaries servicing the agribusiness sector, both sector specific (millers, out-growers, etc.), as well as providing general services.

41. The sector is affected by **three broad constraints**: (i) low productivity; (ii) undeveloped markets and weak incentive framework; and (iii) the lack of coherence in Government policies. This is compounded by high vulnerability to volatile weather conditions and uncertain livestock disease outbreaks.

42. **Low agricultural productivity**. The principal crops (largely for domestic consumption) are maize, sorghum, and cassava, while the main cash crops are tobacco, maize, sugarcane, peanuts, and cotton. In 1992, liberalized marketing began for most crops, but because of the 1991/92 drought, maize marketing remained under government control. A bountiful 1993 harvest made a solid recovery from the drought. Agriculture's share of GDP peaked in 2003 at 23 per cent over the past 15 years. But productivity has remained low and could be observed from two sources. Agricultural value added per worker has averaged US$532 (constant 2005 prices) during 2000-2011, while most other productivity

[23] It ratified the Convention to Eliminate All forms of Discrimination against Women (CEDAW) in 1985 and reports regularly on CEDAW targets. Furthermore, the Government's Sixth National Development Plan and the Zambia Vision 2030 seek to "advance the mainstreaming of gender in the development process and the empowerment of women".
[24] http://hdrstats.undp.org/en/countries/profiles/ZMB.html (consulted 23/01/2012).
[25] See Thurlow, et. al (2008), who used computable general equilibrium (CGE) model to analyze agricultural growth and investment options in the context of Zambia's FNDP in alignment with the principles and objectives of CAADP.
[26] The share of agriculture in the total budget were 6.0, 6.1, and 5.8 percent in 2011, 2012, and 2013 respectively (UNDP, 2011 and Kuteya, 2013).

indexes (crop production, food production, livestock production and cereal yields) have only doubled in the face of likely increased use of land (table 5).

Table 5
**Zambia – Selected indicators of agricultural productivity change, 2000-2011**

| *Indicator* | *2000* | *2002* | *2004* | *2006* | *2008* | *2010* | *2011* |
|---|---|---|---|---|---|---|---|
| Agric. land (% of land area) | 30.2 | 30.4 | 30.8 | 31.0 | 31.1 | 31.9 | 31.5 |
| Arable land (% of land area) | 3.7 | 3.5 | 3.8 | 4.1 | 4.1 | 5.0 | 4.6 |
| Agric. veterinary assistant/worker (constant 2005 US$) | 538 | 501 | 533 | 525 | 518 | 564 | 592 |
| Cereal production ('000mt) | 1208 | 754 | 1379 | 1604 | 1394 | 3098 | 2761 |
| Cereal yield (kg/ha) | 1682 | 1419 | 1816 | 1816 | 2184 | 2537 | 2359 |
| Crop production index (2004-06=100) | 72.2 | 70.3 | 94.0 | 108.4 | 106.9 | 152.8 | 148.9 |
| Food production index (2004-06=100) | 84.9 | 85.0 | 96.5 | 106.2 | 103.6 | 146.4 | 141.6 |
| Livestock production index (2004-06=100) | 90.7 | 98.6 | 97.0 | 99.2 | 103.2 | 121.1 | 117.5 |
| Share of agric. in total employment (%) | 71.6 | | | 72.2 * | | | |

* Refers to 2005.
Sources: World Bank ZMB Country MetaData (accessed 2013).

43. Low productivity could be traced to a very **low degree of mechanization** as farming is mostly reliant on axe and hoe alone in an environment of inadequate agricultural management methods and the absence of draft animals, more so in recent years because of livestock diseases. **Soil fertility is declining**, because of insufficient and inadequate application of fertilizers and a lack of conservation methods. This could be attributed to limited access to fertilizer because of price distortions, weak incentives and the lack of knowledge. In addition, the agricultural production systems of smallholders are risky. This is mainly because of **low crop and variety diversification** and the excessive focus on maize. Mono crop based farming systems are still practiced in many places, because fertilizers and other inputs used to be subsidized for use on maize only.[27] The over-emphasis of public policy on maize also led farmers grow maize in soils and under climatic conditions that are not suitable for it, resulting in yields being often very low with frequent crop failure, in particular, if compounded by effects of climate change or fluctuating prices.

44. **Undeveloped markets and weak incentives**. Undeveloped markets in the rural areas also serve as a disincentive to productivity improvements. This could be partly attributed to Zambia's **low rural population density,** the high incidence of poverty and short life expectancy, which means that there is only a limited and stagnant purchasing power, which hinders the development of markets. The access to markets is also very limited. Thus, even when smallholders produce an agricultural surplus, it is very difficult for them to sell their produce. Bad rural road conditions, high cost of fuel, and a lack in the means of transport make it difficult to reach markets. **Poor infrastructure**, both in terms of feeder roads as well as delivery mechanisms and marketing systems are still important barriers to progress.

45. **Value chain development** is specifically identified in the Sixth National Development Plan as a means to contribute towards national food security, employment creation and increased income from exports. However, the mechanisms for agribusiness and value chain development as a means of poverty reduction are not yet mature in Zambia, constrained by several of the factors mentioned earlier, including limited availability of infrastructure and poor access to market information, but also a political culture that does not enable a competitive, productive and transparent private sector environment for agribusiness

[27] Maize subsidy accounted for 8 per cent of the government's budget (EU, 2013, p26). In May 2013, the government removed the maize subsidy.

development. Other constraints have been identified by the World Bank[28] as (i) macroeconomic instability; (ii) shortage of appropriate rural finance; (iii) high costs and unreliability of transport and power; (iv) low levels of irrigation development; and (v) land tenure issues.

46. For small-scale farmers, **access to financial services is also limited**, in part because financial activity in rural areas is driven by farming as about 50 per cent of rural adults earn their livelihood through agriculture activities and only 3 per cent earn wage income (FinScope, 2010). Supply side constraints also include the limited number of financial service providers, high cost of setting up and operating rural operations and significant human resource constraints (including, also on the demand side, low level of financial literacy). Until recently, there were only accumulated savings and credit associations (ASCAs) in rural areas, with significant information gaps regarding their distribution, scale and functionality. Community-based finance, such as village savings and loan associations (VSLAs) also existed. With Government's recent interventions, financial services are now mostly provided by a variety of private sector organizations operating in rural areas, such as: commercial banks, non-bank financial institutions/microfinance institutions, out-grower schemes and marketing companies, savings and credit cooperatives, village savings and loan associations, payment service providers, and small informal operators. There are also positive developments emerging; including: micro-finance institutions (MFIs), partnership across providers (for example, the partnership between the Development Bank of Zambia (DBZ) and several MFIs under RFP), linkage banking, innovative value chain finance (for a range of crops, including soya, sorghum, millet and cassava, as well as livestock), a warehouse receipts system, and mobile phone-enabled payment systems (Oxford Policy Management, 2012).

47. Weak market environment and the **weak incentives for productivity improvements** in agriculture could also be traced to the macroeconomic impact of the mining economy. The dominance of copper (and mining) in the economy has led the country to develop some typical symptoms of economic "Dutch disease".[29] Typically, such economies grow unevenly, as is also observed in Zambia, and since the revenues from mineral resources mostly benefit the elites, the political will is often not very strong enough to change this situation, and to pass the wealth on to other productive sectors. Zambia portrays all the symptoms of Dutch disease as in 2005/2006 the kwacha appreciated strongly against the dollar, because of rising copper prices and the cycle is repeating itself post-2009. This again caused an increase in the price of agricultural exports and a decrease in price for agricultural imports, contributing to the dilemma. Moreover, in a context of abundant availability of arable land, farmers have the possibility to expand the area under cultivation, rather than intensifying their production systems.

48. **Coherence of government policies**. Despite the various priorities identified in the Agricultural Policy (enhance productivity for small farmers, reducing farmers' vulnerability to drought, and stimulating the rural economy) public policy for the sector is currently dominated by maize, the Farmer Input Support Programme (FISP) and the operation of the Food Reserve Agency (FRA), which has implications for the amount of budgetary resources available for other activities under agriculture.[30]

49. **Environmental issues:** Beyond internal factors, exogenous effects of environmental and climatic changes may be affecting agriculture in Zambia.

[28] World Bank, Zambia Commercial Agriculture Project Design Document, Report No.: AB3072, 2008

[29] Dutch disease can occur, when high rent revenues flow into a country and other productive tradable sectors, such as agriculture or manufacturing, cannot develop as a result. The reason is that internal resources are then shifted from these sectors into the one rent giving, mineral sector.

[30] The share of agriculture (crop agriculture, livestock, forestry, fishing and hunting) in actual total government expenditures rose from 6.5 per cent in 2008 to 18.5 per cent in 2011 (EU, 2013. P 21). In the past about 80 per cent of the budgetary resources to agriculture supported the maize subsidy, FISP, and FRA. This issue is taken up in chapter VI of this CPE.

According to the German Development Institute (Neubert, et. al 2011, p21), available climate change models already indicate that the effect of climate change will certainly become even more distinct in the future. It notes that during the last decade (1995-2005) a temperature rise in Zambia was observed far above the global average, and in addition, most provinces suffered from a significant increase of droughts and flooding. These changes have already impacted negatively on Zambian agriculture through droughts as noted in 1991/92 and in 2001/02. Moreover, a change in overall rainfall distribution patterns can be observed, and depending on the region, longer or shorter rainy seasons occur that result in poorer harvests when adaptation measures are not implemented.

50. Deforestation remains a major concern. Both traditional and modern farming methods in Zambia involve clearing large areas of forest. The UNDP (2013, p44) estimates that forest coverage was reduced from 59.8 per cent in 1990 to 49.9 per cent in 2010, largely driven by over-exploitation.[31] Consequent erosion results in the loss of up to 3 million tons of topsoil annually. In addition, the exclusive cultivation of a single crop on agricultural land and the use of fertilizers threaten the soil and contribute to acidification. In the Copper Belt region, Zambia's mineral-extraction and refining centre, pollution by contaminants including acid rain has been reported. The build-up of toxins in the soil near many smelters also poses a threat to food crops. According to a recent UNDP report, Zambia is unlikely to achieve the UN Millennium Development Goal 7 on environmental sustainability (UNDP, 2013).

## C. Donor assistance and profile

51. Official development assistance (ODA) remains important in Zambia, but is declining. ODA to Zambia, on gross commitment basis, rose steadily during 2000-2004, peaked at US$2 billion in 2005 and declined subsequently to US$1.3 billion in 2011.[32] Gross disbursement also followed a similar trend, except that there was a sharp rise in 2006 reflecting debt relief provided by the three main multilateral agencies (the International Development Association, the International Monetary Fund and the African Development Fund) as part of the HIPC Debt relief process. Available indicators suggest that Zambia is a high aid-dependent country relative to comparator countries (table 6). Net ODA per capita for Zambia is relatively high and is above the average for Sub-Saharan Africa (SSA) countries but is comparable to Ghana (also a lower middle income country). Zambia is also highly dependent on ODA for its capital formation, exceeding the average for SSA countries and those for comparable regional countries.

[31] Charcoal production is the largest driver of deforestation in Zambia, followed by land clearing for agriculture, settlements and firewood (UNDP, 2013, p. 44).

[32] The recent reduction can be partly attributed to a temporary freeze of some aid to the health and roads sector in 2009 as a result of corruption findings confirmed by the Auditor General of Zambia. More importantly, Zambia's recent graduation to a lower middle-income country could lead to limited access to concessionary loans and ODA in the future.

Table 6
**Indicators of aid dependence relative to comparator countries**[a]

| *Country* | *Per capita GNI (US$)* | *Per capita GNI*[g] | *Poverty rate (Year)*[c] | *ODA (% GNI)*[d] | *FDI (US$)*[e] | *Net ODA per capita (US$)*[f] | *Net ODA as % of capital formation* |
|---|---|---|---|---|---|---|---|
| Zambia | 1 160 | 1 490 | 68.5 (2006) | 6.1 | 1 982 | 76.7 | 21.8 |
| Kenya | 820 | 1 710 | 43.4 (2005) | 7.4 | 335 | 59.1 | 34.9 |
| Tanzania | 540 | 1 500 | 67.9 (2007) | 10.4 | 1 095 | 52.5 | 27.8 |
| Botswana | 7 470 | 14 550 | 20.7 (2009) | 0.7 | 587 | 60.6 | 2.2 |
| South Africa | 6 960 | 10 710 | 13.8 (2009) | 0.3 | 5 889 | 27.6 | 1.8 |
| Ghana | 1 410 | 1 810 | 28.6 (2006) | 4.8 | 3 222 | 72.5 | 24.7 |
| Gabon | 8 080 | 13 740 | 4.8 (2005) | 0.5 | 1 154 | 43.0 | 1.7[b] |
| Sub-Saharan Africa | 1 258 | 2 225 | 48.5 (2010) | 3.9 | 40 345 | 53.5 | 18.6 |

[a] Pertains to 2011, unless otherwise stated
[b] Refers to 2007
[c] Poverty rate refers to population below US$1.25 per day
[d] Net Official Development Assistance (ODA) as percentage of GNI
[e] Foreign Direct Investment (net inflow in million US$)
[f] Net ODA received per capita (current US$)
[g] Purchasing power parity (PPP).
Source: World Bank (2013), World Development Indicator (http://databank.worldbank.org/data/download/WDI-2013-ebook.pdf).

52. Other sources of development financing (non-ODA) are becoming increasingly important in Zambia, including significant investment from South Africa and the BRICs countries: Brazil, India, Russia, and particularly China. In addition, the government is increasingly looking to borrow at regional and international financial markets.

53. **Development assistance to agriculture**. Agriculture (including crops, forestry and fishing) accounts for lower than 5 per cent of both gross commitment and gross disbursement of ODA, and exhibited almost no growth during 2000-2012. Bilateral agencies accounted for 73 per cent of disbursement of ODA for agriculture during 2002-2011, with the remainder accounted for by multilateral agencies. At varying times, Norway, US, Sweden, African Development Bank, European Union and the World Bank are the main agencies providing support to agriculture on disbursement basis. IFAD’s share of gross ODA commitment to agriculture during 2005-2011 (for which comparable data are available) is estimated at 12 per cent. It is estimated that donor contribution to the Government’s agriculture budget was about 30 per cent in the 2012 fiscal year (AfDB, 2013b).

54. Formal consultation between Government (through MAL) and donors in the sector takes place in the context of the Agricultural Consultative Forum consisting of donors, MAL representatives and civil society organizations. Meetings are chaired by MAL, with until 2013, SIDA and USAID as key agencies.[33] The Forum works through the Sector Advisory Group (SAG) with meetings organized by the MAL and usually take place two to three times a year in the context of the Paris Declaration, taking its principles into account. Donor coordination in the sector takes place in the context of the Agriculture Cooperating Partners Group (ACPG), which meets on a monthly basis. The Cooperating Partners (of about 10 active donors) are represented by a troika arrangement of three lead donors, currently made up of the European Union, the African Development Bank (AfDB) and Finland.[34] An evaluation of the Joint Assistance Strategy for Zambia (2010), which underpins all these arrangements, concluded that the process has not had a significant affect in

[33] Aid coordination in Zambia takes place in the context of the Cooperating Partners Group (CPG ), which includes IFAD, the World Bank, the EU, DFID, Germany, Ireland, Sweden, Finland, Netherland and Norway as well as 20 other diverse macro and sector advisory groups (SAGs).
[34] Other members are: IFAD, UN System, World Bank, Japan, Norway, Sweden, and USA. (AfDB, 2013, annex 5).

the agricultural sector in recent years as there was very little movement with respect to harmonization, alignment and general reduction in transaction costs for government.

55. **Profile of donor community supporting agriculture**. The leading donor agencies currently active in the agricultural sector are the Finland's Development Cooperation, the Swedish International Development Cooperation Agency (SIDA), the United States Agency for International Development (USAID) and, more recently, the African Development Bank, the World Bank and the European Union. The United Nations agencies (World Food Programme and the Food and Agricultural Organization) also play an important supporting role. Please refer to annex XI for data and information on key strategies and programmes relevant to rural development by leading donor agencies working in Zambia.

**Key points**

- Zambia is a resource-rich country endowed with abundant copper and cobalt resources, as well as large tracts of arable land to support agriculture, forestry and wildlife resources. With a population of 13 million (2010), it has one of the lowest population-to-land ratios in Africa at 17.4 persons per square kilometre.
- Despite the economic and political turbulence of the 1980s and 90s Zambia is one of the most stable democracies in Southern Africa. It has maintained a peaceful democratic environment since independence and elections have continued to be held every five years.
- Over the past decade, the economy has been marked by improved macroeconomic stability, economic liberalization, rising investment and production in the mining sector, and recently, a good performance in agriculture. Strong growth in GDP is expected to continue in the medium-term (IMF 2012).
- Zambia has been recently (July 2011) upgraded from low-income to lower middle-income country status according to the World Bank classification based on Gross national Income (GNI) per capita.
- Despite economic growth, progress on reducing poverty has been mixed, with gains concentrated in urban areas. The effects on overall poverty reduction have been small. Poverty remains high, with about 60.5 per cent of the population living below the poverty line and 42 per cent considered extremely poor (almost 90 per cent concentrated in rural areas).
- The country is on track to achieve most of its Millennium Development Goals (MDGs) but its overall level of social and economic development is still quite low (ranked 163 out of 187 countries on the global Human Development Index in 2010).
- The high prevalence of HIV/AIDS (although has dropped significantly to meet Zambia's MDG target) remains a major health and social problem, especially in large cities, requiring sustainable government source of financing.
- The majority of Zambia's population (60.5 per cent) lives and works in rural areas predominantly in crops and livestock agriculture.
- Yet agricultural value added accounts for about 20 per cent of GDP. Small-scale farming systems are overwhelmingly dominated by a single crop (83 per cent grow maize).
- Agriculture is affected by three broad constraints: low productivity, undeveloped markets and weak incentive framework, and the lack of coherence in Government policies.
- Zambia is a high aid-dependent country, relative to comparator countries, with net ODA per capita above the average for Sub-Saharan Africa countries. Agriculture (including crops, forestry and fishing) accounts for lower than 5 per cent of Zambia's official development assistance.

# III. IFAD country strategy and operations

56. The purpose of this chapter is to describe the broad objectives of IFAD's country strategy for Zambia during the period under review (1999-2013) and how these were translated into operations. Assessment of the strategy will be undertaken in chapter VII. The objectives of the programme are based on policies and approaches agreed upon with Government and outlined in three Country Strategic

Opportunity Programmes (COSOPs). The review documents how the COSOPs unfolded, the factors that accounted for changes, and the lessons learned in the process. The chapter also includes a brief description of non-lending activities undertaken. Chapter VI, later in the report, is dedicated to assess the relevance and effectiveness of non-lending activities.

## A. Country strategy

57. **Evolution of the country strategy**. IFAD began its operations during the 1980s in Zambia at a time when the policy environment was undergoing a transition from a planned to a liberalized economy following over a decade of drastic economic decline (1974-1990). IFAD's initial interventions thus sought to mitigate the effects of central planning on the rural poor and to support the ongoing structural adjustment process. It was directed at reinforcing the food security of vulnerable households through diversifying their income base. Despite the achievement of some impact in increasing smallholder production and income generation, overall progress was hampered by implementation problems marred by procurement delays, slow disbursement, inadequate and erratic domestic counterpart funding, and staffing constraints.

58. During the period under review, IFAD has had three COSOPs in 1997, 2004 and 2011. While there is a common thread within the three COSOPs, there are also differences that derive from the adoption of lessons learnt from previous COSOPs (table 7). The 2011 COSOPs is the most solid of the three.

59. The **1997 COSOP**, the first for Zambia, sought for alternative delivery mechanisms for IFAD's operations, particularly those involving partnership between farmers and private sector investors, which may prove capable of delivering more tangible benefits to farmers (COSOP, p. 10). It redirected IFAD's support towards smallholder commercialization and sought to improve rural women's access to the means of production and to help them reduce the severe constraints on their time (1997 COSOP p. 11). The strategy also responded to the request of the Ministry of Agriculture, Food and Fisheries for IFAD to address the issues related to the collapse of the rural finance delivery systems in Zambia.

60. As a consequence, the 1997 COSOP (pp. 12-14) highlighted as key areas of intervention, among others, the following: (i) rural finance services: the promotion of appropriate rural finance institutions at the local level so that as farmers are able to accumulate more savings from profits, they would be able to access more credit; (ii) specialized technical support: provision of agricultural extension staff for the agribusiness sector; (iii) organizational capacity building: formation of farmer groups and associations able eventually to act independently in accessing credit, trading channels and procurement of inputs, thereby strengthening the bargaining power of the smallholders; (iv) transport infrastructure improvement: rehabilitation of feeder roads to promote outreach to remote areas; and (v) animal/mechanical traction and farm mechanization: address issues with animal draught due to livestock disease and promote the availability of suitable technologies for agricultural task and agro-processing to meet women's specific needs.

61. The **2004 COSOP** was built on the strategic thrust of the previous COSOP and prepared in consultation with stakeholders, including the government, donors and the civil society. It maintained the focus on the promotion of smallholder commercialization, including the establishment of equitable links between smallholders and agribusiness, and support for the more isolated rural populations to raise their productivity, food production and income levels (table 7). Specifically, the strategy outlined the following objectives: (i) improve smallholder access to input and output markets; (ii) increase smallholder incomes from non-timber forest

products;[35] (iii) improve access to rural financial services; (iv) reinvigorate the rural livestock sector; and (v) increase use of natural resources management and conservation farming techniques in order to increase food production (2004 COSOP, p. 9).

62. The strategy reflected the policy direction of the government's then draft National Agricultural Policy for 2002-10, which stressed the importance of investments in both large-scale and smallholder agricultural commercialization, including investments to improve access to rural financial services by smallholders and rural enterprises. The COSOP was also cognizant of the Zambian Poverty Reduction Strategy Paper (PRSP), completed in 2002, with the overall goal of a broad-based economic growth to reduce poverty through diversification in production and exports, improved delivery of social services, and in addressing important cross-cutting issues, such as HIV/AIDS gender equity, and initiating the concern with forestry and environmental issues. A limitation of the COSOP was its failure to adequately anticipate what was required for coordination among donors in agriculture and rural development in the absence of the role played by the World Bank.[36]

63. The **2011 COSOP** for Zambia was the first prepared under IFAD's new Results-Based COSOP guidelines and covers the period from 2011 to 2015, which corresponds to the duration of the Government's Sixth National Development Plan (SNDP) and two cycles of IFAD's performance-based allocation system (PBAS). It reflects the consensus reached during an in-country consultation process facilitated by IFAD.

64. The 2011 COSOP is cognizant to the changes in the Zambia's socio-economic and development environment and to the lessons and evolution of IFAD's country portfolio of assistance. The COSOP continues to have as its goal to increase the incomes, improve the food security and reduce the vulnerability of rural people living in poverty. It strengthened the general objective of the previous COSOP to include three Strategic Objectives to increase (2011 COSOP page 8):

- Access to, and participation in, expanded and more competitive markets by poor rural men and women are increased, within more efficient value chains.
- Access to and use of technologies and services for enhanced productivity, sustainability and resilience of smallholder production systems.
- Access to and use of sustainable financial services by poor rural men and women are increased.

65. The 2011 COSOP also stressed the importance of generic or cross-cutting issues for IFAD's intervention and noted the need to promote increased public-private partnership, addressing gender, young people, HIV/AIDS and nutrition issues across all programmes. It moved forward the concern with environmental issues by highlighting the need to tackle climate change effects. It also emphasized implementation issues, noting that efforts would be made to address the management and institutional constraints that had in the past affect project implementation in Zambia. This would include regular meetings of the project management team and a broader country programme management team, day-to-day back-up by the IFAD country office and establishment of close implementation support. In effect, the 2011 COSOP consolidated all the lessons from the previous COSOPs and stressed the need for synergies within the programme and aimed to

[35] Environmental issues became central to IFAD's Zambia country strategy, beginning with the 2004 COSOP in which the objectives were explicitly stated to increase smallholder income from non- timber forest products and to increase the use of natural resources management and conservation farming techniques in order to increase food production.
[36] The leadership of World Bank in its key role in guiding implementation of the Agricultural Sector Investment Programme (ASIP) and in donor coordination was coming to an end, which created a vacuum in which donor coordination and policy dialogue with government was increasingly done through bilateral initiatives related to programme design and implementation.

ensure that the various projects in support of the three objectives combined to contribute to a coherent and cohesive programme.

66. **Synergies with the three COSOPs**. Table 7 outlines the similarities and differences among the three COSOPs. The strategic focus of the three COSOPs is broadly consistent with each other in terms of the rationale, objectives, opportunities, geographic priority and targeting. The first strategic focus of IFAD's support was clearly the smallholder poor farmer or household and this was sharpened by the 2011 COSOP, in which the targeting criterion was clarified. The choice of self-targeting selection criterion is, however, of necessity a practical approach in an environment such as that of Zambia, which is subject to limited information on potential clients. Similarly, the issue of geographical coverage was largely vague in the first two COSOPs, which allowed for programming flexibility. The second strategic focus of all three COSOPs was the emphasis on the support for rural women. In addition, all three COSOPs noted that attention would also be given to identifying activities that could be taken up by young people.

67. The projects and programmes supported complemented each other, but in general, the selection of instrument was limited to largely lending activities. All three COSOPs stressed the need to explore the opportunities for cofinancing with other development partners. Finally, the definition of program management structures within the three COSOPs reflected the specific key issues that were prominent at the time of COSOP development. In responding to the situation in which project implementation was generally marred by delayed procurement, slow disbursement, inadequate and erratic funding, and staffing issues, the 1997 COSOP moved away from the use of a cooperating institution and to undertake direct supervision. Concurrently, the 1997 COSOP sought alternative program management approaches by moving away from the total dependency on the traditional Government service structure. The shift was fully reflected in the 2004 COSOP, where the implementation of the two ongoing interventions (both approved under the 1997 COSOP) was largely outside the direct control of government ministries. The COSOP continued to align as much as possible with government systems. While this is in the right direction (and is consistent with the principles of the Paris Declaration to which is subscribed by IFAD), the COSOPs needed to spell-out the nature of the risk associated with the chosen management approach and to make appropriate provisions.

Table 7
**Summary characteristic of the three COSOPs**

| *Key elements* | *1997 COSOP* | *2004 COSOP* | *2011 COSOP* |
|---|---|---|---|
| Strategic objectives | Increase incomes, improve food security and reduce vulnerability in rural areas through support for smallholder commercialization and to improve rural women's access to the means of production and help them reduce the severe constraints on their time. | Improve smallholder access to input and output markets; increase smallholder incomes from non-timber forest products; improve access to rural financial services; reinvigorate the rural livestock sector; and increase use of natural resources management and conservation farming techniques in order to increase food production. | Improve smallholder assess and participation to input and output markets; increase smallholder access to and use of technologies; and enhance smallholder access to the use of sustainable financial services. |
| Geographical focus | Not specified | Not specified | National |
| Main categories of intervention | Support for (i) rural finance services, (ii) specialized technical support, (iii) organizational capacity building, (iv) transport infrastructure improvement, and (v) animal/ mechanical traction and farm mechanization. | Access to rural financial services, smallholder livestock sector, smallholder adoption of natural resource management, smallholder commercialization and agribusiness development. | Value chain development, market access, improving technologies for crop and livestock production, development of rural financial services. |
| Targeting approach | Small-holders who live in areas with good market access and have access to draught power and are able to exploit opportunities for diversification into crops for local marketing and exports | Same as 1997 COSOP. | Self-targeting (COSOP, p. 10). (supporting rural people's organizations can be an important vehicle for empowering them and enabling them to internalize a "farming as a business" and savings culture) |
| Main partner institutions | Government of Zambia, and highlighted United Nations Development Programme, United States Agency for International Development and the African Development Bank as possible cofinancing; NGO: Keepers (Zambia) Foundation and AFRICARE | Government of Zambia, Cooperative League of the United States of America, African Reinsurance Corporation, Cooperative for Assistance and Relief Everywhere International, Zambia National Farmers Union (ZNFU) | Government of Zambia, Sweden, Finland, Japan International Cooperation Agency, Food and Agriculture Organization of the United Nations, World Food Programme, Keepers Zambia Foundation, Micro Bankers Trust, ZNFU |
| Country programme mix | Lending:<br>• Smallholder Enterprise and Marketing Programme (Dec. (1999)<br>Non-lending:<br>Policy dialogue: Need for consistent government policy stance. | Lending:<br>• Rural Finance Programme (Dec. 2004)<br>• Smallholder Livestock Investment Project (Dec. 2005)<br>Non-lending:<br>Support for M&E in the Ministry of Agriculture and Livestock (Sept. 2010)<br>Regional grant, 2007, 2008, 2009, and 2010)<br>Policy dialogue: Concerned with Government intervention in maize market. | Lending:<br>• Smallholder Productivity Promotion Programme (Sept 2011)<br>• Rural Finance Extension Programme (Dec 2013)<br>Non-lending: Through membership of the Agriculture Cooperating Partners Group to pursue issues of government policies on maize marketing, the Farmer Input Support Programme and Food Reserve Agency. Scale-up dialogue on market access, productivity and access to finance by poor smallholder farmers (COSOP, pp. 10-11) |
| Programme management | | New projects are IFAD supervised. Project management structure not specified. Established Resident office as in COSOP (2004 COSOP, p. 14). | All projects are IFAD-supervised.<br>The country programme officer is responsible for the day-to-day management of the programme, closely supported by the country programme manager. |

## B. IFAD-supported operations

### Translating strategy to programmes: The portfolio

68. **The lending programme**. Since its inception, IFAD has supported 13 projects, of which six were approved before the development of the three COSOPs under review. Table 8 provides information on the seven operations supported so far by

IFAD under the three COSOPs, including the rural finance expansion project approved by Board in December 2013 (see also table 2 of chapter 1). The concern of the 1997 COSOP was to address the financial management issues that were affecting performance of the three ongoing operations in IFAD's portfolio at the time; restructure the ongoing operations in order to enhance their prospects of yielding tangible impact; and thereafter, to establish a pipeline of projects to respond to the objectives of the COSOP. The Forest Resource Management Project (FRMP) was identified for Board approval in 1998 so that implementation could take place in 1999-2004. At the same time, a Smallholder Commercialization and Credit Programme was envisaged as a precursor to a fully fledge Rural Financial Services Project for delivery in 2000 or 2001. Despite the delays, the 1997 COSOP achieved most of its portfolio objectives.

Table 8
**IFAD's lending programme for Zambia by COSOP**

| *Project/programme name* | *Project cost (US$'000)* | *IFAD financing (US$'000)* | *Overall development goal* |
|---|---|---|---|
| **1997 COSOP** | | | |
| Forest Resource Management Project (FRMP) | 15 995 | 12 633 | Community development in forest areas; sustainable income generation; project facilitation for enterprise development. |
| Smallholder Enterprise and Marketing Programme (SHEMP) | 18 316 | 15 937 | Improved smallholder farmers' access to input and output markets; increased smallholder incomes and food security through farming as a business |
| **2004 COSOP** | | | |
| Rural Finance Programme (RFP) | 17 429 | 13 811 | Improved livelihoods in rural households through increase the use of sustainable financial services in rural areas, for supporting enterprises, agri-processing and value chains. |
| Smallholder Livestock Investment Project (SLIP) | 14993 | 10 114 | Increased incomes and food security among poor smallholder farmers through disease control, eradication, and restored access to draught animal power. MTR placed greater focus on supporting farming enterprises through small livestock. |
| Smallholder Agri-business Promotion Programme (SAPP) | 24 639 | 20 170 | Increased income levels of poor rural households involved in production, value addition and trade of agricultural commodities. |
| **2011 COSOP** | | | |
| Smallholder Productivity Promotion Programme (S3P) | 39 949 | 24 817 | Improved productivity of smallholder farmers in northern Zambia to align with the focus of SAPP. |
| Rural Finance Expansion Programme (RUFEP) | | | Improved livelihoods in rural households; increased use of sustainable financial services in rural areas, for supporting enterprises, agri-processing and value chains. |

69. The lending proposal in the 2004 COSOP initiated the second cohort of operations (table 2), which was prepared following a three-year period without a new IFAD lending, at which time a conditional lending framework was proposed that offered the possibility of a major expansion of IFAD's support to reduce rural poverty in Zambia. The conditional lending framework considered IFAD's interventions during 2004-07 in four areas: concluding the ongoing preparations for support in rural financial services, as well as initiating work on smallholder livestock services, natural resource management (NRM), and smallholder commercialization.

70. The 2011 COSOP highlighted as areas of IFAD's comparative advantage those in which experience had been gained and lessons learnt that could be used to deepen or scale up engagement. As mentioned earlier, these include smallholder commercialization and agribusiness promotion, in enhancing the productivity and

sustainability of smallholder farming systems (crops and livestock), and in rural finance. It was stressed that the three areas should form the basis of IFAD's country programme for Zambia for 2011-15 because the three can combine to offer important synergies with one another. To support the ongoing portfolio, the Smallholder Productivity Promotion Programme and the Rural Finance Expansion Programme were proposed. Overall, lending targets under the three COSOPs were (and are being) achieved, despite delays.

71. The **Forest Resource Management Project (FRMP)** sought to protect the forest environment by reversing the trend of rapid depletion through development of institutions and systems for the management and preservation of forest areas through communal or joint management arrangements; build-up knowledge on sustainable forest use; assist producers and groups to develop sustainable income-generating activities through improved harvesting, processing and marketing of forest products; and improve the living conditions of forest-dwelling communities by reducing their social and economic isolation through support to upgrade social infrastructure and local access roads. It was approved in December 99, became effective in June 2002 and closed in June 2007. It targeted selected communities in North-Western and Luapula provinces, which are two of the poorest provinces of Zambia. Although the project did not have a national coverage, its geographical area was vast, and with limited budget, could only address selected needs of the beneficiaries.

72. The **Smallholder Enterprise and Marketing Programme (SHEMP)** was the first project in Zambia to take an explicit agribusiness approach. The project provided support for smallholder enterprise group development; promoted market linkage development; and provided policy, legislative and institutional support, which achieved only limited success. It had five objectives: (i) group formation and strengthening; (ii) improved physical access to markets; (iii) facilitation of agribusiness/trading networks; (iv) promotion of product and market diversification; and (v) strengthening of the policy legislative and institutional framework. It was approved in December 1999, became effective in November 2000 and was closed in June 2008 with 100 per cent disbursement rate (table 2).

73. The objective of the **Rural Finance Programme (RFP)** is to increase the use of sustainable financial services in rural areas. This was to be accomplished by supporting such services at all levels, ranging from developing Community Based Financial Institutions in outlying rural areas to creating a rural finance policy for the country. RFP has five components: (i) the Community Based Financial Institutions (supporting the development of Accumulating Savings and Credit Associations (ASCAs); (ii) The Promotion of Rural Banking Services, by providing technical assistance to the National Savings and Credit Bank; (iii) A Credit Facility for Contracted Small Scale Producers managed by the Development Bank of Zambia; (iv) an Innovation and Outreach Facility; and (v) A Policy, Institutional and Management support component, whose main aim was to develop a rural finance policy and establish a Rural Finance Unit within the Ministry of Finance. The programme was national in scope.

74. A follow-up project to RFP, the **Rural Finance Expansion Programme** (**RUFEP**) has recently been presented to Executive Board in December 2013. RUFEP's objective is to increase access to, and use of, sustainable financial services by the rural poor. It consists of three activities: the first focuses on strengthening strategic partnerships with local organizations at the macro, meso and micro levels to enhance their ability to deliver financial services to the rural poor. The second activity constitutes an Innovation and Outreach Facility. The third activity has two sub-sets; knowledge management and programme implementation. RUFEP is a national programme and will have a lifespan of eight years.

75. The **Smallholder Livestock Investment Project (SLIP)**, although largely a disease control program, sought to improve livestock restocking (partly to restore access to draught animals for crop agriculture) and marketing. The project's objectives are to: (a) reduce the incidence of east coast fever (ECF)[37] and Contagious Bovine Pleuro-pneumonia (CBPP)[38] to levels which shall allow re-establishment and growth of smallholder cattle herds; and (b) increase the livestock productivity of poor smallholder households and their sustainable access to animal draught power (ADP). The focus on the second objective was redirected to animal production following MTR. The geographical focus of interventions has been based on CBPP and ECF prevalence, taking into consideration the local economic importance of cattle in farming systems.

76. In October 2012 the GRZ requested supplementary financing (US$4-5 million) for SLIP from the next PBAS cycle (2013-2015). The Concept Note for SLIP SF was discussed in July 2013. The supplementary funding is intended to focus on SLIP Component 2, Small Holder Animal Production and Sustainable Access to Animal Draft Power to strengthen livestock productivity and market access in coordination with World Bank and AfDB investments in the sector.

77. The **Smallholder Agribusiness Promotion Programme (SAPP)** aims to promote small-scale producers into profitable farmers through agribusiness and value chain development. It combines a targeted value chain approach with a national competitive matching grant fund for agribusiness investments. In addition to IFAD, and national counterpart funding the programme benefits from a US$1 million Grant from the Swedish Government. The IFAD Executive Board approved the loan in September 2009 and the Programme Financing Agreement was signed on 20 January 2010.[39]

78. SAPP has two components: (1) More Efficient Chains, comprising (1.1) agribusiness value chain analysis, and (1.2) agribusiness value chain interventions; and (2) Enabling Environment for Agribusiness Development, comprising (2.1) capacity to support agribusiness development for MAL' and (2.2) programme management). A private sector Technical Service Team (TST) has been contracted for Component 1. The TST is generating Value Chain Intervention Plans in 4 areas: small livestock, beef, cassava, groundnuts, and common nuts.

79. The original programme scope and cost were adjusted with the addition of the Swedish/Finnish funds, which are to finance specific activities in the expanded sub-component (2a) on capacity support to MAL with respect to: (i) improving food security information and quality, (ii) strengthening the capacity of the M&E function of MAL, and (iii) improving sectoral coordination at local level.

80. Finally, the **Smallholder Productivity Promotion Programme (S3P)** aims to improve productivity of smallholder farmers in northern Zambia and is aligned with the focus of SAPP. It became effective on December 2011. The programme has two components: (i) sustainable smallholder productivity growth; and (ii) enabling environment for productivity growth, to finance local agricultural investments and support the policy and planning framework. It also includes programme management, monitoring and evaluation (M&E).

81. The S3P design focuses on strengthening the supply side of agriculture and relies heavily on: (i) coordination with SAAP to provide marketing and value chain development support; and (ii) RFP for financing of enterprise development. It

[37] ECF management in Zambia has adopted a two-pronged strategy: regular dipping for adults to control ticks (vectors responsible for ECF transmission) , and vaccination of calves between the ages of 2-18 months for immunity. Vaccination requires co-payment KR 15 per calf.
[38] CBPP is highly contagious and requires mass vaccination in designated vaccinating areas (Western and North-western provinces of Zambia). Vaccination is free of charge.
[39] The Board approved the Swedish Grant financing in September 2010 and the Financing Agreement was amended accordingly on 4 April 2011.

focuses on cassava, mixed beans/ground nuts (two of the areas supported by SAPP), and rice.

82. **Non-lending activities**. Policy dialogue, partnership and knowledge management constitute IFAD’s non-lending activities. **Policy dialogue** is the main medium for arriving at shared approach between Government and IFAD during project preparation and implementation. Beyond bilateral dialogue with Government, IFAD also pursued the dialogue with Government in partnership with other donors as a regular member and contributor to the Agricultural Cooperating Partner Group (ACPG). The main **partners** of IFAD in Zambia are the MOF, as well as with key sector ministries such as the MAL. IFAD also maintains partnerships with cooperating institutions and donor partners in Zambia. The level of cofinancing mobilized from other donors has been overall weak. Finally, **knowledge management** activities have been mostly supported through regional grants. Knowledge management activities supported under projects have been enhanced since the 2011 COSOP, which focuses on improving knowledge sharing among projects in the portfolio through the country programme management team (CPMT).

83. Please refer to chapter VI, which is specifically dedicated to assess the relevance and effectiveness of non-lending activities for more details and information on policy dialogue, partnership activities and knowledge management undertaken as part of the IFAD-supported programme in Zambia.

**Implementation progress of ongoing operations**

84. As of June 30, 2013, of the Special Drawing Rights (SDR) 9.25 million for the Rural Finance programme (RFP) SDR 7.36 million have been disbursed, equivalent to 80 per cent of the total and the project is expected to have full disbursement by closure in December 2013. The latest Financial Management Assessment carried out by IFAD in August 2012 rated the project as medium risk. For the SLIP, of the SDR 7 million loan, SDR 5.63 million have been disbursed, constituting 80 per cent of the total. The loan may be fully disbursed at project completion in September 2014. Implementation of both SAPP and S3P has also been severely delayed and they are classified as actual problem projects (APP). Disbursements for SAPP stood at SDR 2.64 million as of June 30, 2013, only 20 per cent of project amount of SDR 12.90 million, approved in January 2010. Similarly, disbursements for S3P stood at SDR 0.39 million, about only 3 per cent of total loan amount of SDR 15.45 million approved in December 2011.

85. The project status report (PSR) ratings for the ongoing portfolio for Zambia indicate an overall rating of moderately satisfactory (3.80) for 2013, below the regional average of 4.14 (see annex X, PSR ratings of ongoing projects in Zambia). Similar rating was observed over 2012, which averaged 3.97 for Zambia compared to the regional average of 4.21. There are two projects at risk (SAPP and S3P), compared to one (SAPP) in 2012.

86. The PSR ratings point to a portfolio which is consistently below regional performance. The risk factor, estimated at 4.0, is substantially higher than the regional average of 2.81, in part because of the "Actual Problem Project" status of two projects (half of the active portfolio). The risk factor could be traced to fiduciary (compliance with loan covenants, procurement and audit delays) and implementation factors (project management limitations).

## C. Country programme management

87. The first seven loans (approved during 1981-1999) by IFAD in Zambia were entrusted to the World Bank and the United Nations Office for Project Services (UNOPS) for supervision. Beginning with the Smallholder Enterprise and Marketing Programme (1999), supervision was undertaken directly by IFAD as part of IFAD’s Direct Supervision Pilot Programme. Thereafter, all on-going projects in Zambia are

currently supervised directly by IFAD. The country team working on Zambia includes a country programme manager (CPM) and a country programme officer (in Lusaka) and a programme assistant (in Rome). As of July 2013 the CPM has been out-posted to Lusaka as IFAD country director resident in Zambia.

**Key points**

- The three COSOPs (1997, 2004, and 2011) under review have transitioned IFAD from its initial interventions which sought to mitigate the effects of central planning on the rural poor and to support the ongoing structural adjustment process into promoting smallholder agri-business and value chain development.
- The strategic frameworks contained in the three COSOPs are broadly consistent with each other in terms of the rationale, objectives, opportunities, geographic priority and targeting.
- COSOP 2011 identifies three areas of comparative advantage: smallholder commercialization and agribusiness; productivity; and rural finance expected to combine and offer synergies to the programme.
- The central theme of support to smallholder farmers through enterprise and value chain development permeates all the projects/programmes under the three COSOPs.
- Non-lending activities (policy dialogue, partnership and knowledge management) have assumed important role in IFAD's strategy in Zambia, but there exist substantial opportunities for their enhancement.
- The first seven loans (approved during 1981-1999) by IFAD in Zambia were entrusted to the World Bank and UNOPS for supervision. Beginning with the Smallholder Enterprise and Marketing Programme (1999), supervision of all subsequent IFAD intervention has been undertaken by IFAD as part of IFAD's Direct Supervision Pilot Programme.
- Implementation performance in Zambia is below regional averages. The project status report (PSR) ratings point to a portfolio which is consistently below regional performance. The risk factor, estimated at 4.0, is substantially higher than the regional average of 2.81, in part because of the "Actual Problem Project" status on two projects (half of the active portfolio).
- The Zambia country team includes a country programme manager, a country programme officer (in Lusaka) and a programme assistant (in Rome). As of July 2013 the CPM has been out-posted to Lusaka as IFAD country director resident in Zambia.

# IV. Portfolio performance

88. The purpose of this chapter is to assess the portfolio performance of programmes funded by IFAD in Zambia during the period under review (1997-2013). The assessment employs internationally acceptable evaluation criteria, which apply concepts such as relevance, effectiveness, efficiency, rural poverty impact, sustainability, innovation and scaling up, and gender equality and women's empowerment.[40] The definition of the concepts is provided in annex VI. A composite assessment of the programme portfolio's overall achievement is also provided.

89. As noted in the introductory chapter 1, this CPE assesses IFAD's operations and activities guided by the COSOPs of 1997, 2004 and 2011. The operations include two completed projects; four on-going projects and one new project, the Rural Finance Extension Project (RUFEP) which was presented to the Executive Board in December 2013. Except for the three recent projects (SAPP, S3P and RUFEP), which would be assessed only on relevance of design, the full evaluation criteria would apply to the remaining four operations with an allowance made for tentative assessment of emerging impact and the prospects of sustainability for ongoing projects.

[40] See IFAD's Evaluation Manual (available at: http://www.ifad.org/evaluation/policy/new_policy.html).

## A. Core performance

### Relevance

90. The projects and programmes in the portfolio are overall relevant to the development priorities of the country and IFAD's mission. They differ individually in specific ways on the basis of their unique objectives.

### Forestry resource management

91. The development objectives of the **FRMP** were, in general, consistent with Zambia's Poverty Reduction Strategy Paper (PRSP) of 2002-2004.[41] They were also **relevant to Zambia's National Environmental Action Plan** of 1994 which recognized the need to adopt policies aimed at maintaining ecosystems, ecological processes and protecting the biological resources of the country. Although the objectives of the project responded to lessons learned as reflected in IFAD's documents such as the Strategic Framework for 2002-2006 and the 1997 COSOP, the design of the project failed to fully take into consideration the requirement for a better understanding of the objectives and processes of group formation in Zambia so as to avoid the use of a mechanistic approach, which tended to result in artificial and unsustainable groups. Another design weakness was the lack of adequate legal and institutional framework because of the Government's failure to establish the Forest Commission at the time.[42] It is also not clear that identification of risks was adequately undertaken, as reflected in the project proceeding with its joint forest management component without resolving issues related to ownership, rights and responsibilities and benefit sharing of forest resources.

### Agri-business, productivity promotion and value chain development

92. IFAD's support for agri-business, productivity promotion and value chain development encompasses three operations, the SHEMP, SAPP and S3P. The focus of the three operations is **aligned to the strategic objectives of the Government** of the Republic of Zambia (GRZ) as in the Fifth and Sixth National Development Plans. The Fifth National Development Plan (2006-2010) was the main reference document during the design of SAPP, which highlighted the need for basic and integrated infrastructure, research and extension in partnership with the private sector, and capacity building to improve marketing information, etc. Value chain development is furthermore specifically identified in the Sixth National Development Plan (2011-2015) as a means to contribute towards national food security, employment creation and increased income from exports. The MAL's policy and strategic direction articulates a focus towards agribusiness and the establishment of a Department of Agribusiness and Marketing within the Ministry underscores the intention of the Government to invest in more commercial approaches to agriculture development. IFAD's programmes also reflect the Government's recent focus on commercialization and diversification of agriculture in the context of the CAADP and reflected in the National Agriculture Investment Plan (NAIP).[43]

93. The predominantly **private sector-based approach in SHEMP and SAPP designs were largely relevant** given the country context at the time of design. The value chain analysis approach in SAPP also constitutes a substantial improvement on the SHEMP approach of area-based project groups.

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[41] The PRSP (2002) aimed to: (a) promote private-sector driven growth; (b) create and expand the poor's opportunities to earn a decent income, in a sustainable way, so that they are able to meet the basic necessities of life; (c) strengthen public sector management by building capacity for social and economic management; (d) develop intervention strategies that promote rural development; and (e) develop intervention strategies that will promote fiscal and monetary policies that will stimulate economic growth at sustainable levels.

[42] The government's failure in this respect, and the stalemate that blocked the 1999 Forest Act, resulted in the project being implemented under out-dated statutes, contrary to the project design assumptions which anticipated a policy environment that supported participatory forest management approaches.

[43] Zambia signed the CAADP compact on January 18, 2011. This event recommitted the GRZ to the establishment of legislation to promote private sector driven growth, including an Agriculture Marketing Bill and Agriculture Credits Act, as well as efforts to reform the subsidized input-support program.

94. On the other hand, **the design for S3P is less relevant**. The design of S3P emphasize market orientation for a range of basic commodities, primarily cassava, groundnuts and beans but does not make provision for any project staff with responsibility and skills to facilitate market linkages. Furthermore, the project is being implemented through MAL's extension services where it is acknowledged by MAL that there is a low level of skills and capacity for facilitating agribusiness activities. The S3P also aims to take a commodity-based approach for the low value markets of cassava, groundnuts and beans. While these are potential entry commodities for project intervention, they are largely food staples with limited potential for diversification. Finally, the design assumes that the market development activities will be covered through the SAPP cassava, groundnut and beans "intervention plans" but there is no provision in S3P for such coordination with SAPP and its partners. In addition, the focus of S3P on sustainable agriculture practices assumes that there will be a greater scope for integrated agriculture products rather than for mono-crop, but the project implementation processes are not geared up to support such activities.

**Rural finance**

95. The Rural Finance Programme (RFP) is **overall relevant, although too ambitious and did not pay enough attention to some IFAD policies**. Its relevance derives first of all from its alignment with the Fifth National Development Plan, which, recognising agriculture as one of the driving forces in economic development, noted that agricultural productivity was being held back by, amongst other factors, a lack of access to affordable credit together with access to markets. The programme's general design also was also relevant to the goals of the 2004 COSOP, although it breached the then existing IFAD Rural Finance Policies by the provision of the line of credit (LOC) through the DBZ.[44] No explanation was provided on any specific circumstances that could justify this deviation from the policy. Furthermore, there is concern about whether the RFP design was too ambitious and attempted to do too much (ranging from supporting ASCAs through to helping develop a rural finance policy) in a relatively short period of time (six years), particularly in an environment of frequent delays in working through government systems. These factors (for example the delays in recruiting the service providers for supporting the ASCAs under Component 1) meant that the actual time period for implementing the entire range of activities was reduced considerably. The design for RUFEP, however, takes this into account, with a lifespan of eight years being built into the project.

96. **The relevance of RFP's specific sub-components and objectives is rather mixed**. The activities of the CBFIs are clearly relevant in that they provide financial services at the remote rural village level, with a strong emphasis on female participation. Moreover, the goal of supporting the expansion of proven products to rural areas and the piloting of new and innovative financial products, especially to vulnerable rural households, via the use of matching grants under an Innovation and Outreach Facility is relevant. Similarly, the policy, institutional and management support activities are relevant, since they identify the need for establishing a rural finance policy that would enhance the Government's role of creating an enabling environment in which rural finance could be expanded.

97. On the other hand, the support provided to the NSCB is questionable since it was largely for rehabilitation of a government owned non-bank financial institution, whose services were focused on its clientele and not necessarily the rural poor, although efforts are underway to remedy this deficiency. Similarly, the credit facility for contracted small-scale producers may have been relevant when the programme was designed, since there was a shortage of liquidity in the banking system at that

[44] Refer to IFAD Rural Finance Policy January, 2000. p.23

time. Though the proposal was in breach of IFAD's then Rural Finance Policy,[45] the delay (for two years) in the finalization of the programme and the improvement in the liquidity position of Zambia rendered the support unnecessary.

98. The RUFEP builds on the strengths of its predecessor RFP and is closely aligned with government priorities. It is also expected to directly contribute one of the three COSOP objectives of "increase access to and use of sustainable financial services by poor rural men and women". The project aims more specifically to (i) enhance the capacity of the service providers; and (ii) improve the efficiency and sustainability of rural financial services. The RUFEP takes into account some of the lessons learnt from RFP, and is more closely aligned with IFAD's rural finance policy. RUFEP does not include a LOC, and strong due diligence is expected to be undertaken before entering into partnerships with local organizations in both the public and private sector. There is a strong focus on capacity building at all levels, with the expectation to more specifically target the rural poor, rather than the rural sector in general. The establishment of the Rural Finance Unit (RFU) in July 2013 within the MOF should help improve the institutional environment for the intervention.

**Livestock**

99. The goals and objectives of the **Smallholder Livestock Investment Program (SLIP) reflect the aspirations of Government to address livestock diseases of "national importance"** in the context of rural development and empowerment as stated in the Fifth National Development Plan (FNDP), its follow-up Sixth National Development Plan (SNDP), and the National Agricultural and Rural Development Policy.[46] These goal and objectives are designed to address the strategic objectives of the COSOPs, especially with respect to the access to, and use of, technologies and services for enhanced productivity, sustainability and resilience of crop and livestock production systems. Similarly, the COSOPs for 2004 and 2011 are aligned with the Zambia's National Agricultural Policy and the FNDP and SNDP. The objectives of SLIP are also consistent with the United Nations Development Assistance Framework (UNDAF) in Zambia and served as a follow-up (upon Government request) to a similar support provided by the Food and Agriculture Organization (FAO). The project takes account of the country's macroeconomic and agricultural sector performance and trends in rural poverty and its objectives reflect the consensus reached during the in-country consultation process.

100. With regard to ECF control activities, the self-targeting approach adopted to ensure focus on poor smallholder farmers and rural households was appropriate. The well-to-do farmers (some of whom have personal dip tanks) can afford regular dipping and thus would not be bothered to bring their livestock for immunization.

101. **Beyond the broad relevance of the SLIP objectives, some design elements are weak**. First, programme scope, resources and timing are insufficient for control measures to be effectively implemented in accordance with the World Organization for Animal Health[47] guidelines. The geographic scope of coverage (nationwide), although being concentrated mainly in Eastern and Southern Provinces in case of ECF and Southern, Western and North Western Provinces in case of CBPP implies that effort and resources are spread too thinly on the ground for meaningful and sustained impact of control measures.

[45] The policy, however, was overridden by IFAD management, probably based on the need to aid the new economic policies being implemented by the GRZ.
[46] The focus of the SNDP under livestock is to increase livestock numbers through the creation of a Disease Free Zone (DFZ), infrastructure development and rehabilitation, enhance livestock disease control, surveillance and research, developing livestock standards and grades and processing of livestock and livestock products (Government of the Republic of Zambia (2011).
[47] The World Organization for Animal Health was created by an international agreement as the International Office of Epizootics (still known by its French acronym– OIE).

102. Second, there seems to have been no consideration of the continuous risk of disease incursion from neighbouring Angola in the absence of an effective cordon line, of the difficulties in implementing the recommended control method of test and slaughter in the absence of a compensation facility, and of possible re-infection of disease-free areas through rampant illegal cattle movement in the absence of adequate local marketing facilities and staffing levels. Finally, the objective to promote access to sustainable draught power was over-ambitious since the design had not considered the inherent risk to restocking in the presence of both ECF and CBPP. The shift in focus at mid-term review (August 2010) from animal draught power oriented restocking to enhancing livestock productivity and diversification, promotion of small livestock (goats, pigs, cattle and village chicken) and enhancement of quality and quantity to respond to market demand is relevant.

103. **In sum, despite overall relevance of the portfolio -particularly the more recent interventions- the projects faced a number of challenges related to design**. The earliest, and weakest-operation in the portfolio, the Forest Resources Management Project (FRMP), exhibited alignment of objectives with the Government's poverty reduction strategy paper and the Zambia environmental action plan of 1994, but failed to adequately consider the requirements for a better understanding of the objectives and processes of group formation in Zambia. Follow-up operations in the portfolio fully took into consideration the lessons from previous operations and managed well IFADs strategic shift to a focus on markets and value chain development and its alignment with the Government's fifth and sixth development plans and associated strategies. The objectives of the projects also reflected the general strategic focus of IFAD as contained in documents such as the Strategic Framework for 2002-2006 as well as the three COSOPs under review. Relevance of the three more recent projects is satisfactory (SAPP, RUFEP) or moderately satisfactory (S3P). The seven projects/programmes in IFAD's portfolio are collectively judged relevant and rated moderately satisfactory (4), although minor weaknesses characterize individual operations.

Table 9
**Relevance ratings**

| *First cohort* | *Second cohort* | | *Overall rating* |
|---|---|---|---|
| *Approved before 2000* | *Approved 2004-2005* | *Approved 2009-present* | |
| 4 | 4 | 5 | **4** |

## Effectiveness

104. The effectiveness of IFAD's portfolio has been affected by substantial implementation delays (usually in terms of procurement) and, sometimes, internal incoherence in project components. The latest financial management assessment for SLIP was carried out in February 2013, which found severe lack of internal controls over transactions, and weaknesses in the budget monitoring and cash flow management functions. There was also poor record-keeping of stocks being distributed to the officers responsible to carry out vaccination activities in the field. The lack of documentation results in a lack of accountability for the utilization of the stocks distributed to the districts. In the case of SAPP, besides significant difficulties being experienced with regard to procurement, the financial management of the programme has also been penalized by the high turnover of financial controllers since 2010. Delays associated with S3P could also be traced to procurement and start-up issues. It took the programme one year from effectiveness to first disbursements.

**Forestry resource management**

105. The FRMP was designed with four main objectives.[48] The programme was **fairly successful in respect to developing robust institutions and systems for the preservation of forest management arrangement** (its first objective), **but lost relevance**. FRMP achieved good results mobilizing people into various groups such as, for example, Village Resource Management Committees established (total 124, equivalent to 51 per cent of target); Area Resource Management Committees (total 33, 46 per cent of target); and Producer Groups (total 33, 77 per cent of target). But these groupings unfortunately did not have any practical relevance in the absence of Joint Forest Management Plans[49] and the planning exercise they undertook was unable to help retain their membership. A lack of guidelines on Joint Forestry management and legal clarity on benefit sharing and ownership were a major hindrance in the effective implementation of these plans.[50]

106. **Limited achievements in building up knowledge about existing forest resources and appropriate harvesting and production technologies** (second objective). The project invested substantial resources in training beneficiaries in sustainable forest management (for example, forest policy, Forest Act, Joint Forest Management, awareness raising, forest fires and management). In addition, it supported the enhancement of the technical capacity of beneficiaries through development of skills in beekeeping, bamboo and rattan production, pit sawing and the harvesting and processing of non-forest products such as mushrooms and chikanda (a local food). However, the effectiveness of the capacity-building activities was mixed since issues such as the lack of markets, inability of beneficiaries to improve their productivity and failure of the training programs to appropriately target the required beneficiaries and areas were of major concern.

107. Efforts to improve the living conditions of forest dwelling communities by reducing their social and economic isolation through **support and upgrade of social infrastructure and access to basic social services** (the third objective) **also yielded mixed results**. Two health clinics, 2 schools and 2 honey cottages (10 per cent of target) were constructed but most of them were of poor quality. FRMP also aimed at improving 400 km of local feeder roads through spot improvement. However, due to the general bad state of the roads, it was decided to undertake full rehabilitation but because of the high cost of construction materials only 213 km were fully rehabilitated. In addition design weaknesses (for example, the failure to include the rehabilitation of bridges and culverts) and increased construction costs limited the range of roads that could be rehabilitated.

108. Finally, the fourth objective of bringing about an immediate **increase in the incomes and assets of poor households dependent on forest resources through rural financial services was not achieved.** The rural finance component was not implemented because of the absence of suitable participating financial institutions that could offer services within the stipulated budget. The mid-term review recommended a change in this subcomponent from provision of credits to small investment grants to groups. However, a subsequent supervision report for the project undertaken in 2007 suggested no further action since a new IFAD rural

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[48] They are: (i) Developing robust institutions and systems for the management and preservation of forest management arrangements; (ii) Building up knowledge about existing forest resources and appropriate harvesting and production technologies through improved processing and harvesting of forest products; (iii) Improving living conditions of forest dwelling communities by reducing their social and economic isolation through support and upgrade of social infrastructure and access to basic social services; and (iv) Bringing about an immediate increase in the incomes and assets of poor households dependent on forest resources.

[49] Joint Forest management (JFM) is an approach that divides management responsibility and returns in designated local forests between government and forest adjacent communities. Key points towards the rationale for formation of JFM include the subsistence and commercial use of forest products according to management plans; employment opportunities; promotion of technical organisational and marketing skills; and the contribution to sustainable land use planning ("Forest management Practices with potential for REDD+ in Zambia" 2012).

[50] The lack of adequately planned and legally backed benefit sharing is one of the primary reasons for the ineffectiveness of joint forest management and has been one of the primary reasons for the general withdrawal of donor support (IDLO 2011, Legal Preparedness for REDD+ in Zambia).

finance project was expected to be launched and the recommendation was not followed up. Overall, the project was not effective in meeting its objectives, in part because of design weaknesses related to its failure to facilitating market linkages.[51]

**Agri-business, productivity promotion and value chain development**

109. The assessment of effectiveness of the programs under IFAD's agri-business, productivity promotion and value chain development is based on the achievements of one project (SHEMP) since field operations for SAPP and S3P are not yet fully in operation. Despite institutional challenges and delays, **SHEMP** fully disbursed the loan of US$18.3 million[52] and **achieved some of its objectives, particularly with respect to supporting existing agribusiness/trading networks** (table 10).

110. With respect to the first of the five objectives of SHEMP, **promoting and strengthening group formation**, although groups were formed, these were only used for project identification and training and were not sustained. In terms of the second objective -**improved physical access to markets**- only 669 km of the originally targeted 1170 km of roads were completed (59 per cent of the original target, or 82 per cent of revised target). The most effective activities were in relation to the third objective to **facilitate agribusiness networks**. SHEMP provided support to existing networks in accordance with their priorities and in general, these initiatives have contributed to better service to network members and stronger network capacity. The promotion of **product diversification** –the forth objective- was pursued through training. However, the training provided only reached 924 smallholder farmers compared to a target of 1,200 (77 per cent of target) and the effectiveness of the training was constrained by the lack of credit to finance diversification activities. The final objective, which related to the **strengthening of policy, legislative and institutional framework** through the conduct of studies, did not appear to be effective as the few studies carried out did not lead to any substantive change in the context of smallholder agribusiness.[53] However, the training for MAL on this issue did contribute to the shift in attitude within MAL towards agribusiness.

111. In addition to the results outlined in table 10, SHEMP also contributed to a range of outputs that were not anticipated by the project. They included the raising of awareness and capacity in its partners in government, non-government and private sector in terms of "**agriculture as a business**". Non-lending activities (particularly policy dialogue within MAL) were central to the approach adopted by SHEMP through the efforts of the Project Coordinator. The training conducted by service providers included government officials and was appreciated. The training for infrastructure service providers and the district staff on construction maintenance resulted in improved practices both in construction and within the government processes.

112. Other important achievements not anticipated by the project included: (i) a high level of traded volumes passing through the supported warehouse facilities, which amounted to 5,100 metric tons in 2007 (latest data available), mostly relating to commodities traded by smallholder farmers: beans, cassava, groundnuts, tomatoes, potatoes and onions; (ii) about 1,200 goats per month were traded through the goats' warehouse facilities;[54] and (iii) it is estimated that over 280,000 smallholder cotton farmers benefited from price negotiation skills and the use of a price formula given to the Cotton Growers' Association.

[51] The project ended up being implemented in only 28 of the planned 70 Working Areas, while only 40 per cent of its targeted activities were undertaken (2012 PPA for the project).
[52] Due to exchange rate fluctuations, the actual amount disbursed was equivalent to US$19.3million, an additional US$0.9 million on loan amount and US$0.1 million counterpart.
[53] SHEMP Project Completion Report, 2008.
[54] Most warehouse facilities are closed but the goat trading activities are still in operation.

113. The **SMS Market information system provided significant value to farmers**. SHEMP also supported the Zambia National Farmers Union (ZNFU) and Afri-connect Consultancy to establish an SMS Market Information System within ZNFU, thereby providing farmers with real time price information in different locations across Zambia, which has been widely used and has been praised by farmers. During SHEMP, the number of registered traders updating pricing information on the system increased from 109 in 2006 to 150 traders by the end of 2007. By the time of the SHEMP Completion Report, the SMS system had recorded over 21,500 hits for 13 commodities from over 600 regular users and is still in operation.

Table 10
**SHEMP performance in relation to objectives**

| *Objectives* | *Target* | *Results* |
|---|---|---|
| Group formation and strengthening | 7 Focal Area Resource Groups (FARGs) and district sub-FARGs established for decision-making.<br>150 self-help farmers groups in 10 nodes formed and functioning | 5 FARGs which were of limited effectiveness and were costly.<br>Nodal approach not continued.<br>Few SHG functioning at project completion, mainly due to lack of financing after training. |
| Improve physical access to markets | 1 170 km of feeder roads (appraisal)<br>850 km (at first trimester review, revised target ) | 699 km of feeder roads, (59 per cent original target, 82 per cent of revised) |
| Facilitate agribusiness/trading networks | Producer association and networks supported | Significant capacity building results for associations such as Zambia National Farmers Union, Cotton Association of Zambia, Cross-Border Traders Association. |
| Promote product and market diversification | 1 200 smallholders trained | 924 smallholders trained (77 per cent)<br>Positive results in awareness of market but only farmers able to self-finance diversified. |
| Strengthen the policy, legislative and institutional framework for smallholder-market linkages | Conduct studies relevant to enabling environment for agribusiness | Some targeted market studies assisted in enterprise development. Most were not relevant to agribusiness and had no tangible results. |

Source: SHEMP Project Completion Report, 2008

114. Although not fully operational (despite being effective since January 20, 2010) and with disbursement at 20 per cent as of end-June 2013, preparatory work on **SAPP** points to the likelihood of achieving its objectives. SAPP is producing **high quality value chain analyses, and promoting dynamic relationships** with both smallholders (IFAD's target group), and development-oriented value chain actors that are willing to work with the project for mutual benefit to themselves and smallholders. Preparation of technical intervention plans are underway and to date, four value-chain intervention plans have been approved and are commencing implementation, with additional two approved in July 2013 but have not yet commenced implementation. Several key SAPP documents have been completed, particularly the Matching Grant Manual, which has allowed for the selection processes to progress to the demand driven aspects of the project. Information on the loan applications indicates that the largest number of applications for small loans was received from the Southern province where SAPP has already been most active in developing the small-scale livestock intervention plan. SAPP has also made substantial progress in its institutional support to MAL (see impact on Institutions and Policies in chapter IV.C).

### Rural finance

115. **The effectiveness of rural finance support varied with respect to RFP's components**. The most successful aspects are: i) the support provided for

community-based financial institutions to CBFIs; ii) the credit facility for contracted small scale farmers; and iii) the matching grant facility (or innovation and outreach facility).

116. The **support provided for community-based financial institutions (CBFIs) which included the development of ASCAs[55] was effective**, although most of its outreach goals are not likely be achieved. As of end-March, 2013 approximately 20,000 households have received programme services (target 30,000), 1,244 ASCAs have been formed and strengthened (target 2,000) and about US$470,000 in savings mobilized (target US$720,000). The total amount of loans disbursed (about US$670,000) has exceeded the target of US$600,000. Most of the capacity building and gender focused goals will also be met. A major reason for the shortfall in the effectiveness relates to the slow start-up of the programme. The original design was partially predicated on the basis that the CBFI activity would include strengthening 300-400 existing CBFIs, primarily those that had been created under the Swedish International Development Agency (SIDA) funded Agricultural Support Programme (ASP). Many of these ASCAs, though, disintegrated before the Service Providers recruited to support them were able to reach them due to delays in recruitment and the different objectives or the lack of capacity in the ASP supported groups. If the start-up process had been faster, the outreach targets would have been closer to attainment. Nonetheless, the ASCAs have provided its membership, mainly women, with a secure place for depositing their savings and access to credit, neither of which was readily available beforehand. This achievement offsets the shortfall in many of the outreach targets. While there is concern about the quality of the record keeping within the ASCAs, there is a high degree of participation in their operations.

117. Similarly, while the **effectiveness of the Credit Facility for Contracted Small-Scale Production has been reasonable** (Loans financed US$3,960,000, target US$4,000,000), disbursement by the participating micro-finance institutions (PMFIs) was less successful in terms of outreach, with the number and value of loans disbursed falling short of the target. The total loans disbursed by the PMFIs to date are 9,800 amounting US$4,555,000 (target 15,000 loans totalling US$4,000,000) with an average loan size of approximately US$450. The loan repayment rate is reported as being 100 per cent. Anecdotal evidence indicates that the loans have gone to small farmers involved in non-subsistence farming, which was the intended market. There is concern, however, about the operational and financial sustainability of some of these PMFIs, particularly in light of the recent introduction of interest rate caps.[56]

118. Finally, by and large **the RFP met the intended purpose of creating new products and approaches through its innovation and outreach facility.** The seven entities which received matching grants have undertaken ten activities, of which nine are still ongoing. These include supporting a mission hospital in establishing ASCAs for its patients, integrating HIV positive people into ASCAs and forming groups of cotton growers into ASCAs (introducing new actors into the field of rural finance) and supporting them to negotiate with ginneries as groups rather than as individuals. While the development of new products and training of staff in financial institutions are likely to meet the revised targets, the mobilization of savings may fall short. These shortfalls are largely due to the slow start-up of the

[55] ASCAs (Accumulating Savings and Credit Associations) are groups whose members' band together to save on a regular basis and then, pooling their savings, make loans to members on terms and conditions established by the ASCA members themselves. At the end of a set time period, or cycle, usually 12 months, the accumulated savings, plus the interest earned on the loans is then disbursed amongst the members. The ASCA model is well recognized as a useful tool for encouraging savings and as a source of credit for members. It is especially effective with rural women.

[56] In January 2013, the Government imposed an interest rate caps on all lenders regulated by the Bank of Zambia (BOZ). While lenders still have the ability to charge certain fees, this step has triggered a decline in effective interest rates that lenders are earning on their loans.

programme itself. The receipt of more than 45 proposals is indicative of the interest in the innovation and outreach facility.

119. **On the other hand, the effectiveness of the support to the NSCB,**[57] **and that of policy and institutional management raises concern**. The support for rural banking through the National Savings and Credit Bank (NSCB) is disappointing. Besides the recapitalization by the Government, the NSCB developed eight financial products under the technical support provided by RFP (Asset Plus loan, Hire Purchase, MFI loan, Market Account, Rural Savers Account, Pension Savings Account, Minor Savings Account and Goals/Dream Account), many of which provide services to the general clientele of NSCB, and not necessarily exclusively to the rural poor who are IFAD's target market. The support for the upgrading the bank's MIS, which could ultimately aid the rural poor by strengthening the overall operations of NSCB, ran into difficulties. Partly as a result of this failure, the NSCB has not produced audited financial results since 2009, thus making it difficult to confirm whether the branches are profitable, or whether the overall bank is liquid or profitable. The basic outreach of the bank to remote rural areas also has fallen short of target, with only 3 branches opened out of the original target of 84, with possibly 3 more to be opened by the close of the programme. Of the 100,000 households that were expected to receive services, so far only 3,656 have done so. Voluntary savings mobilized to date are about US$1,140,000 versus a revised target of US$20,000,000, and the gross loan portfolio outstanding is about US$590,000 against a revised target of US$8,000,000. A major reason for the shortfall is the embargo placed on branch expansion by the Bank of Zambia. Turnover at the Board level, and among senior staff, also had a negative impact.

120. Similarly, the **support for policy development and to help create and/or strengthen institutions involved in rural finance has been slow**. A consulting firm was employed to develop a rural finance policy, which was approved by the Cabinet in May 2013, but the establishment of the unit within the Department of Investment and Debt Management of the MOF had been delayed, due in part to conflict in staffing policy within the MOF itself. These issues have now been resolved by the Cabinet approving the Rural Finance Policy.

**Livestock development**

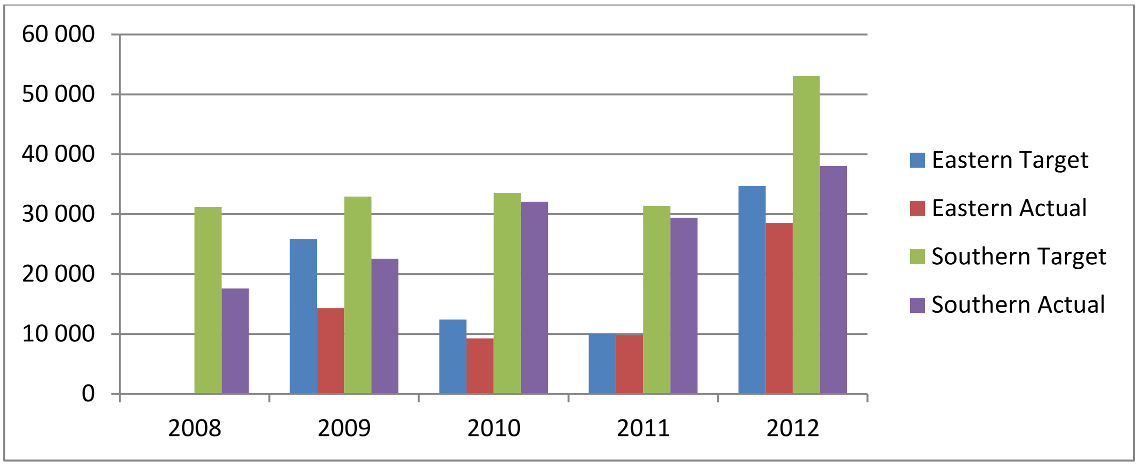
121. **Achievements mainly on animal disease control**. The only intervention in this area was the Smallholder Livestock Investment Project (SLIP). The project has scored some achievements over the past 5 years (2009 – 2012), especially with regard to its main component dedicated to animal disease control (figure 3).

122. The available information indicates that **east coast fever (ECF) prevalence has declined** from 0.82 per cent in 2008 to 0.79 per cent in 2012, while the cattle population in ECF affected districts supported by SLIP has grown from about 908,233 in 2008 to about 1,300,821 in 2012.[58] Available data also reveal that there was a reduction in crude prevalence from 1.32 per cent in 2008 to 0.84 per cent in 2012 thus confirming the trend indicated by SLIP. The reduction of 0.48 per cent (out of 1,052,647) implies some 5,000 animals saved from ECF which is quite significant to the smallholder farmer as it may imply asset gains and improved access to animal draught power. Over the 2008-2012, it is estimated that over 201,000 calves have been protected from ECF, over 50 per cent of which would have died in the absence of immunization. This represents about 76 per cent of the 5 year cumulative target of about 265,000 calves and 41 per cent of the target for SLIP. Thus, over 201,000 out of the annual average total cattle population of about 1,052,647 have been protected from ECF in the two provinces.

[57] IFAD budget US$2,149,000, actual IFAD disbursement to date US$1,105,000.
[58] The major ECF affected areas are Eastern and Southern Provinces and during 2008 - 2012, a total of 201,449 animals were vaccinated against ECF, representing about 76 per cent of the annual target of 264,845.

123. Performance could have been better if the project had adequately addressed concerns with **procurement delays**, which resulted in late delivery of vaccination materials and in turn led to late commencement of immunization activities. If the latter coincides with field preparation by farmers, then immunization targets are not likely to be met as farmers have little or no time to take their animals for immunization. In addition, deficient vaccination materials are sometimes supplied which could lead to poor results. Furthermore, the irregular timing of the immunization schedules (which usually occur twice a year) could pose a problem as the second phase usually occurs late and at a time when the raining season has commenced, resulting in some parts of the districts becoming inaccessible. Also, during this period (which is the planting season) most farmers prefer using their monetary resources for farming inputs than to pay for calf immunization.

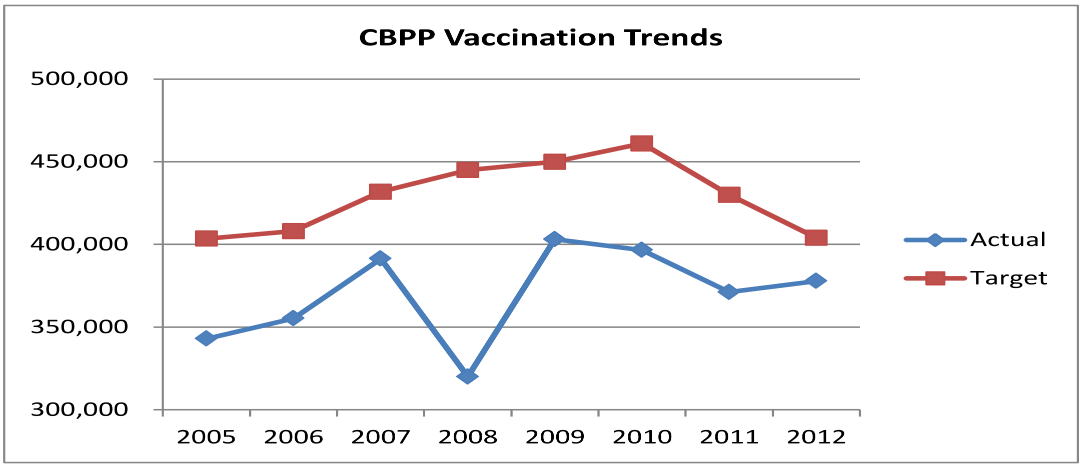
Figure 3
**Zambia –ECF immunization in Eastern and Southern Provinces from 2008 to 2012**




*Source*: District Vaccination Reports

124. **Contagious bovine pleuro-pneumonia (CBPP)'s coverage has improved.** Blanket vaccination[59] for CBPP was carried out on an annual basis in the Western and North-western Provinces of Zambia. Coverage has improved over the years from 86 per cent in 2009 to 97 per cent of the target in 2012, reaching acceptable World Organization for Animal Health (OIE) standard for CBPP eradication (figure 4). During 2008-2012 a total of 1,696,416 doses of vaccines were administered, compared to targeted 1,920,000 (at 88.4 per cent).

Figure 4
**Cumulative CBPP Vaccination trends in Western and North-Western Provinces from 2008 to 2012**




[59] Blanket vaccination involves the comprehensive vaccination of all susceptible species animals over a larger area

125. Despite the high percentage of coverage achieved, as discussed earlier under relevance, major strategic shortcoming of the program, which is hampering effectiveness of the programme, is the **insufficient staffing levels and funding** that has limited the ability to control the rampart illegal movement of cattle across both district and international borders, especially with Angola. There is also an important challenge -as pointed out earlier in this report- in the removal of identified CBPP positive herds due to lack of a *farmer compensation facility* as well as markets within some infected district, resulting in delays in response to outbreaks.[60] The former has led to the inability by field staff to follow OIE guidelines in CBPP control and have tended to adopt what they termed "voluntary slaughter" which is outside the said guidelines and therefore has greatly reduced the effectiveness of the current IFAD as well as previous control efforts.

126. On the other hand, **progress on the revised objective after the MTR is quite limited**. The revised objective intended to reorient the project from animal draught power oriented restocking to enhancing livestock productivity and diversification, promotion of small livestock and enhancement of quality and quantity to respond to market demand. However, progress is quite limited as the implementing Department of Livestock Development (DLD) is still undergoing capacity building especially with regard to staff recruitment and training.

127. On the whole, it is expected that SLIP will significantly meet its objectives on animal disease control (component 1). It will also be able to improve the capacity of the Livestock Development Department of MAL and create systems that could be useful for implementing a follow-on project. Reduced mortality increases the asset of the rural households and enhances their breeding base, which also serves as sources of improved income and livelihood through increased production of milk, meat, manure and animal draught power. The shift in focus from the access to sustainable draught power to supporting the expansion of small animals came too late to show results.

128. **Overall, the assessment of IFAD-funded operations effectiveness is mixed**. The older project, FRMP, failed to meet its objectives, in part because of design weaknesses. Despite institutional challenges and delays, SHEMP achieved some of its objectives, particularly with respect to supporting existing agribusiness/trading networks. SLIP met its main component objective on animal disease control, and, although not fully operational, preparatory work for SAPP points to the likelihood of achieving its objectives. RFP seems to have taken on more than it could handle in the six years intended for the programme in view of the frequency of delays associated with using government processes as well as insufficient staffing and funding (on the part of Government and IFAD). Overall, effectiveness is therefore rated moderately satisfactory (4), subject to the expected improvements in portfolio processes.[61]

Table 11
**Effectiveness ratings**

| *First cohort (approved before 2000)* | *Second cohort (approved 2004-2012)* | *Overall rating* |
|---|---|---|
| 3 | 4 | **4** |

[60] Apart from low staffing levels, other challenges cited by field staff include: inadequate transportation, late delivery of vaccination materials, inadequate cold chain storage capacity, and resistance by farmers when campaigns are delayed as a result of inadequate farmer sensitization.
[61] With the transfer of the CPM to Lusaka to strengthen the Resident Office and ongoing procedural reforms within the implementing ministries, implementation performance is expected to increase.

## Efficiency

129. Efficiency of the portfolio has been negatively affected by various issues, including process delays, project management cost increases and spoilage of project goods due to poor management.

130. **Procedural delays continue to plague the portfolio**, **leading to low disbursement performance** (disbursement rate of 36 per cent compared to the regional average rate of 54 per cent). It took an average of about 6 months between Board approval and loan signing for the four ongoing projects, ranging from 9 months for RFP, 6 months for SLIP, to 4 months each for SAPP and S3P. Apart from SAPP and S3P for which loan effectiveness was declared immediately after loan signing, it took 24 months and 14 months between loan signing and loan effectiveness for RFP and SLIP respectively. Thus, the time between loan approval and the initiation of disbursement ranged in excess of 33 months for RFP, 20 months for SLIP and 4 months for SAPP and SLIP.

131. The **Forest Resource Management Project efficiency was particularly challenged** as the project was affected by delays by several factors and at various stages of implementation. First, it took 30.6 months in getting the project effective following IFAD's Executive Board approval. In addition, there was an increase in the number of districts in the programme area, from 11 to 14 districts, at the time when the project became effective. This change was not confirmed in a loan amendment but may have had cost implications since reprioritization took place at mid-term review to address the repletion of project loan resources. Furthermore, a combination of factors, including the lack of decision on the recommendations of the mid-term review, led to another 8-9 months period of non-implementation of the project. There were also management issues with respect to implementation which impinged on the project's cost and efficiency. They included: (i) a large project facilitation unit (PFU) of five members, (ii) a change in the decision to second Forestry Department staff to fill the posts in the PFU which had a substantial cost implication;[62] and (iii) weak accounting systems which were unable to guarantee accuracy and timeliness of reporting. It is estimated that actual project management cost (of the project facilitation component) was 30 per cent of total project costs, considerably higher than the estimated seven per cent at appraisal (2012 PPA for the FRMP). Despite the absence of calculated financial and/or economic rates of return in the Project Completion Report, the low achievement of targets and benefits, the delays incurred in project implementation and the subsequent cancellation of subcomponents point to weak efficiency.

132. **Data on the agribusiness portfolio was limited in general to assess efficiency**. In SHEMP, the completion report did not include sufficient data to estimate the rate of return but given the lower than targeted outputs, the evaluation estimates that the project has been less than efficient. In terms of the enterprise and value chain components of the programme, there is little comparable cost data available but there are indications that the implementation was not least cost. The project completion report (PCR) for SHEMP indicates that on the basis of cost/benefit analysis (although no figures are provided), implementation costs were high compared to the comparable programmes, such as the World Bank-supported Agriculture Support Programme. The unit costs of infrastructure development in the SHEMP areas proved to be higher than expected at appraisal. The cost of the roads rehabilitation (at the time of the trimester Review of SHEMP) showed high variance, with some quotations being double of the average per kilometre. The PCR notes that after the second tri-term review, the project management costs were reduced, some inefficient service contracts were terminated and thereafter the contracting modality seemed to have improved. The design document in **SAPP** does not include calculation of a potential economic rate

[62] From an average salary of US$1,800 a year to US$2,000 a month, in addition to terminal benefits (of approximately US$367,000).

of return (ERR) although there is a description of expected economic benefits from increased production. The S3P design document includes an estimate[63] of ERR of 14 per cent, based on expected increases in commodity production levels.

133. The efficiency of the **Rural Finance Programme** is assessed using various indicators for each of the activities supported by the project. For the first component dedicated to **support community-based financial institutions**, the data from the MIX Market[64] does not detail cost per savers, rather it focuses on borrowers. In order to provide a benchmark against which the performance of the service providers in mobilizing savings can be compared, the ratio of savers to borrowers as listed by the MIX Market is assumed to be 2:1 and the cost per member calculated accordingly. The results (table 12) indicate that the cost per member for service providers in Zambia is in line with costs incurred by comparators in the region and, with the exception of Africare, they are declining, indicating improving efficiency. In addition, the calculations suggest that the efficiency of the field agents in terms of outreach has also progressively increased, as the service provision begins to achieve economies of scale.

Table 12
**Zambia service providers – Estimates of efficiency of providing services to members (savers) under the CBFI component (Component 1)***

| *Service provider* | *2010* | *2011* | *2012* | *YTD 2013* |
|---|---|---|---|---|
| **Africare-Zambia** | | | | |
| Savers per field agent | 317 | 692 | | |
| Cost per member (US$) | 118 | 86 | | |
| **Keepers Zambia** | | | | |
| Savers per field agent | 423 | 562 | 751 | 728 |
| Cost per member (US$) | 60 | 72 | 95 | 82 |
| **Microbankers Trust** | | | | |
| Savers per field agent | | 280 | 432 | 713 |
| Cost per member (US$) | | 121 | 73 | 49 |
| **REES** | | | | |
| Savers per field agent | | 234 | 569 | 696 |
| Cost per member (US$) | | 163 | 72 | 59 |

* Benchmark figures for 2010: MIX Market East Africa – Savers per field agent= 466, Cost per Member=US$75; Mix Market-Africa-Small FIs – Savers per field agent = 330, cost per member=US$89; Mix Market-Africa-NGOs (the Mix Market recognizes that most NGOs included herein use the village banking methodology) - savers per field agent=569, cost per member=US$86.

Sources: The MIXMarket and reports from RFP PIU.

134. In regard to the second component (the Promotion of Rural Banking Services), it is **not possible to assess the efficiency of the operations of the National Savings and Credit Bank (NSCB) due to data constraints**. It is noted, however, that the NSCB has provided services to only 3,656 households versus an original appraisal target of 160,000 households. However, the operations of the **Development Bank of Zambia (DBZ**), which is considered profitable, are assessed with respect to the line of credit by calculating the cost per loans disbursed and the cost per US$ lent.[65] The estimates indicate that cost per loans disbursed have steadily declined from US$249 per loan in 2010 to US$11 per loan

[63] This is an approximate calculation undertaken by IFAD during project design. Does not indicate actual ERR at completion.
[64] MIX is the premier source for objective, qualified and relevant microfinance performance data and analysis for the microfinance institutions that help alleviate global poverty www.mixmarket.org.
[65] They are the costs to the RFP of disbursing loans to the small farmers who borrow from the intermediary PMFIs.

by 2012, while the cost per US$ lent declined from US$0.25 in 2010 to US$0.02 in 2012 as the intermediary PMFIs become more efficient at disbursing the loans, and the DBZ gains economies of scale as the LOC was progressively drawn down. For the **Innovation and Outreach Facility**, of the US$1,800,000 originally allocated for this activity, about US$893,000 has been disbursed to date. This rate of disbursement is considered reasonable in light of the delayed start-up of the operation.

135. In the case of SLIP, although it is not possible with the available data to estimate the **efficiency of the disease control programme**, it **could be gauged by assessing the impact of operational constraints on the programme**, such as procurement delays, and the relatively low performance of the executing units under the ECF and CBPP vaccinations, and the sero-surveillance exercise.[66] Procurement delays affected the timeliness of vaccination, especially in flood prone areas, thereby reducing the number of cattle protected and increasing the death rate, as well as, leading to increased vaccine material wastage. Since 2009, the programme has immunized a total of 201,449 calves against ECF, which is only 41 per cent of the target, five years into a 6.5-years operation. Delays have also led to substantial spoilage of vaccine stabilate; for example, out of a batch of 10,030 doses of Katete stabilate received from CVRI (the supplier) at one time, only 1,820 were used to immunize calves, while 530 were damaged and 7,680 were withdrawn by CVRI.[67] Finally, the delays in the conduct of sero-surveillance have resulted in the absence of timely data to support planning for disease control. In cases investigated by the Evaluation Team for Zambezi and Sesheke districts, sample collection was very slow, ranging from 32 to 80 samples per day, mostly due to farmer resistance from the lack of feed-back to farmers by previous sampling exercises. In addition, out of the 41,041 samples collected from 2,578 herds in 10 districts, approximately 13.3 per cent was not usable because of poor storage and spillage. The efficiency in implementing the program is consequently deemed low.

136. Overall, in view of process delays, project management cost increases, low achievement of targets and benefits (FRMP) the efficiency of the portfolio is rated moderately unsatisfactory (3).

## B. Rural poverty impact

137. Despite concerns with the quality of data, which is essentially descriptive and qualitative, (see "limitations" under section I.B on Methodology), overall the portfolio under review seems to be having a positive contribution to rural poverty impact, in particular with respect to increases in rural household income and assets in project districts, as well as selected improvements in productivity. The portfolio is also contributing to the build-up of social capital and empowerment of the beneficiary target groups and in particular to the promotion of gender equality and women empowerment. Although only moderately, the portfolio is also providing, in the appropriate circumstances, a framework for dealing with HIV/AIDS issues of the beneficiary target groups and raising environmental concerns. However, difficulties with attribution of the emerging impact on poverty to the portfolio persist.

### Household income and assets

138. The activities of the **community-based financial institutions under the RFP have led to substantial increases in household incomes** of participants at the end of the cycles, when profits are distributed. This is supported by the very high re-signup rates (in many cases in excess of 85 per cent) between the close of the current ASCA cycle and the start of the ensuing cycle. Household income and

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[66] As noted elsewhere, the low levels of performance by the district livestock units could be attributed to staffing constraints and limited resources (such as transportation).
[67] In monetary terms, the wastage amounted to approximately US$1,394.2 (source).

assets are also likely to have gone up under the Credit Facility for Contracted Small Scale Farmers (component 3) and to a lesser extent under the Innovation and Outreach Facility. In addition, some benefit have accrued to NSCB's general client base that have used the financial products, whose design and roll out was supported by the activity, though these clients do not necessarily form part of IFAD's target market. Similarly, the loans disbursed to micro and smallholder farmers have had a positive impact on them through the purchase of cows and increasing their cash income and/or household food security. Additionally, there has been a positive impact on the PMFIs by providing them with access to loan funds at a subsidized interest rate. This has increased their overall profit margins.

139. In terms of the SLIP, **disease control has made it possible for some farmers to increase their herd**. Farmers interviewed in Kalomo and Monze districts of Southern Province reported that immunized cattle are more sought after and fetched a higher price than non-immunized ones, an indication of value addition and possibly increased income. As a result, farmers bring calves from far flung areas for immunization and this has reduced mortalities and has led to livestock growth and diversification into dairying and other community enterprises, thus improving livelihoods and purchasing power of the rural communities. Equally for CBPP, prevalence levels have dropped except for outbreak areas of Mbala, Nakonde and Shangombo districts. All the farmers interviewed reported some increase in herd populations and cumulatively at provincial level, an increase in cattle population is notable in Western Province, reflective of increasing assets and income.

140. In **SHEMP** the service provider (Africare) reported that 80 per cent of the 158 self-help farmers groups that they worked with during the implementation of SHEMP increased production and income, and attained food security (SHEMP PCR, p16). For example, the support for goats and cassava resulted in increased income for participating farmers (box 1). A similar conclusion is arrived at for support to 130,000 cotton producers through the Cotton Association of Zambia. Road improvements also initially had positive effect on farmers as a result of the estimated 78 per cent increase in average daily traffic during the period of SHEMP implementation. Improved access was reported to have a positive impact on the viability of smallholder enterprises. In **FRMP there is no reliable information to suggest that incomes and assets increased**. Discussions by the CPE Team with available past beneficiaries and staff of the contracted agencies suggest that, with a few exceptions, the target increase in income (30 per cent increase in household annual total cash income per capita) per Working Area had not been achieved – thus confirming the findings of the 2006 MTR. FRMP was closed premature.

141. The income and asset impact is therefore rated as moderately satisfactory (4).

Box 1
**Case study of income expansion under SHEMP**

The recorded incremental goat turnover from Choma and Monze districts in 2008 reached 22,983 goats compared to the target of 10,000 goats (2005 baseline). At the same time, farm-gate goat prices increased from ZMK 22,500 to ZMK 50,000 (pre-rebasing), an increase of over 120 per cent on the 2005 baseline. The resultant on-farm goat income was calculated to have increased by over 900 per cent from the 2005 baseline year, with monthly goat sales income increasing from ZMK 7.3 million/month (2005 baseline) to ZMK 67.3 million/month (January 2006-August 2007). It is not clear how much this resulted from SHEMP but responses to the Evaluation Team indicate that much of the improvement could be attributed to SHEMP support.

Source: GRM International UK Ltd (consultancy company), SHEMP *Agribusiness Development Component Terminal Report, 2008, p11*

**Social capital and empowerment**

142. **FRMP helped to improve the organizational capacity of the target communities**. The FRMP attempted to transform the organizational capacities of the target communities through sensitization, community mobilization and group formation (which did not exist at the time). Although the formation of these local institutions empowered some of the communities to register their groups as legal entities (largely undertaken under SHEMP), these groups became dysfunctional after the project ended. By helping project groups to register their societies, it enabled them to open of bank accounts request loans, and access in an organized fashion, government's development resources, such as such as seed and fertilizers under the fertilizer support programme of the MAL. Improved feeder roads in the areas where they were done could have also opened opportunities for increased school enrolment and market outlets. **Substantial social capital and empowerment was also established under the RFP.** The success in establishing a large number of ASCAs (1244 against a target of 750) must be acknowledged as an important contribution to social capital formation in the areas covered by the project.

143. The **SLIP** has also helped increase the capacity among the rural smallholder livestock communities to **send their children to school** and thus investing in human capital. In addition, through sensitization many smallholder livestock farmers have been empowered to diversify into ventures such as dairying. In addition, the establishment of groups to patrol the cordon-line helped empower the smallholder farmer to safeguard its assets. Under **SHEMP,** the feedback from district staff of MAL is that the training provided by the project through service providers have led to some improvements in **farmers groups becoming more market oriented** and exploring networking opportunities to commercialize their product. SHEMP also supported the ZNFU to establish **local service centres** – a small structure to be used by a local community as library, information centre, meeting place and storage centre. The ZNFU officers have encouraged community members to conduct learning activities within the local service centres

144. The social capital and empowerment aspects of the programme are rated as moderately satisfactory (4).

**Food security and agricultural productivity**

145. **The focus on agri-business and value chain development in SHEMP and SAPP has stimulated an increase in agricultural production**. The raising of awareness among farmers that commercial production, instead of subsistence farming, can be achieved through improvements in availability of market information and greater market negotiation powers has led to an increase in production and profitability. In SHEMP, although the project reached a lower than targeted number of farmers, there have been ripple effects in the country as the lead farmers that have substantially increased their production now operate as contractors for smaller farmers and have created their own mini-out-grower schemes.

146. A major strategy that will be implemented under SAPP to improve production and productivity is to establish **robust and responsive marketing channels for smallholders** through public-private partnerships (see section VI B on partnership building). The combination of training and access to new market channels contributes to **increase in productivity and income for smallholders**. Basic advice in pregnancy testing allows farmers to check if a cow is in calf before sending for slaughter rather than losing the calf income. There is a plan to form a public-private investment through SAPP to add a supplementary facility for small livestock to the site, to stimulate small livestock production in the same way as beef and contribute to the viability of the abattoir.

147. The **commodity-focus on basic food crops contributes to household food security** and broader food availability in Zambia. This is particularly noticeable in the beef, dairy and small livestock initiatives where the increase in protein availability to the households and the use of livestock as a means to generate income during hungry periods has contributed to overall household food security. The feedback from the farmers groups met during the mission was that the support for dairy production was particularly important because it generated a supplementary daily income for the household, was a good source of improved nutrition for children and was particularly important as nutrition for HIV-AIDS patients.

148. Despite limited progress on this component after the MTR, SLIP contribution to livestock production, productivity, and food security needs to be recognized. Cattle population of ECF- affected district has grown. Moreover, most smallholder farmers and officials interviewed reported increased access to animal draft power (ADP) and with it increased hectarage and yields. For example in Lukulu, one of the poorest districts in the country which had hitherto required food assistance reported increased rice and maize production and yields over the past 3 years, livelihoods seem to have greatly improved and DMMU now buys grain from there and not the other way round.

149. Overall the projects have contributed mainly to increases in production, with positive impact on food security, but have had limited effect on productivity improvements. Potential of productivity improvements under the recently initiated SAPP and S3P projects are promising. The impact of the projects on agricultural productivity and food security is rated as moderately satisfactory (4).

**Natural resources and environment**

150. None of the projects evaluated in this review are classified in Category A, as defined by IFAD as being ”programmes or projects which can have damaging negative effects on human beings and the environment, sometimes irreversible and going beyond the project intervention zone”. All the projects are Category B, defined as “programmes and projects which can have certain negative effects but less important than category A and limited to the project zone”. FRMP was the only project that directly tackled natural resource management and **results have been less than anticipated**. The remaining projects in the portfolio mainstreamed environmental approaches where appropriate and avoided doing ”environmental harm” and are considered to have had **low negative impacts on the environment.**

151. Some of the more recent projects (such as **S3P**) have made efforts to integrate environmental concerns in their design and are addressing the right issues (for example, the use of drought resistant varieties, conservation farming, improved diversification, etc.) but more needs to be done in terms of implementation. Although there are some possible environmental risks (e.g. increased use of fertilizer and herbicides; increased forest land clearing for new cultivation, treatment of waste and/or waste water in agro-processing e.g. cassava transformation) it is expected that the positive impacts will outweigh these risks if handled appropriately.

152. Similar to S3P, SAPP promotes diversification of crops away from in particular maize and the selection process of the value chains includes a criterion on sustainability, natural resource management and resilience to shocks such as drought. There is no evidence of the Zambia Environment Council having been involved in the selections of the value chains as anticipated and at the time of the mission there was no indication that conservation farming or climate adaptation was being actively promoted.

153. Opportunities exist for making use of Global Environmental Facility (GEF) and the Adaptation for Smallholder Agriculture Programme (ASAP) grant to reduce climate

change impacts through adaptation and working more closely with partners such as the World Bank or the AfDB. In addition, stronger emphasis is necessary on environmental safeguards (for example, dealing with the increasing use of fertilizer in S3P and the impact of grazing under SLIP through better pasture management to reduce overgrazing in populated areas). In view of less than anticipated environmental benefits achieved, but also the overall concern with natural resources (doing no harm) the impact on natural resources and environment is moderately satisfactory (4).

**Institutions and policies**

154. The portfolio has contributed to a number of institutional and policy impacts. On rural finance, supported by RFP, the **recent approval by the cabinet of the new Rural Finance Policy** constitutes an institutional achievement. Progress had been slow regarding the formal establishment and the full time staffing of the Rural Finance Unit under the MOF although with the formal approval of the Rural Finance Policy, the unit is now expected to be fully staffed in the near future. As far as agribusiness, one project, SHEMP, (see section on policy dialogue later in the report) and to a limited extent so far the more recent SAPP, have made a contribution to stimulating and supporting a **stronger focus on agribusiness and value chain development** by increasing the knowledge and capacity of the MAL.

155. The grant-funded activities under SAPP[68] are equally contributing to important aspects of policy and institutional development in MAL such as the availability and timeliness of relevant **food security information** in Zambia, build **entrepreneurship within the Ministry** and strengthen MAL **monitoring and evaluation system** and coordination capability. The Agricultural Entrepreneurship Manual for Training of Trainers targeted at the Department of Agribusiness and Marketing has been completed, approved and training of trainers has commenced. An updated Zambia Early Warning Training manual has also been finalized and is being used to facilitate training of MAL central, provincial and district staff in data collection for crop and livestock monitoring to assist data bench-marking. Ten central-level Ministry staff members were trained at University of Pretoria on enhanced data analytical capabilities. The expected coordination meetings for stakeholders across five provinces have not fully taken off.

156. Finally on livestock, the SLIP has improved the **capacities of both the Department of Veterinary Services (DVS) and the Department of Livestock Development (DLD)** to enhance the performance of the livestock sector. Policy initiatives which are important for sustainability are, to some extent, being pursued and include, in the case of ECF: (i) cost recovery and operationalization of an animal health revolving fund; (ii) the domestic production of chitongo stabilate; and (iii) public-private collaboration in the development of the livestock sector. The only major drawback is the seemingly loose commitment to these policies on the part of government.

157. Foreseen impact on environmental institutions under FRMP was limited. Although FRMP did not have any specific ambitions in terms of finalising the draft Forrest Bill of 1999 or the establishment of the Zambia Forest Commission the project was seen as the launch project for the Zambia Forest Commission that would introduce effective, market based approach and greater stakeholder involvement. However, progress with establishing the Forest Commission was stalled and was not operational by the time the loan closed. In addition, there were considerable delays in finalising the Joint Forest Management Guidelines which were needed for the Joint Forest Management Plans.

158. The impact on institutions and policy is rated moderately satisfactory (4).

[68] Co-financing from Norway and Sweden

## C. Other evaluation criteria

### Sustainability

159. **Prospects for sustainability of results are weak in most of the projects, with few exceptions.** The scope for sustainability of some components of IFADs intervention is limited, in part because of weak public commitment in terms of future financial obligations and limited institutional capacity of the implementing ministries. Sustainability in the two closed projects (FRMP and SHEMP) is highly unlikely. In the case of **FRMP**, although there were some improvements in productive skills for honey, propagation of chikanda, rattan etc., the absence of credit facility in most rural area at the time of project implementation limited their scope for expansion and therefore the likelihood of sustainability. The PCR for FRMP thus concluded that only a few of the enterprises supported yielded sustainable gains for the target group; in part because the project was terminated too early for it to build the required institutions for sustainability. In **SHEMP**, the same experience was found for the broader agribusiness training at the community level. In addition, sustainability of the benefits from the road infrastructure components is unlikely because of the lack of mechanisms and sources of financing for maintenance within the districts.[69]

160. Sustainability prospects for RFP and SLIP are good, except for a few concerns. The CBFI activity has a strong possibility of being sustainable, provided expected support is given to the ASCAs. The experience of the SIDA ASP programme funded ASCAs indicates that the CBFIs need assistance to resolve problems that arise, and to intermediate personal issues that occur among members. Thus, help needs to be provided to the ASCAs on an "as needed" basis after the RFP closes. The Programme Implementation Unit (PIU) is exploring various approaches to provide this support. These include the training of Village Agents who, for a fee, will provide support to ASCAs within close proximity of their villages. This approach has been seen to be successful in Mozambique. Another alternative is to link the ASCAs with existing financial institutions. This approach also has been successful in other countries. Similarly, The Credit Facility activity under RFP is sustainable in its current format. The facility is a profitable activity for DBZ which wishes to continue managing the facility. Under the existing MOU, the LOC is to expire by the close of the RFP. It is understood, though, that GRZ has agreed to revolve the facility into a long term loan to DBZ, so that this activity can continue.[70] DBZ, however, needs to monitor carefully the performance of the PMFIs in light of the impact on them by the imposition of the interest rate caps. This activity is rated a 5 for sustainability. On the other hand, as far as investment in support to **rural finance** given the performance of NSCB to date, and the ongoing challenge it faces, the sustainability of its IFAD-supported rural finance activities is unlikely. Nevertheless, some of the activities that are supported by the innovation and outreach facilities, although experimental in nature, should be sustainable after the close of RFP if they are successful and continue providing benefits.

161. With respect to **SLIP,** it is unlikely that the current disease control gains would be sustainable because of the absence of an adequate cost recovery strategy. In addition, in order to eradicate CBPP, there is the need for a concentrated and sustained vaccination program along with a strict cattle movement control in the primary risk areas, such as Shangombo district, and surveillance activities in the secondary risk areas at least in the first few years after eradication. This has not been done, in part because of weak public commitment and financial sustainability. In order to remedy the situation, **public/private collaboration would be needed** in funding the program and this would require the encouragement of the

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[69] The design for S3P includes US$8.8 million for local investments which are expected to support structures such as district government- managed feeder roads and markets. The project design also requires the district to prepare a maintenance plan but there is no other mechanism outlined to indicate how the plans will be implemented and resourced.

[70] This decision was announced at the meeting of the RUFEP Programme Design Group on 31/7/2013.

private sector to engage in the marketing of animal drugs and vaccines. Some farmers in the Western and Northwestern Provinces have inquired as to whether the CBPP vaccine and most needed treatment drugs could be made available for purchase locally. The Government would, however, need to introduce policy and regulatory mechanisms to effect private participation.

162. It was a clear lesson from FRMP and SHEMP that lack of credit and poor business management compromised the sustainability of project achievements. This experience is born out in a range of activities in agriculture development. For instance, private and association dip tanks for cattle can be operated in a viable and sustained way. But the government or externally financed dip tanks are not run on business principles, are not maintained and many are no longer operational.[71] However, neither **SAPP** nor **S3P** include a clear link to credit and no direct technical support for business development, for example strengthening accounting processing, employment policies and practices, pricing strategies, managing wastage, amongst others. For instance, the proposed management committees for livestock bulking centres rely on the existing capacity within the local organizations. The understanding and capacity of such groups met during the CPE mission was very variable. Some have already carried out business activities and joint programs and were capable of managing a service centre; others were only organized for fertilizer dispersal, had no business experience, little collective financial and management experience and had an undue dependency on external support for the planned service centre operations.

163. Overall, the scope for sustainability of some components of IFADs intervention is limited, in part because of weak public commitment in terms of future financial obligations. Sustainability is rated moderately unsatisfactory (3).

### Innovation and scaling up

164. **Innovation has had an important and positive role in shaping the individual projects, despite shortcomings**. Some innovations have been successful and replicated (the SMS mobile Market information system) and others did not prove to be successful. Despite efforts to promote innovations, replication and scaling up has been limited.

165. In the areas covered by the FRMP, while community mobilization and the formation of groups for beekeeping interventions, mushroom processing, rattan and chikanda propagation were innovative, there appears to be mainly scope for up-scaling beekeeping as an economic venture. The project also tried to introduce contract-based implementation arrangements to ensure effective delivery but this approach proved to be unsuccessful.

166. **Initiatives under SHEMP have included some important innovations**, which not only have been sustained but have been replicated and expanded in scope. For instance, the Zambia National Farmers Union **SMS mobile market information system** -which provides farmers with real time price information in different locations across Zambia- is a key innovation that is still actively being used by the farmers (box 2). The assistance by the Cross-border Trade Association for secure accommodation is still actively being used. Its membership has risen from around 200 to 864 at the time of the CPE mission; over 500 of the members are female. The Association has gradually increased its range of services and is aiming to find additional financing for more containers to provide members with a safe storage facility.

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[71] The CPE mission visited a number of dip tanks, which were privately, cooperatively and government operated. The privately run tanks operate efficiently but are expensive for small holders. The association-operated tanks were at break-even and affordable for farmers, but there were limited funds for maintenance. When maintenance is required, a contribution from the users is levied. However, there are no funds for upgrades or larger repairs if required. The government-managed dip tanks visited did not have a maintenance budget and hence were inoperative.

Box 2
**ZNFU 4455. "Just an SMS away"**

| |
|---|
| SHEMP supported the Zambia National Farmers Union (ZNFU) and Afri-connect Consultancy to establish an SMS Market Information System. The system (ZNFU 4455) represents a major innovation. It offers real time price information as well as buyers contact details for ten major crops (maize, soybeans, sunflower, sorghum, cassava, beans, rice, honey, groundnuts, wheat) and four livestock (beef, sheep, goats, pigs) through SMS. It is a simple, fast, affordable and efficient way to directly link farmers, traders and processors at an SMS cost. The system has been widely used and highly praised by farmers. |

167. One potential scope for replication in **SAPP** is the expansion of the ongoing USAID funded pilot for a Livestock Service Centre. It is proposed to build on the lessons from the informal and donor-finance livestock bulking and market centres to develop improved facilities in areas with large number of animals but characterized by market constraints.

168. **The RFP has undertaken some innovative activities.** The project, which included one component specifically dedicated to promote innovation -innovation and outreach facility (IOF)- has financed some original initiatives, including enabling cotton growers to purchase inputs in bulk and to negotiate as a group with cotton ginneries. This has provided them with an alternative to joining an out-growers' scheme with one of the large agribusinesses. The support provided to Keepers Zambia to bring smallholder rice farmers into a value chain in conjunction with providing financial services is also innovative. In addition, the effort to expand mobile banking through mobile phones and point of sale machines, although failing to meet expectations, was innovative and worthy as a pilot.

169. **Several innovations have been also promoted under SLIP**. For example, the use of Lead Farmers/ Community Livestock Workers (CLWs) to collect ECF immunization fees and to deposit directly into district accounts (for example, in Petauke); organization of farmers during immunizations (in Katete) and the formation and use of Task Forces to assist in the CBPP eradication effort in Kazungula as well as the introduction of participatory monitoring visits and review meetings to facilitate design of specific training needs for individual district implementers, could be regarded as local innovations as they came outside project design. The innovations have been shared for replication in other ECF immunising districts and have provided avenues for scaling-up. The two more recent IFAD–financed initiates in livestock and rural Finance, i.e. proposed SLIP Supplementary Financing and RUFEP need to be recognized as important efforts to consolidate achievements and to ensure continuity and expansion of the programme.

170. Overall, the innovation, replication and scaling up aspects of the portfolio is rated as moderately satisfactory (4).

### Gender equality and women's empowerment

171. Gender issues are broadly mainstreamed in all of the operations supported by IFAD in Zambia. Gender is considered a cross-cutting theme in the 2004 and 2011 COSOPs.

172. Monitoring information for some of the projects provide gender disaggregated data that point to **high participation of women in supported activities and in the management of resources in most projects**. For example, performance data for the RFP indicate that 74 per cent of ASCA membership was women and that nearly 80 per cent of the ASCA's had women in leadership positions. The number of voluntary female savers was twice the rate of male savers. Similarly, of the cumulative total of 920 smallholder enterprise groups in SHEMP (with total membership of 23,743 farmers) 62 per cent were women.

173. While most projects in ESA adhere to a gender quota system with a minimum 30 per cent requirement for women participation, in SAPP -building on previous experiences and successes in gender participation gained from the SHEMP-, the target has been increased to 50 per cent of female beneficiaries. Where gender participation is more challenging (for example, the beef value chain reflecting gender bias in cattle ownership in Zambia) specific studies are being undertaken to improve participation of women. The S3P also envisages that 50 per cent of the farmers would be women, while the RUFEP includes details of a gender mainstreaming strategy.

174. On the other hand, **some of IFAD's interventions have failed to achieve their targets.** For example, the FRMP reported only 16 per cent participation of women. Similarly, the gender benefit (in the form of increased animal draught power, a labour saving technology) envisaged under SLIP is unlikely to be realized, because of the lower than expected growth of livestock resulting from the failure to adequately undertake restocking while the livestock disease is ongoing.

175. **Progress has been achieved on three strategic objectives of** IFAD's gender policy (2012). First, most projects have contributed to **expanding women's access to and control of productive assets**. Both FRMP and SHEMP supported infrastructure development with a view to improve access to markets, where women play an active role. In particular, a major benefit for women has been the installation of overnight accommodation at the Lusaka Small Livestock Association market with the support from the Cross Border Trading Association at the Kasumbalesa at the border crossing to Congo, which provided women with necessary safety conditions to be able to come to this important market in Zambia. S3P foresees the use of less labour intensive technologies by applying conservation farming practices and adapted farming systems which will also contribute to dietary and nutritional benefits.

176. Second, there is some evidence of women gaining more influence in rural institutions and organizations (especially in the context of the RFP) thereby **enabling women and men to have equal voice and influence in rural institutions and organizations.** More specifically, RFP reports that nearly 80 per cent of the VSLAs have women in leadership positions. Through the ZNFU supported service centres there is evidence of information being made more readily available to women. These service centres, based in villages, contained a range of small literature. In some villages the documents were used by having different "learning circles" organized in a book club style where those interested meet and a chapter of the book is read. Examples cited during the mission related to the use of the "how to manuals" on goat and pig husbandry.

177. Finally, **achieving a more equitable balance in workloads and in the sharing of economic and social benefits between** women and men was somehow addressed by all projects. In SHEMP labour based contracts were applied and women constituted 36 per cent of the employees, thereby providing them with the opportunity to pay for school and medical fees, fertilizer and in some instances small livestock and hired labour. FRMP supported in a very limited way **social infrastructure**, namely schools and in particular health facilities which contributed to improving women's access to primary health facilities. However, as mentioned above the labour saving component under SLIP was not implemented.

178. Overall, despite few shortcomings, the impact of the portfolio on women equality and women empowerment has been quite positive on various key aspects, including access and control of productive assets, and equal voice and influence in rural organizations. Impact on this domain is rated moderately satisfactory (4).

### HIV/AIDS

179. IFAD's strategy with respect to HIV/AIDS was not to directly use HIV/AIDS as a targeting criterion. The 2011 COSOP specifically stated that it would not target the

most vulnerable (many of them HIV/AIDS-affected households). It was argued that HIV/AIDS households were not a homogeneous group.[72] Rather HIV/AIDS was mainstreamed across the portfolio, especially beginning with the 2004 COSOP.

180. In general there is relatively limited data available on the activities related to HIV/AIDS. However, the RFP through its components on creation of new community based financial institutions, as well as the outreach and innovation component, developed and promoted finance operations that targeted vulnerable households. For example, the contract between RFP and Empowerment Microfinance Limited sought to develop and increase financial services to the rural and vulnerable households in partnership with Mtendere mission Hospital and Bwerani Centre in Chirundu District.[73] RFP targeted an estimated 44 beneficiaries living with HIV/AIDS by providing them with various support such as credit, business skills, gender, health and sanitation (RFP: 2013, Quarterly Progress Report). In a similar vein, a contract was established with Church Health Association of Zambia which established VSLA's for HIV/AIDS caregivers. Furthermore, there is evidence of members of VSLAs in general being well informed about HIV/AIDS and how to deal with it.

181. In SHEMP, the programme coordination office was active in promoting safe practices and ways of living with HIV/AIDS infection (SHEMP Project Completion Report, 2008). Furthermore, with respect to the road works there was recognition of the fact that the presence of a workforce that by local standards was relatively well paid could lead to transmission of sexually transmitted diseases between the project workforce and local community members and to address this HIV/AIDS awareness was included in the Contractor's working programme and free condoms distributed in wage packets (2008, SHEMP project Completion Report). In FRMP although not originally included as a project activity, it was agreed after the first UNOPS supervision mission that training would be provided to community groups by the service providers in HIV/AIDS awareness and prevention. In SLIP the appraisal document argued that the use of labour saving technology would greatly reduce the workload of women, who were the primary caretakers of HIV/AIDS affected household members. In addition, the sensitization and training process of the group beneficiaries of cattle distribution would be coupled with specialized training on health, hygiene and nutrition; and the expected increase in household income would improve beneficiaries capacity to cope with HIV/AIDS and improve the conditions for the functioning of traditional safety nets within the rural communities. There is no evidence of this having taken place. The most recent projects (SAPP and S3P) identified the theme as important, but there is not sufficient information to verify what was actually done under these operations.

182. Overall HIV/AIDS appears to have been mainstreamed across the portfolio although in some cases (SLIP) the components which were implicitly going to address HIV/AIDS issues did not work effectively and in the more recent projects (SAPP, S3P) there is not much data available. But given the high number of other donors (23 between 2009-2011)[74] providing HIV/AIDS assistance in Zambia, IFAD's efforts in this field are assessed as adequate.[75]

## D. Overall assessment

183. Table 13 provides a summary of the ratings for IFAD's portfolio in Zambia during the period under review (1997-2013).[76] As per the guidelines of IOE's Operations Manual, the overall portfolio achievement (which is rated moderately satisfactory)

[72] IFAD 2011: Conclusion of Review Process for Zambia COSOP (Memo dated 6th July).
[73] Chirundu is the district bordering Zimbabwe and is an important route for road transport to and from the south and due to high volumes of traffic and many trucks, HIV/AIDS prevalence are reported to be high.
[74] Sub-Saharan Africa is the region with the highest concentration of donors (15 donors per country) providing assistance to HIV/AIDS with Ethiopia having the highest number of donors (27) (Kates J et al. 2013 mapping the Donor Landscape in Global Health: HVI /AIDS).
[75] HIV/AIDS is not rated by IOE as per guidelines.
[76] Detailed ratings are provided in annex 1.

is based on five broad criteria, namely, relevance, effectiveness, efficiency, rural poverty impact, and other impact. As with all rating exercises, this is not simply an arithmetic average of individual rating sub-components, but involves informed judgments by the Evaluation Team. The averages for the Zambia portfolio are also compared with the averages of IFAD's projects in East and Southern Africa (ESA) evaluated during 2002-2010 and presented in the Annual Report on Results and Impact of IFAD Operations (ARRI). Because of the relatively small sample of projects evaluated (seven of which three are evaluated only for relevance, two are ongoing and two are closed) it has not been possible to undertake detailed comparative analysis. Nevertheless, the overall moderately satisfactory portfolio performance for Zambia is similar to the average for the ESA region.

Table 13
**CPE ratings of the Zambia project portfolio**

| *Evaluation criteria* | *Zambia CPE ratings* | *ESA avg. ARRI 2002-10 b/* |
|---|---|---|
| **Core performance criteria** | | |
| Relevance | 4 | 5 |
| Effectiveness | 4 | 4.1 |
| Efficiency | 3 | 3.5 |
| Project performance | 4 | 4.2 |
| **Rural poverty impact** | 4 | 4.1 |
| **Other performance criteria** | | |
| Innovation and scaling up | 4 | 4.0 |
| Sustainability | 3 | 3.5 |
| Gender equality and women empowerment | 4 | 4.4 |
| **Overall portfolio achievement** | **4** | **4** |

Ratings are assigned on a scale of 1 to 6 (6=highly satisfactory, 5=satisfactory, 4=moderately satisfactory, 3=moderately unsatisfactory, 2=unsatisfactory and 1=highly unsatisfactory (see annex V).

Source: Uganda CPE, 2013.

**Key points**

- By and large project objectives are relevant to the Government's development strategies, IFAD's general strategic focus and the needs of the poor. On the other hand design of the projects faced a number of challenges, including over-ambition in view of limitations in terms of resources available, and country context.
- Effectiveness of IFAD's portfolio in Zambia is mixed. The FRMP failed to meet its objectives, in part because of design weaknesses. Despite institutional challenges and delays, SHEMP achieved some of its objectives, particularly with respect to supporting existing agribusiness/trading networks. RFP achieved positive results in supporting community-based financial institutions and promoting innovations.
- Effectiveness has been affected by substantial implementation delays (usually in terms of procurement) and, sometimes, internal incoherence in project components.
- The efficiency of the portfolio has suffered as a result of weak project effectiveness brought about by frequent process delays with substantial cost implications. In general, the portfolio did not adequately pay attention to efficiency issues.
- Despite concerns with effectiveness and efficiency, the portfolio under review is having some positive rural poverty impact, in particular with respect to increases in rural household income and assets in project districts, as well as on social capital and empowerment of the beneficiary target groups
- The promotion of gender equality and women empowerment has yielded positive results on access and control of productive assets and stronger influence in rural organizations.
- Prospects for sustainability are weak in most projects, compounded by weak government commitment in terms of future financial obligations and institutional capacity of the implementing ministries.
- Innovation has had an important positive role in shaping the programme. Despite efforts to promote innovations and scaling-up are limited.

# V. Performance of partners

184. The objective of this chapter is to assess the contribution of partners (IFAD and Government) to the formulation of the country strategy, as well as in project design, execution, monitoring and reporting, supervision and implementation support.

## A. IFAD

185. IFAD's performance in Zambia has been mixed, although it has improved in recent years. IFAD needs to be commended in the first place for designing strategic frameworks for its programme in Zambia through three COSOPs that are overall relevant to the country and include clear objectives despite a number of shortcomings (see chapter VIII on COSOP performance). Country strategies were developed following wide consultation with local stakeholders and partners, and ownership by government has been ensured in most cases.

186. Project designs were also relevant in general, with some exceptions. Two case studies from the ongoing Rural Finance Project (RFP) and the closed FRMP illustrate the nature of some design limitations, including overambitious interventions and limited attention to an evolving context. With respect to the RFP, underperformance in certain areas could be attributed to design gaps and also to weaknesses in the implementation of the programme by IFAD. There was a long delay between the original programme design missions (carried out in 2004) and when the RFP was declared effective in September, 2007. During this time period there were considerable changes in the Zambian economy which affected the RFP's design and the subsequent implementation. If a quick review of the design of the programme had been undertaken prior to start-up, it may have concluded, amongst other factors, that the proposed LOC was no longer necessary and the resources allocated for that purpose could be re-allocated to another activity. Furthermore, as noted in chapter IV, the initial inclusion of a LOC facility was in breach of the then

(and current) IFAD Rural Finance Policy with no overwhelming case being made for such. In addition, the LOC was managed by an institution that was subject to political interference.

187. Similarly, with respect to the FRMP, despite a number of consultative stakeholder workshops in Zambia during the preparatory phase of the project design, a main constraint in project implementation was the overly optimistic estimation of community interest and commitment to joint forest management and income generating activities. The mid-term review (MTR) of the project concluded that IFAD must take much of the responsibility for the weak project design.

188. IFAD has a longer experience in Zambia in direct supervision than many other countries, as one project implemented in early 2000s (Smallholder Enterprise and marketing Programme) was supervised directly by IFAD as part of IFAD Direct Supervision Pilot Programme, which initiated the move to direct supervision by IFAD. Since 2008, IFAD has been directly supervising and providing implementation support to all projects in Zambia, and there has been a marked improvement in the quality of support offered as a result. Supervision missions have been fielded regularly (at least one mission per year per project), mission teams included adequate level of expertise required and supervision reports are generally of good quality, providing a comprehensive assessment of implementation progress as well of fiduciary matters. Mid-term reviews were well timed and effective in introducing necessary adjustments to the projects (e.g. SHEMP, SLIP). On the other hand, dealing timely with findings and recommendations of supervision missions remains an issue.

189. Over the years, IFAD-supported investments have employed various models of project implementation, spanning from complete outsourcing (as with SHEMP, which used an independent project management unit and in a limited way with RFP), and the direct implementation by MAL with the support of an independent project facilitation unit (PFU) (for example with SLIP and FRMP). These have yielded mixed results, including sometime limited cooperation between the Ministry and the PFU (e.g. SLIP), start-up delays associated with Government's cumbersome procurement processes (e.g. SAPP), and misgivings about who is in authority. In the case of outsourcing, it has largely contributed to development effectiveness and is well-accepted at the field level but creates some confusion with respect to roles and responsibilities of contracting parties. In any case, IFAD should be commended for its effort to work as much as possible with Government systems. While this is in the right direction (and consistent with the principles of the Paris Declaration), IFAD may need to adequately factor into its project intervention the time and capacity building requirements for project implementation.

190. **Contracting processes by both IFAD and Government** have improved but firmer adherence to agreed contracts, approved guidelines and agreed processes would accelerate implementation. All this has tended to result in implementation delays with negative consequences for realizing the timely development benefits of IFAD's interventions. Box 3 provides examples of the nature of procedural delays on project implementation in the Zambia portfolio.

Box 3
**Examples of procedural delays in the Zambia portfolio**

> A major factor affecting the effectiveness of the portfolio is the consistent and significant delays in basic project processes. For FRMP, there was a period of over 30 months between loan approval and effectiveness and major changes in design and a project suspension during the project period. In SHEMP**,** although the period between loan approval and effectiveness was shorter at 11 months, the project experienced serious delays in recruitment of project staff and service providers for implementation. For instance, when the SHEMP monitoring and evaluation officer left mid project in 2004, the procedures for replacement were not completed until 2007 with the result that project records are not comprehensive and progress data were not available to assist in effective management of the project. In SAPP, the procedures to establish the required committees and to receive approval for the Value Chain Intervention Plans and for the Matching Grant Guidelines have all taken many months to achieve, prolonging the establishment phase of the project and delaying effective operations. Similarly, the process for making S3P operational has been delayed by protracted discussions with regard to staffing. Overall, the delays have negatively affected the capacity of the portfolio to achieve its expected outputs within the envisaged timeframes of the Annual Work-plan and Budgets. The delays absorb management time on bureaucratic processes such as restructuring rather than focusing on effective field operations.

191. Over the 14 years covered by the CPE, the management of the Zambia programme by IFAD has been marked by frequent rotation of CPMs (6) and limited country presence during most of this period. The setting up of country office in Lusaka (hosted in WFP premises since 2010) headed by a Country Programme Officer (Zambian) was a positive move in facilitating project implementation and improving partnership both with the government and other donors. The recent move of the CPM to Lusaka as IFAD Country Director resident in Zambia further reinforces IFAD presence in the country and should offer opportunities to significantly strengthen IFAD's visibility and development effectiveness in Zambia.

192. Among other issues, the new office should seek to enhance the synergies between projects/programmes, a requirement which is copiously discussed in project documents but lacking in practice. This is so because, until now, there is no specific coordinating body for IFAD's projects/programmes within the government beyond the several departments responsible for IFAD's operation (see below). IFAD programme management has benefited in the last two years from the establishment of an in-country CPMT, comprising IFAD, government representatives, project directors, and other key IFAD stakeholders in the country. The CPMT meets regularly to discuss implementation progress, participates in new design of new proposals, and serves as a platform for knowledge management.

193. In sum, IFAD in Zambia has been transformed in response to changing times in a positive way. The various implementation modalities currently in use reflect the challenges facing the respective intervention. The quality of supervision and implementation support by IFAD seems to have improved over time but follow-up was uneven in the past. Program synergies seem to be lost in the process of dealing with recurring implementation issues as there are gaps between stated intentions in project documents and their practical application in some strategic cases; for example the expected interaction between SAPP and RFP. Recent program management initiatives at IFAD through the enhancement of country presence are likely to help accelerate improved project implementation modalities. Overall, taking into consideration the two period cohorts evaluated IFAD's performance is rated moderately satisfactory (4).

Table 14
**IFAD's performance**

| *First cohort (approved before 2000)* | *Second cohort (approved 2004-2012)* | *Overall rating* |
|---|---|---|
| 3 | 4 | **4** |

## B. Government

194. The Government's designated representative for IFAD in Zambia is the Ministry of Finance (MOF). The lead implementing agency for IFAD-funded operations is the Ministry of Agriculture and Livestock (MAL). The MOF is the lead programme agency for the RFP. FRMP was implemented by the Forestry Department under the Ministry of Tourism Environment and Natural Resources.

195. By and large the Government has demonstrated a good level of ownership and commitment to the IFAD-supported portfolio. It has participated actively in the design of programmes, preparation of three country strategies and has always offered an opportunity for open dialogue with IFAD. The Government has committed and delivered a reasonable counterpart contribution which has constituted around 6-18 per cent of total project/programme costs.

196. Despite the above, there are a number of areas where the GRZ has faced challenges to meet the necessary demands to ensure effective implementation of the IFAD-supported portfolio in the country. Many of them derive from the Government's limited institutional and technical capacity at different levels; others in relation to unsupportive government policies in some cases. The most recent COSOP identifies capacity development needs in various areas in MAL, including: policy analysis and decision-making functions; role and capacities for services provision and for coordination; budget, planning and financial systems from the national to the district levels.

197. As mentioned above, the performance of the Government has been mixed in ensuring an enabling policy and institutional environment for the agricultural sector. Despite some recent positive developments,[77] Government policy reforms for the sector have been timid and somewhat inconsistent, possibly reflecting the different priorities of the various Ministries in government. A significant policy concern of the development partners is for the Government to revise the expensive maize-biased policy, farmer input support programme (FISP) and the operation of the Food Reserve Agency (FRA), which has had implications for the amount of budgetary resources available for other activities under agriculture (UNDP, 2011). Available information (table 15) indicates that for about 50 per cent of the government budget allocation for agriculture devoted for poverty reduction programmes, about 90 per cent is absorbed by FISP and FRA. If the largely donor-funded agricultural development programmes are netted out, it is estimated that close to 80 per cent of government allocation to agriculture is devoted to these two programs. Moreover, the level of resources allocated to agriculture has not matched expectations. The sector's share of total government budget has averaged about 6 per cent per year since 2011, below the CAADP target of 10 per cent.

[77] In mid-2013 the government brought improvements to the Farmer Support Input Programme (FISP), including the introduction of an E-voucher system to ensure that only intended beneficiaries are reached by the Programme.

Table 15
**Zambia – Agricultural budget allocation to key components, 2012-2013**

| | *2012* | | *2013* | |
|---|---|---|---|---|
| Key component | ZMK Billion | Percentage | ZMK Billion | Percentage |
| Personal emolument (PE) | 205.89 | 12.60 | 262.02 | 14.98 |
| Recurrent department charges | 139.01 | 8.51 | 161.71 | 9.25 |
| Grants and other payments | 11.81 | 0.72 | 11.37 | 0.65 |
| Poverty reduction programs | 822.94 | 50.36 | 861.21 | 49.25 |
| (Farmer input support programme) | | 62.00 | | 58.10 |
| (Strategic food reserve) | | 37.00 | | 34.80 |
| Capital expenditure | 91.98 | 5.63 | 93.71 | 5.46 |
| Agricultural development programmes | 357.24 | 21.56 | 297.73 | 17.03 |
| Agricultural shows and arrears | 10.24 | 0.65 | 60.95 | 3.49 |
| Totals | 1634.11 | 100.00 | 1748.71 | 100 |

Source: Kuteya, (2013).

198. In its role as the implementing agency for the RFP, MOF has exhibited an overall enthusiasm for the programme and the recent approval by Cabinet of the rural finance policy attest to this. Nonetheless in its management of RFP, the ministry has been characterized by contradictory directives. These include issues regarding the staffing of the Rural Finance Unit (RFU), whereby economists seconded to the unit would have had to resign from the civil service, which, understandably they were reluctant to do. This led to a long delay in the establishment of the RFU, although may now be resolved with the recent approval by Cabinet of the rural finance policy. There is also the decision by the Government to impose interest rate caps on loans, regardless of the activity or purpose being financed. Whether this cap is temporary, or more permanent in nature, is unclear at this stage, and a study on the caps is expected. The imposition of the caps represents a distortion to the rural finance market and is not recommended by either IFAD's current Rural Finance Policy[78] or Consultative Group to Assist the Poor guidelines.[79] Should the caps be retained at their current levels for several months, they run the risk of undermining the successes that have been achieved to date in the rural finance market, and might result in a further retrenchment of activities and outreach.[80]

199. Government implementation performance has been weak across the portfolio. Projects have faced significant challenges in various areas. First, government oversight has not always been adequate. MAL provides oversight of IFAD's operations through a Project Steering Committee (PSC) which offers policy, technical direction and guidance for project implementation. The PSC reviews the project's progress reports and approves the Annual Work Plan Budgets (AWPBs). However, appropriate oversight has not always been ensured as the PSC has not been meeting regularly leading to substantial delays (see box 3). In SAPP, although the project was designed to be implemented in close coordination with the Agribusiness Department of MAL, the resources of the Department have been focused on enterprise training, market information and the FISP. Hence, there are little resources left (including time) for strategic agribusiness sector support or engagement with SAPP activities at all levels.

200. Second, financial management and internal audit functions of most of the projects were found to be inadequate, with weaknesses in budget monitoring and cash flow

[78] "Deregulation of Interest Rates" IFAD Rural Finance Policy, p.20.
[79] Consultative Group to Assist the Poor Donor Brief Number 19: "The Role of Governments in Microfinance," June 2004.
[80] The Evaluation Team was informed that the Vision Fund, for example, has already closed its outlet.

management. Moreover, procurement has been a particular challenge, with delays of 5-6 months from no-objection to contract signing in some cases (SLIP). All four ongoing programmes are affected by procurement delays due to the lack of technical capacity within the MAL, particularly at the junior staff level where the bulk of the procurement activities are undertaken. A programme has recently been designed to address all identified capacity gaps in MAL PSUs.

201. Third, in the case of SLIP concerns have been raised that the current disease control gains supported by the projects would not be sustainable because of policy reversals on the part of the government. For example, with ECF control in Southern Province, farmer contribution started at ZKW 20 out of the required ZKW 90 per animal and was supposed to rise over time so as to eliminate the subsidy. However, over time farmer contribution was reduced to ZKW 10 and subsequently raised to the current ZKW 15.

202. Finally, MAL has not as yet been able to adequately carry out its role of coordinating the various aspects of the IFAD's programme and communicating the results appropriately. There are apparent gaps in communication and coordination across the portfolio, resulting in low awareness amongst stakeholders of the various project objectives and processes at all levels. This has contributed to the lack of clear understanding of responsibilities of various participants and has failed to help maximize the potential of integration within the IFAD programme. The rapid turn-over of staff within Government and partner organizations has also not been adequately addressed by MAL, leading to knowledge gaps of key stakeholders. Simple mechanisms for effective communication and coordination are not being sufficiently included in the start-up processes and implementation; such that there is lack of clarity about the profile of the projects, their objectives and the various roles and responsibilities expected of them.

203. M&E systems (a responsibility also shared by IFAD) have not been strong in the older -closed- projects and are improving in the more recent ongoing interventions, despite a few shortcomings. M&E remained a weak area in earlier projects (FRMP and SHEMP), which created major problems in keeping programme implementation on track. Moreover, limited information collected was not easily aggregated and made it difficult to quantify incremental impacts that could reliably be attributed to the projects. In SHEMP, the M&E Officer position was vacant for most of the project period which resulted in a lack of basic M&E function through the implementation.

204. In RFP an M&E system was developed in 2009 and became operational in 2010 (three years into implementation). The system is now functioning well. It is used by its service providers and is producing good reports to the Government and IFAD. In SLIP, despite the lack of a comprehensive M&E system, the project is collecting relevant data for management. The two more recent projects (SAAP and S3P) are dedicating significant attention to M&E. In the case of SAPP, supplementary financing is supporting MAL's efforts to strengthen its M&E function.

205. Despite important progress, a pending challenge common to all projects in the Zambia portfolio remains the need to institutionalize the programme's M&E systems and to link them with the M&E systems in the relevant Ministries (MOF, MAL). The institutionalization of the M&E systems would also contribute to their sustainability.

206. Overall, the MOF has not been able to provide the policy guidance to facilitate programme implementation, while the MAL, has not been able to effectively carry out its coordinating functions with respect to IFAD's portfolio. Nonetheless, In view of the challenges faced by the government due to capacity limitations and recent important initiatives taken by the government such as, for example, the approval by the cabinet of the new rural financial policy, improvements in the FISP and advances in M&E, the performance of Government (through its key agencies) is rated moderately satisfactory (4).

Table 16
**Government performance**

| *First cohort (approved before 2000)* | *Second cohort (approved 2004-2012)* | *Overall rating* |
|---|---|---|
| 3 | 4 | **4** |

**Key points**

- IFAD has designed relevant strategic frameworks through three COSOPs, with clear objectives and in consultation with national stakeholder.
- Project designs were also relevant in general, despite some design gaps, and overoptimistic objectives in some cases.
- Direct supervision and implementation support to all projects in Zambia since 2008 has resulted in a marked improvement in the quality of support offered by IFAD.
- Intended program synergies seem to be lost in the process of dealing with recurring implementation issues.
- By and large the Government has demonstrated a good level of ownership and commitment to the IFAD-supported portfolio.
- Government implementation performance has been weak across the portfolio.
- The performance of the government has been mixed in ensuring an enabling policy and institutional environment for the agricultural sector.
- A significant policy concern of the development partners is for the Government to revise the expensive maize-biased policy, farmer input support programme (FISP) and the operation of the Food Reserve Agency (FRA), which has had implications for the amount of budgetary resources available for other activities under agriculture.

# VI. Assessment of non-lending activities

207. Non-lending activities are a set of instruments that encompass the interrelated areas of policy dialogue, knowledge management and partnership-building (ARRI, 2011).They complement lending activities, which together transfer financial resources and technical knowledge to client countries, thereby building the country's capacity for development of the agricultural sector. This chapter assesses the relevance and effectiveness of the IFAD's overall support to non-lending activities. Zambia did not benefit from IFAD's country grants; it however participated in some regional activities funded under regional grants (annex IV).

## A. Policy dialogue[81]

208. The COSOPs clearly identified priority policy areas, as well as the road-map for policy dialogue. As noted in chapter II, the 1997 COSOP initiated the refocus of IFAD's support on smallholder poor farmers. Subsequent COSOPs continued the dialogue on policy and institutional issues related to the linkage of smallholders to input and output markets in terms of commercialization. The 2004 COSOP stressed that IFAD's engagement in the two key sectors of rural finance and livestock services would be based on an understanding with government regarding policy issues that had so far constrained development in those areas. The 2011 COSOP went one step further by defining clearly policy areas that would be the focus under each of its three key objectives, for example, Public-Private Partnerships and creating space for policy dialogue between the private sector and Government, pluralistic service provision and definition of the role of GRZ and decentralization; and Policy and institutional environment for the development of rural financial services sector. Beyond bilateral dialogue with Government, the COSOP noted that

[81] ARRI (2011, p.40) defined policy dialogue "as the extent to which IFAD and government have collaborated in policy processes and contributed to pro-poor policy development in agriculture and rural sectors".

IFAD would also pursue the dialogue in partnership with other donors as a regular member and contributor to the Agricultural Cooperating Partner Group (ACPG).

209. Country-level policy dialogue has been undertaken mostly through IFAD-financed investment projects and also through resources (mostly time) provided by the country programme officer (CPO) and the CPM. There has not been policy dialogue supported by grants, either regional or country specific. Complementing policy reforms developed in the context of specific lending operations with informal dialogue with government (and other stakeholders) has helped to strengthen the messages and to make IFAD's strategy on policy dialogue relevant. The priorities established for policy dialogue responded to the needs of the country by broadening contacts with as many of potential stakeholders, contributing to strengthen the likelihood of getting consensus on policy reform.

210. However, in terms of effectiveness, until the 2011 COSOP, most of the anticipated policy engagement spelt out in the 1997 and 2004 COSOPs did not get carried through. Overall, progress under the 2011 COSOP has so far been slow, even though there have been some positive results.

211. The most significant achievement in recent years appears to be the development of a rural finance policy and strategy for the MAL, which will likely constitute the basis for a well-structured development plan for the sector. The effort to establish a Rural Finance Unit in the MOF derives from this process. In addition, at the project level, both SLIP and RFP have strong elements of policy and institutional development with respect to cost recovery.[82]

212. Moreover, SHEMP contributed to raising awareness and capacity in the government, non-government and private sector partners in the approach of "agriculture as a business". Non-lending activities (particularly policy dialogue within MAL) were central to the SHEMP strategy.

213. The design of the more recent SAPP also provided the opportunity for IFAD to continue dialogue about the appropriate roles of government and the private sector, which had been started by SHEMP. Despite improvements in MAL's knowledge and capacity in this area, there is still a lack of clarity on the policy approach to private sector engagement in the agricultural sector and this is reflected in the design of IFAD's interventions which are pro-private sector but still uses mostly government systems. The policy environment recognizes the need for public-private sector cooperation yet the design, for example of SLIP, articulates a need to assess the viability and affordability of public field services, which are being undermined by privatization.[83] Similarly, there have been major delays in project implementation arising from attempts by the MAL to allocate public resources to facilitate and stimulate private sector investment for the benefit of the target group, when this could be done directly by the private sector.

214. The recruitment in July 2008 of a national country programme officer supporting IFAD's programme from Lusaka was an important step towards IFAD strengthening engagement in policy dialogue through participating in in-country sector working groups. IFAD has pursued policy dialogue in partnership with other donors in particular through the active participation in the ACPG, and also by being a member of the UN Country Team (UNCT). IFAD has contributed to the preparation of policy papers in ACPG and participated in the Joint Assistance Strategy for Zambia. The recent relocation of the CPM to Lusaka as IFAD Country Director in Zambia opens opportunities for more effective and higher level of policy dialogue with the country.

215. The design of the more recent S3P also proposes contribution to national policy issues but, the areas for policy reform and the mechanisms to generate the

[82] Cost recovery refers to cumulative contribution by beneficiary farmers.
[83] IFAD *Report and Recommendation to the President Smallholder Livestock Investment Project, 2005,* p.6.

necessary evidence for policy change have not been identified at project design stage, nor has the process for identification been outlined.

216. For most part, the key issues high on the agricultural policy agenda remain the input subsidies and the need for agricultural diversification. There are calls from Cooperating Partners (including IFAD) for the Government to revise the expensive maize-biased policy, FISP and the operation of the Food Reserve Agency. The visit of the President of IFAD to Zambia in July, 2010 also provided an outlet for extensive dialogue with Government, civil society and other development partners. The new government is in the process of tackling the policy issues within the sector.

217. Overall, because of the failure to systematically give a strategic form to the ambitious objectives articulated in the various COSOPs, policy dialogue is rated moderately satisfactory (4) for the period under review.

## B. Partnership-building[84]

218. IFAD maintains a solid partnership with the government, including the MOF - official representative of Government and implementing agency for RFP-, as well as with key sector ministries such as the MAL,[85] which manages the three ongoing IFAD projects under implementation. As noted in chapter V, IFAD maintains, in accordance with the **Paris Declaration**, the use of country systems in its relations with Government. Despite its evident benefits, this has also had major procedural limitations with the effectiveness and efficiency of project/programme implementation, and is one area in which IFAD needs to strengthen its working relations with Government.

219. IFAD's partnerships with development **cooperation partners** and donor institutions in Zambia have had a mixed track record. The level of **cofinancing** mobilized from other donors has been overall low and has only improved in the two most recently approved projects. The four older projects covered by the CPE operated as stand-alone operations with limited or no cofinancing. As a result of renovated efforts, in SAPP, the Swedish and Finnish Governments are cofinancing the institutional strengthening of MAL while the European Union, which is financing a major institutional reform programme for MAL (the Performance Enhancement Programme), maintains a close working relationship with IFAD. S3P is being cofinanced by the Finnish Government. Continued efforts to seek opportunities for cofinancing would be beneficial for IFAD in expanding its outreach in Zambia in interventions such as livestock disease control and eradication, which requires both timely response and adequate financial resources. There is also good level of cooperation by IFAD with the two other Rome-based UN agencies (FAO and WFP), even though there are opportunities for improved coordination particularly at programme planning stages. As mentioned earlier IFAD also partners with other cooperating organizations on policy dialogue with the government, but also on coordination, knowledge and information exchange activities among development partners through the AGCP group. It also participates in the UNCT within the framework of the UN "Delivering as One" initiative.[86]

220. **Partnerships with private sector** companies and trade associations are developing recently in the portfolio. Many private-sector operators are showing genuine interest in working with small farmers. They expect support from IFAD's projects mainly in order to reduce investment risks; for example, in the development of concrete business plans, and agreements with a clear demarcation

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[84] ARRI, 2011, p.42) noted that partnership-building "is a measure of the strength of IFAD's partnership with government agencies, development organizations (including donors, NGOs and civil society organizations) and the private sector.

[85] Formerly the Ministry of Agriculture and Cooperatives (MACO).

[86] The strategy of the UN agencies in Zambia is dubbed as "Delivering as One (DaO) under the UN Development Assistance Framework (UNDAF) 2011-2015". It seeks to accelerate efforts to increase coherence and effectiveness of its operations in the field in order to achieve better development results (UNDP, 2013, May).

of mutual rights and responsibilities. In SAPP, the project service providers have taken an innovative approach to public-private partnerships by identifying larger scale market actors that have the ability and commitment to support backward linkages to smallholders. For instance, SAPP service providers have facilitated a link between a major beef producer in Zambia that is investing in a new beef abattoir. The processing system is new to the area and the partnership includes on-site training for local farmers to better understand market requirements and to gain improved animal husbandry techniques. The process is already resulting in immediate benefits through the advice to producers on nutrition and breeding to improve animal size and health. Opportunities for partnerships are also explored in animal health and disease control under the SLIP scaling-up project, including the involvement of the private sector in the commercial production and marketing of animal drugs and vaccines, as well as in provision of services. Under RFP, partnership has been established with private sector financial institutions (banks, MFIs, NGOs).

221. The lack of clarity on the part of Government with respect to the policy approach to private sector engagement in the agricultural sector remains an issue, and this is reflected in the design of IFAD's interventions, which are pro-private sector but with implementation constrained by the use of government systems. Moreover, while a commendable effort is being made to elicit support from the private sector, too often this is done through matching grants (i.e., subsidies) without clear justification. This can distort incentives, market integrity, equity and sustainability. The analysis of constraints to private sector participation and incentive framework beyond matching grants is appending issue and requires greater attention.

222. IFAD's partnership with NGO's has yielded positive results; for example, with ZNFU for agribusiness development and with CLUSA and Africare for smallholder enterprise development. ZNFU is also a member of the steering committees of on-going projects and their district-level affiliates. Partnership has also been developed with several NGOS under RFP and FRMP, and is being considered under the proposed SLIP- Supplementary Financing.

223. On balance, although IFAD has been unable to capitalize on opportunities for cofinancing, IFAD's partnership with Government, other development partners and the civil society is yielding positive results. The CPE assesses partnership building effort as moderately satisfactory (4), by underlining that there are opportunities to be explored and existing partnership to be further developed.

## C. Knowledge management

224. Knowledge management activities are gradually assuming an important role in the Zambia's programme. The 1997 and 2004 COSOPs made references to KM but did not specify the direction to follow. The 2011 COSOP captured lessons from past experience and proposed to use grants more strategically to pursue the goals of the programme.

225. KM continues to be a strategic priority for ESA regional grants programme. KM activities in Zambia are mainly supported through these grants. ESA's flagship regional grant-funded programme for KM is IFADAfrica. The grant supports integration of KM in operations; KM capacity building in projects; and knowledge sharing and networking. In addition Zambia has benefited from the Rural Finance Knowledge Management Partnerships grant, and learning exchanges undertaken under RUTESA (see section D below on Grants).

226. Zambia has participated actively in IFADAfrica. Zambia IFAD Country Officer, project coordinators and project M&E officers have attended regional workshops, where they have received training and also had the opportunity to share achievements and challenges in integrating knowledge management and learning (KM&L) in their projects. Even though still quite incipient, some positive results are apparent. All projects have now recently developed action plans for KM&L-based

activities. SAPP for example has recently established a Documentation Centre and an E-library and is supporting website development, use of electronic media, and participation in agricultural shows and similar exhibitions as part of the SAPP Promotion and Awareness initiative. A common KM strategy is also currently being drafted and a KM manager is expected to be recruited.

227. Opportunities for knowledge sharing have been promoted through exchange visits between IFAD projects in the region, for example RFP and SLIP visited each other's project activities; the SLIP Programme Coordinator participated in an IFAD project completion report (PCR) mission for RUFIP in Ethiopia; and the members of Zambia's reference group for the new rural finance policy visited the IFAD-supported RFSP in Tanzania.

228. Knowledge sharing has also been facilitated through the Country Programme Management Team. As proposed by the COSOP 2011 -which raised the need to enhance knowledge exchange and promote operational synergies in the portfolio- the CPMT has met quarterly. Testimony from project managers indicate an improvement in CPMT meetings as a result of enhanced KM&L activities, allowing a richer, and more informed discussion. Moreover, CPMT meetings are now often conducted in the field while visiting project sites, which provides the opportunity to observe activities directly on the ground and enables closer interaction with beneficiaries.

229. On the other hand little documentation has been produced capturing the experience from the projects and distilling lessons learned from the field. Outreach and dissemination activities have also been limited, contributing to low IFAD visibility and poor awareness of IFAD activities in the country among stakeholders at various levels.

230. Overall, despite recent improvements in capacity and awareness on KM&L, much needs still to be done to streamline knowledge management in IFAD's programme. The CPE assesses the effort as moderately satisfactory (4).

## D. Grants

231. Zambia has benefited from grants mostly through activities financed by regional grants. It has also received some country-specific support in the form of technical assistance and special operational facility grants linked to projects.

232. The IFAD ESA regional and sub-regional grants where Zambia has participated aimed at various objectives, including knowledge management, capacity building, and introducing innovative approaches, such as conservation agriculture.

233. Grant recipients have been research institutions such as the International Maize and Wheat Improvement Centre (CYMMYT), and rural associations such as the African Rural and Agricultural Credit Association and the Southern African Natural Products Trade Association. The following are some key selected regional grants covering Zambia:

- **IFADAfrica** The grant aims at integrating of KM in operations; KM capacity building in projects; and knowledge sharing and networking. Zambia has participated actively in IFADAfrica (see previous section C on KM).
- **Facilitating the adoption of conservation agriculture by resource-poor smallholder farmers in Southern Africa**. The main objectives of the grant are: i) development of adapted and functional conservation agriculture systems on the fields of voluntary innovative farmers; ii) evaluation of the productivity of conservation agriculture systems with respect to land, labour and capital; iii) adaptive research on farmers' field and experiment stations. As far as Zambia is concerned, the latter is the Sub-Saharan country with the largest reported smallholder adoption of conservation agriculture. Management of demonstrations has been problematic in Zambia and,

consequently, it is crucial that extension agents attain experience. Despite challenges, productivity of land over the farmer managed validation plots is reported to have increased by 20.5 per cent. The PCR does not provide evidence of clear linkages of the grant programme with the country portfolio. The grant proposal makes reference to the enhancement of conservation agriculture as a key element of future IFAD`s operations. Despite conservation agriculture wide adoption in Zambia, the techniques used are those that have been developed specifically for the maize-based farming systems in the dryer parts of the country. There is an opportunity for S3P to invest on locally-adapted conservation techniques for the cassava based farming systems - mostly located in more humid regions with acidic soils-.

- **Support to PhytoTrade Africa 2002-present.** PhytoTrade Africa is the commercial name used by the Southern African Natural Products Trade Association. The association has been supported by IFAD with grants four times in 2002; 2005; 2009 and 2012. The on-going grant will come to an end in 2015. Phytotrade's aim is to develop a sustainable natural products industry in Southern Africa that will be of benefit both to the people and to biodiversity. The work of PhytoTrade Africa focuses on building value chains that connect harvesters with markets. Reported results from this grant at regional level include 200 new products launched in 2010 using PhytoTrade member processed natural ingredient products. A total of 8 members have been assisted in the independent management of their export trade (significant improvements in operations and control). The grant appears to have been complementary to the FRMP but links between the two initiatives were never established.
- **Support to AFRACA.** Over the last ten years, IFAD has extended two grants to the African Rural and Agricultural Credit Association (AFRACA) that covered rural finance activities. AFRACA is an association of banks and financial institutions that provide financial services to rural people in Africa. Its role is to help improve the policy environment of rural finance, so as to promote the provision of sustainable rural financial services.[87] The grants were to support the AFRACA Development Programme (US$1,100,000) and to support the second phase of the Rural Finance Knowledge Management (US$1,300,000). Both of these grants were regional in nature, and while several workshops were held in Zambia, the country itself did not receive any direct funding to support exclusively in-country activities. Rather, the assistance provided to the Zambian rural finance sector came in the form of technical assistance and training via workshops and visits to other countries in the region, including Uganda, Kenya, and Malawi. AFRACA also supports knowledge management through quarterly newsletters, an interactive website, workshops, general fora and country visits. These are perceived by the rural finance community in Zambia as being relevant to the advancement of knowledge in the field.
- **Learning Routes: a Knowledge Management and Capacity-building Tool for Rural Development in East and Southern Africa (ROUTESA).** The grant provided to the Regional Programme for Rural Development Training (PROCASUR) supports the expansion of the Learning Route methodology (which evolved originally in Latin America with IFAD support) into the ESA region as a tool to promote south-south cooperation and learning. The grant has supported knowledge management and capacity building, focusing on: i) improvement in local knowledge and skills management; ii) capacity building and incentives for local innovation; iii) development and dissemination of innovations. A total of 20 innovative experiences were documented at the regional level. The CPE did not find any information on specific learning routes undertaken in Zambia.

[87] Source: AFRACA website.

234. By and large the Zambia country portfolio has not received substantial support from grants from IFAD and links with the portfolio are limited. This is also recognized by the COSOP in 2011, which concludes that the IFAD grants programme had "made little contribution to learning in Zambia". The COSOP states that IFAD will aim to use grants "more strategically" to support the country programme. Zambia has participated in various regional grants (even though evidence of results of its activities in Zambia is scarce) but has not received any country–specific grants. Despite the importance of climate change in Zambia, none of its projects has requested an ASAP[88] or GEF grants.

## E. Overall assessment

235. While relatively in its infancy, IFAD's non-lending activities in Zambia are likely to have positive effects. All three COSOPs under review clearly identified areas for policy dialogue, complementing policy reforms developed in the context of specific lending operations. But until the 2011 COSOP, most of the anticipated policy dialogue initiatives spelt out in the 1997 and 2004 COSOPs did not get carried through and progress under the 2011 COSOP has also so far been slow. Some successes have, nonetheless, been recorded in the context of getting the rural finance and agriculture policies developed and IFAD has actively participated in policy dialogue, particularly through the ACPG and the UNCT.

236. Beyond maintaining a solid **partnership** with the government, IFAD's partnership with other development partners has been largely consultative. Co-financing effort has been weak. However, cofinancing prospects have emerged in the recent two operations, the SAPP and S3P. Partnerships with private sector companies and trade associations are also a recent development, especially under SAPP, as many private-sector operators are showing genuine interest in working with small farmers. Finally, while there has been many activities pertaining to **knowledge management**, it is only recently that these are being streamlined in the Zambian operation with the ongoing drafting of a KM strategy and the expectation of recruitment of a KM manager.

237. The overall assessment of IFAD's non-lending activities in Zambia is rated moderately satisfactory (4).

Table 17
**Assessment of non-lending activities**

| *Type of non-lending activity* | *Rating* |
|---|---|
| Policy dialogue | 4 |
| Partnership-building | 4 |
| Knowledge management | 4 |
| Overall non-lending activities | 4 |

[88] Adaptation for Smallholder Agriculture Programme (ASAP) is a programme launched by IFAD in 2012 to channel climate and environmental finance to smallholder farmers so that they can increase their resilience to climate change.

**Key points**

- Some positive results have achieved on policy dialogue mainly under the 2011 COSOP
- IFAD has contributed to raising awareness and capacity in the government, non-government and private sector partners in the approach of "agriculture as a business".
- The most significant achievement in recent years appears to be the contribution to the development of a rural finance policy and a strategy for the Ministry of Agriculture, which will likely constitute the basis for a well-structured development plan for the sector.
- For most part, the key issues high on the agricultural policy agenda remain the input subsidies and the need for agricultural diversification.
- IFAD maintains a solid partnership with the government.
- IFAD's partnerships with development cooperation partners and donor institutions in Zambia have had a mixed track record.
- Partnerships with private sector are incipient. Lack of clarity on the part of Government with respect to the policy approach to private sector engagement in the agricultural sector remains an issue, as reflected in the design of IFAD's interventions, which are pro-private sector but with implementation constrained by the use of government systems.
- The level of cofinancing mobilized from other donors has been overall low and has only improved in the two most recently approved projects.
- IFAD actively participates in the Agriculture Cooperation Partners Group and the UNCT within the framework of the UN "Delivering as One" initiative.
- Knowledge management activities are gradually assuming an important role in Zambia's programme. They are mainly supported by regional grants aimed KM capacity building, integration into operations and knowledge sharing and networking.
- By and large the Zambia country portfolio has not benefited substantially from grants from IFAD.

# VII. COSOP performance and overall partnership assessment

238. The objective of this chapter is to provide a performance assessment of the three COSOPs that guided IFAD's activities in Zambia during the period under review (1997-2013). The assessment is done in terms of the relevance and effectiveness of the strategies.

## A. COSOP performance

### Relevance

239. The relevance of the three COSOPs (1997, 2004 and 2011) is assessed with respect to: (i) their alignment to country context, government strategies and IFAD's strategic position vis-à-vis other development partners; (ii) coherence of main COSOP elements in terms of achieving strategic objectives, including geographic and subsector focus, targeting, partners selected, mix of instruments; and (iii) the provisions they make for country programme management. In general, the strategic objectives contained in the three COSOPs are consistent with each other. The same applies in terms of the rationale, opportunities, geographic priority and targeting approaches adopted by IFAD in the 3 COSOPs. IFAD's strategic position during the period under review focused on support for smallholder commercialization through the development of agricultural value chains (see chapter III). The objectives in the COSOPs are clearly defined and the lessons from past operations are well reflected in follow-up strategies. The focus of the strategies is broadly appropriate and adapted to the country policy context and

poverty status. The analysis on country background, rural sector and poverty reduction within the documents are relevant.

Alignment

240. **Good alignment with Government development strategies and adequate consideration of country context.** The COSOPs are aligned with national priorities, respond to the needs of the rural poor and reflect an evolving economic context. Supported interventions during the 1980s sought to mitigate the effects of central planning on the rural poor and to complement the on-going structural adjustment process. In the 1990s, the strategic focus of IFAD's support was redirected towards smallholder commercialization through the development of value chains. Combined with this main thrust, a second thrust was adopted to improve rural women's access to the means of production and help them to reduce the severe constraints on their time. This strategy was reflected in the first COSOP for Zambia prepared in 1997. The second COSOP prepared in 2004 was designed to increase income, improve food security and reduce vulnerability in rural areas. The objectives of the most recent COSOP[89] for Zambia are consistent with SNDP's goal for the agricultural sector which is to "increase and diversify agriculture production and productivity so as to raise the share of its contribution to 20 per cent of GDP" (SNDP, 2011). The last two Zambia COSOPs were furthermore consistent with the Government's main policies on agriculture including the National Agricultural Policy 2004-2015 which emphasizes: (i) increased production; (ii) sector liberalization, (iii) commercialization, (iv) promotion of public-private partnerships and (v) provision of effective services that will ensure sustainable agricultural growth.

241. The overall goals of the three COSOPs ("increase poverty reduction and promotion of food security and reduce vulnerability in rural areas") are **in line with IFAD's corporate strategic frameworks** of 2002-2006, 2007-2011 and 2011-2015 and other corporate policies (for example, the rural finance policy). The strategies were also broadly coherent with activities pursued by other development organizations (for example, USAID, SIDA and AfDB; see chapter 2 on donor assistance and profile).[90] The most recent COSOP from Zambia was presented to the EB in September 2011, the same year in which Zambia emerged as a lower middle-income country and only a few months after IFAD's strategy on Engagement with Middle-Income Countries was approved. Consequently the strategy received limited attention in the preparation of the COSOP.

Relevance and coherence of main elements

242. **Geographic focus**. Throughout the three COSOPs, the issue of geographic focus remained vague. Implicitly, except for the 2011 COSOP, geographical coverage appeared national. The first two COSOPs under review failed to specify their geographical coverage. Four out of the six IFAD's interventions during the period under review have national coverage. However, two of them, SHEMP and SLIP, took a national approach but concentrated on remote provinces with higher levels of poverty and development challenges[91] such as Luapula, Eastern and Northern Provinces.

243. Having a broad coverage is desirable for maximizing out-reach, but fails to maximize impact under circumstances of limited resources. This is evidenced, for example, from the ECF component under SLIP, in which although the geographic coverage for intervention was more concentrated in the Eastern and Southern provinces, still implies that effort and available resources are spread too thinly on

[89] The COSOP 2011 covers the period from 2011 to 2015, which corresponds to the duration of the Government's Sixth National Development Plan (SNDP) and two cycles of IFAD's performance-based allocation system (PBAS).

[90] For example, IFAD support for livestock development (SLIP) built upon the disease control and eradication program initiated under FAO.

[91] These remote provinces are characterised by a mono economy with poor infrastructure, poor access to social and economic amenities, poor water and sanitation conditions (Republic of Zambia, Central Statistical Office, Living Conditions Monitoring Survey Report 2006-2010, page 185).

the ground for meaningful and sustained impact of control measures. The last project approved, the S3P has a more targeted project area and a more mainstreamed design with the Ministry of Agriculture and Livestock at the provincial and district levels.

244. **Subsector focus**. The COSOPs have transitioned from emphasis on supporting market development into promoting value chain and agri-business development, which is now central to the 2011 COSOP. Similarly, response to forestry and environmental concerns, which begun with the FRMP, transitioned into the highlighting of environmental issues in the 2004 COSOP and concern with climate change shocks in the 2011 COSOP.

245. **Targeting strategy**. The targeting strategy described in the COSOPs does not provide adequate direction and tools to ensure focus on the rural poor. The definition of the target group is quite broad. The 1997 and the 2004 COSOPs were not precise in their approach to be used in determining IFAD's beneficiary target groups. The definition of the target group is more explicit in the 2011 COSOP.[92] In practical terms, the target group considered under the three COSOPs consists of smallholder farmers and other rural people who are already organized or who have the potential to join local organizations through which they can be linked to markets and services. Women farmers are particularly targeted, and attention is also given to identifying activities that can be taken up by young people.

246. Moreover, self-targeting has not been enough to ensure focus of the programme in Zambia on the poor smallholder farmers. Self-targeting is identified as the main targeting mechanism in the last COSOP from 2011. This is a practical approach in an environment subject to limited information on potential clients as well as limited IFAD resources. However, while this approach has been useful in some cases, particularly for the provision of rural credit, it has been less appropriate for enterprise development and value chains. In these interventions the Implementation Plans (IPs) include specific focus for targeting. However, the process for inclusion requires groups to prepare application forms that may be beyond the level of capacity of the poorer groups. While care has been taken to ensure that investments will benefit the target group there is insufficient data at present to assess the success of the designs. The incorporation of mechanisms that prevent undue capture of benefits by the more affluent that can afford support may be necessary.

247. In the case of SLIP, in which the overriding concern is with livestock disease control and eradication, the target groups may not necessarily be only the intended poor, particularly in relation to CBPP eradication, which requires indiscriminate mass vaccination. In RFP, the overall objective of the project (increase the use of sustainable financial services in rural areas) does not mention specific focus on the poor. With the exception of one component dedicated to support village savings and credit groups, the beneficiaries of the project again may not necessarily be the rural poor. Focusing on the rural poor has not been sufficiently strategic in both projects.

248. In the more recent SAPP, the demand driven nature and national scope of the matching grant program, opens doors mainly for the articulate and well-planned groups to access a greater share of resources rather than a more targeted and strategic approach to strengthen specific value chain links that will have the greatest benefit for IFAD's target group. It is possible that the more marginalized communities would be left out and rather only those who are capable of engaging directly with the market, managing groups, complete application forms and who are seeking additional resources may benefit.

[92] See the Key File 4 of the 2011 COSOP document.

249. Despite the cases mentioned above, given the broad range of expected outputs associated with IFAD's current assistance (including improvements in the functioning of rural financial, agricultural and marketing services; relevant policies and legal and regulatory frameworks; and rural access roads) it is foreseen that they are likely to benefit the broader rural population beyond project target groups.

250. **Limited attention to social safeguards**. One aspect of IFAD's intervention that has received insufficient focus is that of social safeguards, with implications for targeting, impact potential and sustainability. As value chains are strengthened through SHEMP and SAPP for example, there is often a shift in the marketing channels and reduction of margins for intermediaries in the value chain. In the rural areas, there is a risk that smallholders that fit within IFAD's target group may be displaced by developments in the value chain. Current opportunities for income earning, such as the provision of short-term storage facilities or income for providing overnight accommodation, may vanish with improvements in services. If the planned official bulking centres under SAPP are constructed, some smallholder operators are likely to lose their income sources. These risks can be mitigated by careful planning and involvement of stakeholders in the planning and implementation of new development activities.

251. The significant attention to **two specific target groups, i.e. women and efforts to mainstream HIV/AIDS** concerns in project implementation –affected households, which have been central to all three COSOPs as cross-cutting issues must be acknowledged as a strength in the IFAD country strategy in Zambia. In respect to **women**, IFAD-supported interventions have consistently sought to promote women's access to relevant technologies, assets and market opportunities, and specific measures have been included to alleviate constraints that are particularly severe for women. The 1997 COSOP notes that given the role of women in smallholder production and rural petty trade, a major thrust of IFAD's activities should be to sharpen the gender focus to ensure that the particular constraints which women face –the lack of incremental time and the impact this has on child nutrition– were addressed. The 2004 COSOP affirmed that future interventions would deepen the gender policy, including measures to alleviate the major constraints faced by women and provide opportunities in areas of priority to them. Gender aspects would be particularly important in the areas of natural resources management (NRM), where immediate improvements to food production through labour-saving technologies would be prioritized, and in livestock development, where income generating opportunities for women could be provided through increased availability of small stock.

252. In case of **HIV/AIDS**, although IFAD's projects/programmes do not generally include assistance specifically targeted at HIV/AIDS-affected households, some past interventions included measures related to raising awareness. The 1997 COSOP, for example, highlighted a major effort to increase severely labour constrained households' food production in the proposed Natural Resource Management intervention (FRMP). The project drew on joint work by IFAD and FAO to identify labour constraints in HIV/AIDS-affected households and develop feasible options. All the COSOPs highlight the devastating effects of HIV/AIDS and the resultant lack of productive capacity of farmers. However, exactly what activities to support with respect to HIV/AIDS is unclear. While the COSOP seeks to respond to households with severe labour constraints, it also specified that it would not seek to target the most vulnerable; of which many of them could be HIV/AIDS affected households.

253. The **mix of instruments** was limited to largely lending activities with non-lending activities (including partnership) playing a secondary role. There was no use of country grants, although Zambia benefitted from participation in activities funded under regional grants.

254. **Implementation arrangements.** Faced with the situation in which project implementation was generally marred by delayed procurement, slow disbursement, inadequate and erratic funding, and staffing issues, successive COSOPs have sought alternative program management approaches. The 1997 COSOP sought for the first time to move away from the total dependency on the traditional Government service structure. The shift fully materialized under the 2004 COSOP, where the implementation of the two ongoing interventions at the time (both approved under the 1997 COSOP) was largely outside the direct control of government ministries. Implementation responsibilities were contracted to various agencies, mainly NGOs, which have some capacity to deliver such investments and services. While government retained overall responsibility for project/programme implementation, responsibility for day-to-day execution was entrusted to quasi-autonomous management units. These arrangements largely relieved government of the burden of project/programme administration. They also led to significant improvements in the planning and monitoring of activities and some progress was achieved in making them an integral part of management functions under the programmes. Although cumbersome government procurement procedures and limited contract management skills continued to constrain project/programme implementation, the new arrangements are gradually leading to better results.

255. Overall, based on their alignment to government strategy and country context, their responses to generic issues, including the role of women in the rural environment, choices of instruments and management structure, relevance of the country strategy is rated moderately satisfactory (4).

## Effectiveness

### <u>Lending activities</u>

256. The assessment of COSOP effectiveness includes reviewing the extent to which the strategic objectives of the three COSOPs have been achieved or are expected to be achieved with respect to lending and non-lending activities. In view of the coherence among the strategic objectives identified in the three COSOPs covered, the CPE assesses COSOP effectiveness using the three more recent strategic objectives in the 2011 COSOP[93] as consolidating pillars: (i) access to input and output markets; (ii) access to technologies; and (iii) financial services.

257. **Improve smallholder access and participation to input and output markets.** Main contributions to this objective are from SHEMP. The programme made positive achievement in line with its major objectives of: (i) improving market access; (ii) increasing smallholder's trade volume; and particularly (iii) enhancing market linkages with intermediaries through its support to existing agribusiness/trading networks.

258. The SMS market information system was successful and provided farmers with real time price information in different locations across Zambia. Investments on feeder roads did achieve positive results within and just beyond the project period but time has eroded the benefits due to no allocation of resources for maintenance. The lessons learned in agribusiness and value chain approaches have been incorporated in the design and implementation of SAAP. Under SAPP detailed intervention plans are developed to guide actions and resources towards the most critical parts of the value chain to gain the greatest benefit for the IFAD target group. To date, four value chain intervention plans have been approved and are only commencing implementation.

259. **Increase smallholder access to and use of technologies**. Under the SLIP, notable progress has been made with regard to improving access by livestock owners to animal disease control service provision resulting in reducing the

[93] The three objectives of the 2011 COSOP are: (a) improve smallholder assess and participation to input and output markets; (b) increase smallholder access to and use of technologies; and (c) enhance smallholder access to the use of sustainable financial services (chapter III).

incidence of two major cattle diseases, ECF and CBPP. However, there has been limited progress towards increasing livestock productivity (not only cattle but also goats and village chickens). The S3P, which is expected to contribute to this strategic objective and was approved in September 2011 is experiencing start-up delays.

260. **Access to and use of sustainable financial services.** Access to rural finance services by poor rural men and women has increased. IFAD is the only development partner with a substantial programme in this area. Although RFP made a slow start, the components for building community-based financial institutions, strengthening the policy environment for rural finance in Zambia and promotion of new financial services through the innovation and outreach facility have all been affective and are contributing to improve access and use of rural financial services.

261. **Constraining factors.** A number of factors have constrained programme effectiveness. First, the implementation of the portfolio highlights the need to help resolve the capacity constraint faced by Zambia. Government agencies working in agriculture and rural development face challenges in taking on new functions or adapting to new ways of delivering services. IFAD has sought to respond to this challenge by establishing partnerships with different institutional partners, such as private sector and other civil society groups. The experience has so far been mixed with the institutional partners showing differing capacity for management and implementation.

262. Second, few project-related challenges remain: (i) lack of simplicity in project design; (ii) the establishment of coordination units that can support the line functions; (iii) implementation support to assist project managers in managing for development results; and (iv) helping to build national ownership over the projects.

263. Finally, beyond the individual projects, there has been only limited success in developing a **cohesive country programme** in which the different interventions create synergies and support one another. To date the programme has essentially comprised a number of separate projects and expected synergies between for example SAPP and SLIP in livestock development have not yet materialized. In addition, the efforts in non-lending activities, especially of policy dialogue, have not matched the expectations in the COSOPs.

<u>Non-lending activities</u>

264. As discussed earlier in the report (see chapter VI on non-lending activities), despite the focus on policy dialogue, partnership building and knowledge management provided in the three COSOPs, actual levels of activities and results are below expectation.

265. Moreover, by and large synergies between non-lending activities and the lending portfolio have been limited, with the exception of knowledge management, which has been enhanced since the 2011 COSOP. The current COSOP focuses on improving knowledge sharing among projects in the portfolio through the CPMT in order to reduce implementation bottlenecks and promote operational synergies.

266. IFAD’s participation in policy dialogue with the Government through the Agriculture Cooperating Partners Group on various issues, including maize subsidies must be acknowledged. While only indirectly linked to the IFAD–supported programme in Zambia, it has enormous potential in terms of improving the overall enabling environment for agriculture and rural development in the country.

267. Taking together the modest achievements in income improvements under the lending program and the efforts underway to enhance non-lending activities in the area on knowledge management and partnership development, the CPE rates the effectiveness of the COSOPs as moderately satisfactory (4).

268. **Country programme management**. The setting up of **country office** in Lusaka (first hosted by FAO in 2010-2012 and WFP since late 2012) headed by a national CPO increased IFAD's visibility and contributed to facilitating project implementation as well as improving partnership both with the government and other donors. All projects are directly supervised by IFAD, in order to enhance implementation performance, improve IFAD's capacity to engage in policy dialogue, strengthen partnerships and generate knowledge for IFAD. With the most recent COSOP (2011) a conscious effort has been made to put in place a good organizational structure for managing the Zambia country programme. The CPO plays a key role in the day-to-day management of the country programme and convenes the PMT and CPMT meetings, takes part in project supervision missions and COSOP reviews, and participates in meetings of the ACPG and the UNCT. The **posting of the CPM to Lusaka as IFAD Country Director** is expected to enhance this process by forging of closer links between project managers and key ministries and stakeholders in the agricultural/rural sector; the setting up of a CPMT which meets quarterly and should include members of the MAL led project design group and participants from outside government: the ZNFU, NGOs, the private sector and academia; and strengthening of the project steering committees.

269. The IFAD Regional Office in Nairobi has supported Zambia's country programme through the provision of services in two main areas: fiduciary issues, for example in-country training of project/programme staff budgeting, and procurement and financial management; and knowledge management, stimulated by workshops organized by KM staff based in Nairobi, which have been highly valued by the Zambia programme. On the other hand, involvement in design, implementation and supervision has been minimal. It appears that, despite being a field office, in the case of Zambia, it might have relied mainly on demand from projects versus an alternative more proactive approach.

270. The country programme has been guided by 3 COSOPs prepared at regular intervals (1997-2004-2001) providing timely and up-to-date strategic guidance to its implementation. The last COSOP from 2011 is the only one prepared under the Results-based COSOP guidance. As required by new guidelines, a **Mid-term review of the COSOP** was undertaken in June 2013. The review was carried out jointly by the GRZ and IFAD. It involved a one day workshop of main stakeholders, including key Ministries, Project Managers, and others. The MTR took into account experience of implementation so far and discussed policy and strategic changes that would require amendments in the country strategy. The workshop was highly participatory and the issues brought to the discussion were pertinent. The MTR established inter alia that the strategic focus of the three COSOPs was still relevant within the context of government policy and strategy for national poverty reduction over the COSOP period. The MTR also noted that, while the new COSOP benefits from a Results Management Framework, baseline data for the COSOP indicators, together with quantified targets, were missing. During the MTR exercise, the Government committed to increase its support to the agriculture sector and renew focus on market access/services development and improvement of agricultural production/productivity by relying on increased public-private partnerships.

## COSOP performance assessment

271. Overall, the COSOPs have been broadly appropriate and have given clear guidance and direction to the individual projects/programmes supported. In terms of relevance, the three COSOPs supported interventions in Zambia that are aligned with the development strategies of the Government, reflect the needs of the economy and were in line with IFAD's corporate strategic frameworks as well as other corporate policies. The strategies were also broadly coherent with activities pursued by other development organizations (for example, USAID, SIDA and AfDB). There is broad coherence within the three COSOPs in their treatment of

targeting issues and generic factors. Although, the first two COSOPs were not explicit on the target beneficiaries for IFAD's intervention, the 2011 COSOP sharpened the target definition. Gender and HIV/AIDS have been central to all three COSOPs as cross-cutting issues. In addition, the COSOPs consistently sought to promote women's access to relevant technologies, assets and market opportunities, and specific measures have been included to alleviate constraints that are particularly severe for women. The COSOPs, beginning with the 1997 COSOP, heralded the movement from IFAD's dependence on cooperating institutions to direct supervision.

272. In terms of effectiveness, it is noted that despite some progress made on achieving the objectives of the COSOPs, there has been only limited success in developing a cohesive country programme in which the different interventions create synergies and support one another. As a result, the overall COSOP performance, combining relevance and effectiveness, is rated as moderately satisfactory (4).

Table 18
**Ratings for COSOP performance**

| *Criteria* | *Rating* |
|---|---|
| Relevance | 4 |
| Effectiveness | 4 |
| **COSOP performance** | **4** |

**Key points**

- COSOPs have been appropriate and have given clear guidance and direction to the individual projects/programmes supported.
- The COSOPs are aligned with the development strategies of the Government and reflect the needs of the economy.
- IFAD's strategic position during the period under review focused on support for smallholder commercialization through the development of agricultural value chains.
- The targeting strategy described in the COSOPs, based on self-targeting, does not provide adequate direction to ensure focus on the rural poor. Also, the definition of the target group is quite broad.
- Gender and HIV/AIDS have been central to all three COSOPs as cross-cutting issues.
- The mix of instruments was limited to largely lending activities with non-lending activities (including partnership) playing a supporting role. There was no use of country grants, although Zambia benefitted from regional grants through participation in activities funded under regional grants. Synergies between lending and non-lending activities have been limited
- Beyond the individual projects, there has been only limited success in developing a cohesive country programme in which the different interventions create synergies and support one another.
- Throughout the three COSOPs, geographic focus remained vague. Having a broad coverage is desirable for maximizing out-reach, but fails to maximize impact under circumstances of limited resources.

## B. Overall IFAD-Government partnership

273. Table 19 contains the overall assessment of the CPE of the IFAD-Government partnership. It is based on the ratings of portfolio performance, non-lending activities and COSOP performance. The final score is not a simple averaging of the scores for the seven projects/programmes in the portfolio, non-lending activities and COSOP performance over the 14 years under review, otherwise the scoring would be negatively skewed towards the lesser performing earlier projects (the first

cohort). Rather, it is based on an informed and objective judgement of the evaluation team, taking into account improvements in recent years.

Table 19
**CPE overall assessment ratings**

| *Assessment* | *First cohort (COSOP 1997)* | *Second cohort (COSOP 2004 & 2011)* | *Overall assessment* |
|---|---|---|---|
| Portfolio performance | 3 | 4 | 4 |
| Non-lending activities | 3 | 4 | 4 |
| COSOP performance | 3 | 4 | 4 |
| **Overall IFAD-Government performance** | **3** | **4** | **4** |

# VIII. Conclusions and recommendations

## A. Conclusions

274. The cooperation between IFAD and the GRZ begun in 1981 when the country was undergoing turbulent economic and political crises, exacerbated by falling copper prices and rising fuel costs. The initial interventions sought to mitigate the effects of central planning on the rural poor and to support the ongoing structural adjustment process. Over time, this has transitioned into support for markets and value-chain development. Although some successes were recorded in increasing smallholder production and income generation, progress was hampered by implementation problems marred by several challenges, including procurement delays, slow disbursement, inadequate and erratic domestic counterpart funding, and staffing constraints –many of which are still a concern for the current programme.

275. The period under review (1999-2013) marks the beginning of the first COSOP for Zambia, which sought for alternative delivery mechanisms for IFAD's operations, particularly those involving partnership between farmers and private sector investors. During this period the programme has benefited from a favourable economic environment conducive to poverty alleviation. In the last decade Zambia has experience strong economic growth[94] and as a result in 2011 it was classified as a lower middle-income country, a status last reached in the mid-1960. On the other hand, despite Zambia's new status as a lower MIC and recent improvements, a weak institutional context and a not always supportive enabling policy environment have imposed important limitations to programme effectiveness. Despite economic growth, progress on reducing poverty has been mixed, with gains concentrated in urban areas. The prevalence of HIV/AIDS (although has dropped significantly to meet the MDG target) remains a major health and social problem, and is imposing a tremendous burden on the country's social and economic development.

276. **The three COSOPs covered by the CPE have been guided by strategic frameworks which are by and large relevant and adapted to the lessons of the past** (ref. chapter VII, paragraphs 239-241).[95] The strategic objectives contained in the three COSOPs are broadly consistent with each other in terms of the rationale, objectives, opportunities, geographic priority and targeting (chapter 3). They responded to the key challenges facing the agricultural sector in Zambia, reflected the lessons from past operations, and managed well IFAD's strategic shift from an initial attention to mitigate the effects of central planning on the rural poor

[94] GDP growth averaged 5.6 per cent per annum during 2000-2012 and 6.5 per cent per annum since 2006.
[95] The reference to paragraphs/chapters directs the reader to the analysis and findings in the main report which have informed the conclusions.

and to support the ongoing structural adjustment process to a more recent focus on markets and value chain development – in alignment with the Government's fifth and sixth development plans and associated strategies. The objectives of the project portfolio are also consistent with the general strategic focus of IFAD as contained in documents such as the Strategic Framework for 2002-2006 as well as the three COSOPs under review.

277. **However, the targeting strategy in the COSOPs is still too broad and could lead to programme benefits being captured by better-off farmers** (ref. chapter VII, paragraphs 245-247), an issue of particular importance in Zambia as an emerging middle-income country, with strong economic growth, but overall limited and unequally distributed results on poverty reduction. The target group considered under the three COSOPs consists of smallholder farmers and other rural people who are already organized or who have the potential to join local organizations through which they can be linked to markets and services. Poverty is not mentioned in the definition of the target group. Emphasis on group formation and self-targeting, while useful, has not always ensured focus on the poor smallholder farmers. Benefits may also be captured by the relatively non-poor. While the CPE recognizes IFAD's overall effort to "promote broad-based growth in the agricultural sector and the rural economy more widely to benefit as many rural households as possible",[96] attention should be dedicated to ensure that the programme remains focused on the IFAD target group, i.e. rural people living in poverty and food insecurity. Furthermore, the Zambia portfolio does not have a clear rationale for geographic spread of project investments. In general, broad geographical coverage has had the tendency to dilute resource concentration, and to compound implementation issues given limited public capacity in staffing and equipment.

278. **The portfolio under review has produced some good results and is having a positive rural poverty impact despite concerns with effectiveness and efficiency** (ref. chapter IV). IFAD supported interventions have contributed to increase production of beneficiary smallholder farmers, crop diversification, increased access to markets and the control of livestock diseases of national importance such as ECF and CBPP. Some poverty impact is being realized with respect to increases in rural household income and assets in project districts as well as in relation to selected improvements in productivity, thereby enhancing food security. For instance reduced livestock mortality under project coverage has led to an increase in the herd and enhanced the breeding base, resulting in increased production of milk and meat. Similarly, IFAD supported interventions (especially in the areas of value-chain development) have contributed to increased production of beneficiary smallholder farmers. The potential for productivity improvements under the recently initiated SAPP and S3P projects are also promising. Enhanced access to rural financial services has led to substantial increases in household incomes of participants at the end of the cycles, when profits are distributed. The portfolio is also contributing to the build-up of social capital and empowerment of the beneficiary target groups, and in particular supporting IFAD's objective of promoting gender equality and women empowerment. In addition, various project supervision reports make references to the portfolio providing, in the appropriate circumstances, a framework for dealing with HIV/AIDS issues of the beneficiary target groups.

279. Investments in agribusiness and value chain development, one of IFAD's strategic objectives in Zambia, have been recognized as a valid approach for poverty reduction and agriculture sector development in the country and stand high in the government agenda. IFAD results in this area have been positive, in particular thorough two projects (SHEMP and SAPP) which are contributing to improve the efficiency of value chains - with positive effects in terms of increases in agricultural

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[96] COSOP 2011. IV.D. targeting Strategy.

production (paras. 145-147). The success of value chain and enterprise development interventions and their adequate coordination with other IFAD-supported projects is essential to ensure cohesiveness and overall programme effectiveness. Despite progress, the value chain development potential has not yet fully realized. Investment in value chains is complex, requires a relatively high level of expertise, and involves a larger number of stakeholders (from primary production to consumption) compared to other investments. Moreover, the mechanisms for agribusiness and value chain development as a means of poverty reduction are not yet mature (ref. para 45) and farmers still lack the necessary level of organization and institutional capacity to benefit from agribusiness. Despite IFAD's limited capacity to address the major issues facing the sector, the Fund has an important role that would justify a continued and strengthened investment in this area.

280. **Portfolio effectiveness has been affected by substantial implementation delays associated to various issues**, including severe **procurement delays**[97] (ref. chapter IV.B and chapter V.B), weakness in financial management and project management, as well as problems related to institutional arrangements. Unlike some development partners in Zambia that have avoided the use of Governments systems in view of inherent limitations and capacity constraints faced by Government Ministries, IFAD has opted to work as much as possible with Government systems. While in the right direction (and consistent with the principles of the Paris Declaration), this has contributed to substantial start-up delays in IFAD's project portfolio. Equally important, the CPE found that implementation difficulties may be also due to **design weaknesses**, such as failure to adequately assess the requirements of the policy environment, as the case with FRMP. Project design could also be **over-ambitious**, as it has been the case in the RFP, which has taken on more that it could handle in the six years intended for programme implementation, particularly in view of the frequency of delays associated with using government processes. At the moment, two projects (SAPP and S3P) out of the four ongoing lending operations are classified as problem projects.

281. **The full potential of the lending programme has not been realized as there has been only limited success in developing a cohesive country programme** (ref. chapter III and chapter VII.B). The last COSOP recognizes the need to ensure that the various projects combine to offer synergies and contribute to a coherent and cohesive programme. However, to date the portfolio has essentially comprised a number of separate projects. The various agriculture investments in SHEMP, SAPP and S3P were supposed to be linked to the RFP as a source of credit, but there were no integral mechanisms between the projects to operationalize the potential synergy. Similarly, the S3P approach largely relies on integration with the SAPP value chain development activities to achieve a market-oriented approach, which is not evident yet in practice. Weaknesses of individual internal project coherence, as well as, the lack of communication and coordination within the Zambia portfolio are two key limiting factors. In terms of coherence for instance, SAPP requires a heavy investment in analysing specific gaps in value chains, but the matching grant fund is through a national open call for proposals, which leads to dispersing project resources widely. Similarly, there are resources in S3P for policy studies but the areas for policy investigation that are related to commodities do not clearly align with major policy concerns of the MAL at present so the ability of the project to contribute to policy initiatives may be limited. Communication and coordination gaps across the portfolio have also resulted in a low awareness amongst stakeholders of the various project objectives and processes at all levels. This has contributed to unclear understanding of

[97] Procurement delays stand out as a major concern requiring special attention in the Zambia portfolio. This challenge is confirmed by ESA Portfolio Performance Report 2012-2013 which identifies Zambia as the country with the lowest procurement ratings in the East and Southern Africa Division.

responsibilities and does not maximize the potential for integration within the portfolio. Moreover, the rapid turn-over of staff within Government and partner organizations has not been adequately addressed, leading to knowledge gaps of key stakeholders.

282. **The efficiency of the portfolio has also suffered, again largely because of issues with implementation** (ref. chapter IV.B). Weak effectiveness resulting from process delays with cost implications characterized all the projects/programmes in the portfolio. In general, the portfolio has not paid adequate attention to efficiency issues, such as elevated project management cost (estimated at about 30 per cent of total project cost in FRMP) or spoilage of vaccine materials due to frequent delays in schedules for vaccination in SLIP. In addition the portfolio has been affected by late submission of Annual Work Plans (19 months after entry into force in the case of SAPP) and Audit Reports.

283. **There are substantial challenges with the sustainability of the support provided by the portfolio under review** (ref. chapter IV.D, paragraphs 159-163). For the two closed projects (FRMP, SHEMP), the prospects for sustainability in most of the activities supported are limited. In particular, sustainability of benefits from infrastructure in roads and markets is unlikely because of the lack of mechanisms and sources of financing for maintenance within the districts. Prospects for sustainability of the projects under implementation are also questionable and vary with the activities that are undertaken. The CPE is concerned about the nature of support for the livestock sector since it is unlikely that the current disease control gains under SLIP would be sustainable because of the absence of an adequate cost recovery strategy and limited budgetary allocation. In addition, in order to eradicate CBPP, there is the need for a concentrated and sustained vaccination program along with a strict cattle movement control in the primary risk areas, such as Shangombo district, and surveillance activities in the secondary risk areas at least in the first few years after eradication. This has not been done, in part because of weak public commitment and financial sustainability. Moreover, in both SAPP and S3P, the lack of a clear link to credit and the absence of direct technical support for business development pose significant risk to sustainability.

284. **Environment and sustainable management of natural resources offer opportunities for further collaboration** (ref. chapter IV.C, paragraphs 150-153). Despite being richly endowed with a number of valuable natural resources including minerals, forests, wildlife and fertile land, Zambia -as many other natural resource rich countries- has not been able to translate natural resource rents into broad based development and poverty reduction. Environmental degradation, including deforestation and the effects of climate change poses significant constraints to key growth sectors such as agriculture and tourism. Severe droughts have already impacted negatively on Zambian agriculture and the effect of climate change is foreseen to become even more distinct in the future. The IFAD-supported programme has mainstreamed environmental approaches and has avoided environmental harms, but positive impacts on the environment are quite limited. There is ample room for improvement and opportunities for IFAD to assist Zambia to manage sustainably its environment and natural resources

285. **Although the focus on the implementation of the non-lending activities at the beginning of the review period tended to be low, the prospects for enhancement are high and they are likely to have positive effects** (ref. chapter VI). Non-lending activities were clearly identified in all three COSOPs, although until the 2011 COSOP, implementation has been weak. Challenges were faced with respect to: (i) failure to clearly identify specific resources (including country and regional grants) to support policy dialogue; (ii) existing opportunities for partnerships were not adequately explored; and (iii) IFAD's limited presence in Zambia, until recently, made coordination of knowledge management activities

difficult. Some progress, however, has been made in **policy dialogue**, where IFAD has actively participated in policy dialogue, particularly through the ACPG on key issues for rural development such as the FISP and The FRA, and the UNCT. The development of the rural finance and agricultural policy frameworks in the MOF and MAL respectively are being facilitated by ongoing dialogue. Moreover, the Fund's support has contributed to raising awareness and capacity in the approach of "agriculture as a business" in the country.

286. In terms of **partnerships**, collaboration with the **private sector** is incipient, but is constrained by an unclear policy approach to private sector engagement by the government. A recent CLE undertaken by IOE on IFAD's Private Sector development confirms and re-emphasizes the essential role of the private sector in smallholder agriculture and rural development as it contributes in promoting access to markets, undertaking innovations, providing essential services, and better sustainability prospects. In Zambia, many private sector operators are showing genuine interest in working with small farmers, and the government has manifested its commitment to bringing on board all players in the agricultural sector, including the private sector and civil society, but the enabling policy environment for public-private partnerships is not fully supportive and there is still misunderstanding, some level of distrust and lack of effective mechanisms to build good working relationships between private and public sector value chain actors. As for **cofinancing** with other partners, the level has been overall low and has only emerged in the two most recently approved projects (SAPP and S3P).

287. **Knowledge management** activities are being mainstreamed in the Zambian operation with the ongoing drafting of a KM strategy and the expectation of a recruitment of a KM manager. By and large Zambia has not received substantial support from IFAD **grants**. The weak contribution from grants to the programme remains an important issue to be addressed. Enhanced attention in the last country strategy, combined with strengthened country presence as of 2013, are likely to help improve implementation and effectiveness of non-lending activities in the future provided that necessary resources are allocated.

288. **While the relationship between the Government and IFAD has been fruitful, performance of both IFAD and the government has been mixed, although this has improved in recent years** (ref. chapter V). The Government, through its lead ministries, has not as yet been able to adequately carry out its role of providing policy guidance and coordinating the various aspects of the IFAD's programme. Establishing an enabling policy and institutional environment for the sector is as important as increasing investment into the sector. Notwithstanding a good level of ownership and recent important initiatives, government policy reforms for the sector, however, have been slow and, in the past, sometimes contradictory. The performance of FRMP was poor largely because of delays with legislative reforms. The development of the agricultural sector strategy, necessary to guide policy initiatives, has been long over-due. In addition, although the decision on the rural finance policy has been endorsed by cabinet, its implementation has not yet started.[98] A significant policy concern of the development partners has been for the Government to revise the expensive maize-biased policy (FISP) and the operation of the FRA, which has had implications for the amount of budgetary resources available for other activities under agriculture. Specific to IFAD's operations, concerns have been raised that the current disease gains supported by SLIP would not be sustainable because of policy reversals. For example, it is widely recognized that the management of the ECF Revolving Fund will only work satisfactorily if operated on a cost recovery basis. Similarly, the

[98] The Rural Finance Unit's role is to coordinate the development of an appropriate rural finance policy for the country, promote dialogue among the stakeholders in the sub-sector and strengthen rural finance capacity in involved sector ministries and other government agencies. Its presence could have been helpful in the ongoing debate over interest rate caps and their implication for rural finance institutions.

recent interest rate caps are likely to have a negative impact on the microfinance institutions.

289. Overall, over the past 14 years, IFAD has made a positive contribution to agriculture and rural development in Zambia. IFAD is a trusted partner in the country with a good reputation as the only agency with experience and exclusive focus in rural development in the poorer areas of Zambia. Going forward, opportunities for strengthening and consolidating the partnership between IFAD and the GRZ are likely to be facilitated by the recent out-posting of the CPM as IFAD Country Director in Zambia. Zambia's new status as an emerging middle-come country will require, in line with IFAD's strategy for engagement with MICs, and new level of partnership, including a more responsive and customized programme in response to country needs and within IFAD mandate

## B. Recommendations

**Improve programme cohesiveness** (ref. paragraph 281)

290. Despite clear intentions in the last COSOP to create a synergistic programme across the portfolio, the opportunities for coherence between projects have not so far been optimized. As a priority matter, in order to enhance the overall impact of the programme, IFAD needs to dedicate special attention and effort to developing a cohesive country programme in which the various interventions create synergies and support one another. Adequate mechanisms for effective coordination and communication need to be in place along the various stages of the programme cycle, including COSOP preparation, projects design, start up and during implementation. Moreover, it is important to ensure there is clarity about the projects profile, objectives and various roles and responsibilities among various stakeholders which enables a concerted effort. Expanding the planned activities under knowledge management in Zambia may be the appropriate avenue for dealing with communication gaps, share experience, and address knowledge demands of key stakeholders resulting from rapid turn-over of staff within Government and partner organizations.

**Sharpen the focus on poverty and geographic issues** (ref. paragraph 277)

291. Both the poverty and the geographic focus need to be refined in the next COSOP in Zambia to recognize the country's emerging middle income status and to reflect the requirement not to exclude poor smallholder farmers from the on-going economic transition and transformation. The disparity in poverty between the urban and rural areas in Zambia points to the inability of the Government's existing growth strategies for being inclusive. IFAD's support will need to seek out the poor and vulnerable small-holder farmer (including poor women and the youth), while establishing the platform for growth in the rural area.

292. The COSOP may need to explore a targeting strategy based on a combination of income criteria and geography.[99] First, the self-targeting approach needs to be balanced with a stronger focus on the poverty gap, so as not to exclude the extreme poor smallholder farmers who are capable. Second, there may be the need to seek deeper engagement in a limited set of geographic areas so that IFAD's limited resources are not spread thinly thereby reducing potential impact.

**Support the development of Government capacity** (ref. paragraph 280)

293. To deal with limited government capacity that accounts for implementation delays, IFAD may need to adequately factor into its project intervention process, the time and capacity building requirements for project implementation. A capacity-building effort may require –in coordination with other donor programmes such as the European Union financed Performance Enhancement Project- helping the Government to stream-line its procurement processes, including strengthening

[99] The FRMP targeted selected communities in North-Western and Luapula provinces, and S3P targets three provinces in the north of the country, but in general all IFAD's interventions during the period under review are nation-wide.

procurement planning, and helping with appropriate selection methods. Given the continuing nature of these issues and their significant impact on the effectiveness and efficiency of the portfolio, increased efforts to address these challenges, including selective use of grants, is important for the improvement of the future portfolio.

294. Another key area for which IFAD's support for capacity building is urgent is in supporting the Government to establish an enabling policy and institutional environment for agriculture and rural development, which is as much important as increasing investment into the sector. This will require that, IFAD -in particular through its non-lending activities, and in coordination with other cooperating partners- provide support for the Government (specifically the MAL) to carry out its role of providing policy guidance and coordinating the various aspects of agricultural development.

295. Finally, IFAD may need to provide greater support for capacity development of all stakeholders, including IFAD project staff, to increase their understanding of requirements for successful implementation processes, and ensuring the need for transparency and compliance with government procedures.

**Promote private-sector involvement** (ref. paragraph 286)

296. Despite strong private sector interest and government commitment to engage all players in the agricultural sector, including the private sector and civil society, there is still a lack of clarity on the policy approach to private sector engagement in the agricultural sector. This is reflected in the design of IFAD's interventions which are pro-private sector but implementation is constrained by the use of mostly government systems. In this regard IFAD and the government should consider using existing instruments (both lending and non-lending activities) to ensure an adequate enabling environment for public-private partnerships. This includes discussing in the next COSOP, as well as in current operations: the most appropriate and effective respective roles and responsibilities of government and private sector; approaches to promote and elicit support from the private sector; as well as to discuss potential risk to all parties.

**Ensure sustainability** (ref. paragraph 283)

297. Weak prospects for sustainability in most IFAD-financed projects in Zambia represent a key issue of concern. Addressing weak sustainability should be considered a priority for the current and future IFAD-supported programme in Zambia. Strengthening sustainability would require combination of efforts in various areas. First, it will be necessary to improve mechanisms for sustainability in the projects. For instance, the investment of project funds in infrastructure need to more carefully consider the lessons from SHEMP in the lack of a clear link to credit and limited maintenance support for roads and other infrastructure. For market infrastructure in SAPP and S3P, the processes for selection, viable operation and long term maintenance need to be committed to, for instance, through a signed contract for annual allocation of funds and audit. For the planned livestock service centres and other similar association-managed activities, more support is required to ensure that groups pre-qualify in terms of basic business management capability and for the different aspects of viable service operation, including maintenance costs. Second, IFAD needs to pay more attention to ensure public commitment in terms of future financial obligations through focused policy engagement as well as improving knowledge management activities aimed at better visibility and communication of results. Third, possibilities of public/private collaboration should be explored to funding certain aspects of the programme, such as a sustained vaccination effort in order to eradicate CBPP.

**Increase support for value chains and open up to new partners** (ref. paragraph 279)

298. In view of their strategic importance, as well as challenges still remaining, going forward, IFAD should consider strengthening support to its ongoing interventions in the area of value-chain development. This move would require three main approaches: first, IFAD would need to dedicate a larger effort to attract and educate the rural private sector on value chain development because of the complexity of value-chains and the important role that private sector could play. Second, in addition to the private sector, IFAD would need to build strong partnership with government and other development partners because the technology and resource (market access and financial) requirement for value chain development could be beyond the scope of a single provider. Government and other development partners are needed because program sustainability requires the development of such partnership. This will also help diffuse the distrust between Government and the private sector usually found in most developing countries. Finally, IFAD would need to strengthen its monitoring and evaluation (M&E) tools to cover the impact of value chain development on the smallholder poor farmer. This will go beyond assessing programme performance and impact to include establishing an effective learning tool.

**Build farmers' institutional capacity** (ref. paragraph 279)

299. The focus on value-chain development and private sector promotion requires that IFAD pay more attention to building farmers capacity. For example, training provided under SHEMP through service providers is known to have led to improvements in farmer groups becoming more market oriented and exploring networking opportunities to commercialize their products (para. 142).This may require greater effort on the part of IFAD to organize the smallholder farmers into groups, and to build their institutional capacity so that they can benefit more directly from the development of agri-business, including developing commercial skills such as negotiation and marketing and improving the management of their businesses. The high unit costs of reaching smallholder farmers in low population-density rural areas, and the need for them to share risk and benefits from products and financial agglomeration also dictates that they must be organized. Moreover, IFAD would need to support enhanced information flow and invest in training to understand and evaluate markets, along with the tools (technology, infrastructure, and finance) to access these markets. Farmers are often hindered by the breakdown of information flows on the range of production and marketing options they could use to improve quality, seek alternative buyers, and manage risk.

300. **Mainstream environmental issues, with particular attention to climate change** (ref. paragraph 284)

Although the effect of climate change has been felt in the intensity of periodic droughts in Zambia, its impact on the rural smallholder economy has not been sufficiently addressed. This may require the assessment and mitigation mechanism for traditional price and yield risks facing the smallholder farmer to be studied and encouraged. Innovations that reduce transaction costs and spread risks more effectively, such as "index-based" insurance and commodity price hedging, ought to be adopted more widely than seem to be the current practice in Zambia. In particular, index-based insurance offers a credible promise to extend catastrophic weather-related insurance to smallholder producers, substituting for fiscally burdensome and distortionary means of responding to natural disasters, such as drought and livestock diseases. By promoting partnership with other development partners, IFAD could support the Government in the design and testing of mechanisms to deal with the above mentioned risks in rural areas.

# Ratings of IFAD-funded project portfolio in Zambia [a]

| *Criteria* | *FRMP* | *SHEMP* | *RFP* | *SLIP* | *SAPP* | *S3P* | *RUFEP* | *Overall portfolio* |
|---|---|---|---|---|---|---|---|---|
| **Project performance** | | | | | | | | |
| Relevance | 3 | 5 | 4 | 4 | 5 | 4 | 5 | 4 |
| Effectiveness | 2 | 4 | 4 | 4 | | - | - | 4 |
| Efficiency | 2 | 4 | 3 | 3 | | - | - | 3 |
| **Project performance [b]** | **2.3** | **4.3** | **3.7** | **3.6** | | | | **3.6** |
| **Rural poverty impact** | | | | | | | | |
| Household income and net assets | 2 | 4 | 4 | 3 | - | - | - | 4 |
| Human and social capital and empowerment | 3 | 4 | 5 | 4 | - | - | - | 4 |
| Food security and agricultural productivity | 2 | 4 | - | 4 | - | - | - | 4 |
| Natural resources, environment and climate change | 3 | 4 | - | - | | - | - | 4 |
| Institutions and policies | 3 | 4 | 5 | 4 | - | - | - | 4 |
| **Rural poverty impact [c]** | **3** | **4** | **5** | **4** | | | | **4** |
| **Other performance criteria** | | | | | | | | |
| Sustainability | 2 | 4 | 4 | 2 | | - | - | 3 |
| Innovation and scaling up | 3 | 4 | 5 | 4 | | - | - | 4 |
| Gender equality and women's empowerment | 4 | 5 | 5 | 3 | | | | 4 |
| **Overall project portfolio achievement [d]** | **3** | **4** | **4** | **4** | | | | **4** |
| | | | | | | | | |
| **Performance of partners[e]** | | | | | | | | |
| IFAD | 3 | 4 | 3 | 4 | - | - | - | 4 |
| Government | 2 | 4 | 3 | 3 | - | - | - | 4 |

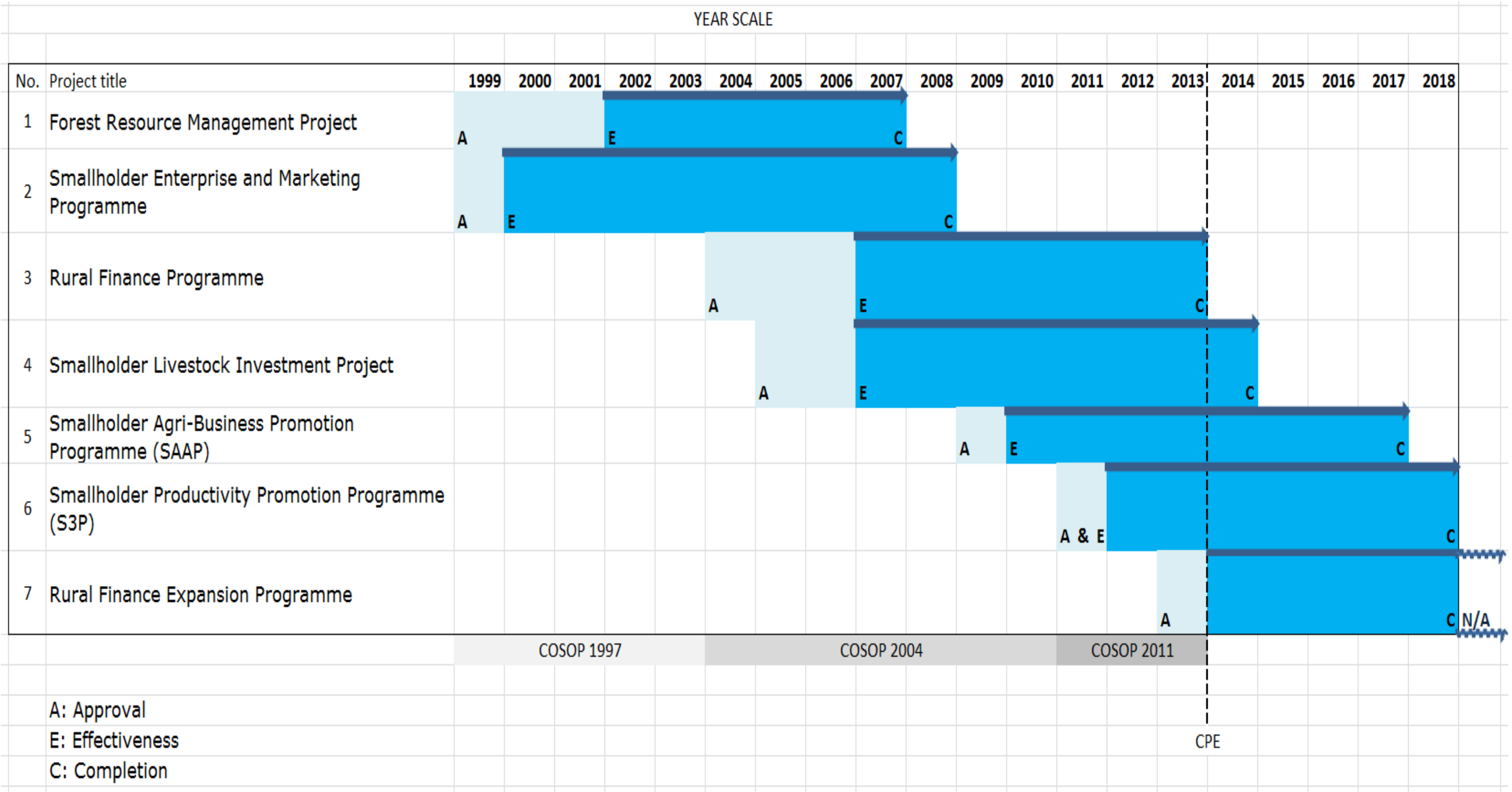
[a] Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.
[b] Arithmetic average of ratings for relevance, effectiveness and efficiency.
[c] This is not an average of ratings of individual impact domains.
[d] This is not an average of ratings of individual evaluation criteria but an overarching assessment of the project, drawing upon the rating for relevance, effectiveness, efficiency, rural poverty impact, sustainability, innovation and scaling up, and gender.
[e] The rating for partners' performance is not a component of the overall assessment ratings.

# IFAD-financed projects in Zambia – 1981-2013

| *Project name* | *Project type* | *Total project cost US$ 000* | *IFAD approved financing US$ 000* | *Cofinancier amount US$ 000* | *Counterpart amount US$ 000* | *Board approval* | *Loan effectiveness* | *Current project completion date* | *Cooperating institution* | *Project status* |
|---|---|---|---|---|---|---|---|---|---|---|
| Eastern Province Project | AGRIC | 20 412 | 10 980 | World Bank 5 720 | 3 712 | 22 April 81 | 11 March 82 | 31 Dec 87 | World Bank: IBRD | Closed<br>(14.07.88) |
| North Western Province Area Development Project | RSRCH | 15 400 | 13 000 | --- | 2 400 | 14 Sep 82 | 03 March 83 | 31 Jan 92 | World Bank: IDA | Closed<br>(26.10.92) |
| Smallholder Services Rehabilitation Project | AGRIC | 25 700 | 20 500 | Africa Fund 3 500 | 1 700 | 09 Sept 87 | 07 Apr 88 | 30 Jun 95 | World Bank: IDA | Closed<br>(05.06.96) |
| North Western Province Area Development Project II | AGRIC | 20 500 | 16 333 | Netherlands 655<br>OFID 1 000 | 2 481<br>Beneficiaries 31 | 11 Dec 91 | 26 Jun 92 | 30 Jun 00 | UNOPS | Closed<br>(21.10.03) |
| Southern Province Household Food Security Programme | RSRCH | 23 414 | 15 460 | UNDP 952 | 6 209<br>Beneficiaries 793 | 05 Dec 94 | 28 March 95 | 31 Dec 02 | UNOPS | Closed<br>(19.06.06) |
| Smallholder Irrigation & & Water Use Programme | AGRIC | 11 181 | 6 355 | World Bank 1 212 | 2 545<br>Beneficiaries 1 069 | 12 Apr 95 | 09 Apr 96 | 30 June 02 | UNOPS | Closed<br>(19.06.06) |
| Forest Resource Management Project | AGRIC | 15 995 | 12 633 | Germany 1 689<br>Ireland 123 | 908<br>Beneficiaries 642 | 09 Dec 99 | 26 June 02 | 30 Jun 07 | UNOPS | Closed<br>(10.12.09) |
| Smallholder Enterprise and Marketing Programme | AGRIC | 18 316 | 15 937 | --- | 1 579<br>Other domestic 800 | 09 Dec 99 | 07 Nov 00 | 30 Jun 08 | IFAD Pilot | Closed<br>(20.12.10) |
| Rural Finance Programme | CREDI | 17 429 | 13 811 | --- | 3 043<br>Dom. Fin. Inst. 431<br>Beneficiaries 144 | 02 Dec 04 | 07 Sept 07 | 30 Sept 13 | IFAD/IFAD | Ongoing |

| Project name | Project type | Total project cost US$ 000 | IFAD approved financing US$000 | Cofinancier amount US$ 000 | Counterpart amount US$ 000 | Board approval | Loan effectiveness | Current project completion date | Cooperating institution | Project status |
|---|---|---|---|---|---|---|---|---|---|---|
| Smallholder Livestock Investment Project | LIVST | 14 993 | 10 114 | --- | 2 628<br>Beneficiaries 2 251 | 13 Dec 05 | 07 Sept 07 | 30 Sept 14 | IFAD/IFAD | Ongoing |
| Smallholder Agri-Business Promotion Programme (SAAP) | MRKTG | 24 639 | 20 170 | Swedish Comp 1 000 | 1 504<br>Beneficiaries 1 965 | 15 Sept 09 | 20 Jan 10 | 31 Mar 17 | IFAD/IFAD | Ongoing |
| Smallholder Productivity Promotion Programme (S3P) | RSRCH | 39 949 | 24 817 | FINNIDA 7 109 | 6 522<br>Beneficiaries 1 501 | 15 Sept 11 | 09 Dec 11 | 31 Dec 18 | IFAD/IFAD | Ongoing |
| Rural Finance Expansion Programme | TBD | 26 307 | 8 416 | Spanish Fund 11 988 | 2 613<br>Dom. Fin. Inst. 3 290 | 11 Dec 13 | n/a | n/a | IFAD/IFAD | Not signed |
| TOTAL | | 274 235 | 188 526 | 34 948 | 50 761 | | | | | |

## Implementation periods of IFAD-supported projects in ZAMBIA covered by the CPE



# IFAD-funded grants in Zambia

| *Regional grant N^o^* | *Recipient* | *Programme name* | *Approval* | *Effective* | *Closing* | *IFAD (US$)* |
|---|---|---|---|---|---|---|
| 898 | Centro Internacional de Mejoramiento de Maíz y Trigo (CIMMYT) | Programme for Facilitating the Adoption of Conservation Agriculture by Resource – Poor Smallholder Farmers in Southern Africa | 14/12/2006 | 11/07/2007 | 31/03/2011 | 1.5 |
| 977 | African Rural and Agricultural Credit Association (AFRACA) | Support to AFRACA Development Programme 2008-2012 | 12/09/2007 | 29/11/2007 | 30/06/2013 | 1.1 |
| 1080 | AFRACA | Programme for Support Rural Financial Knowledge Management Phase II | 17/12/2008 | 06/05/2009 | 31/12/2012 | 1.3 |
| 1168 | International Water Management Institute | Improved Management of Agricultural Water in Eastern and Southern Africa Phase 2 (IMAWESA 2) | 17/12/2009 | 02/06/2010 | 31/12/2013 | 1.5 |
| 1248 | Institute for People, Innovation and Change in Organizations (PICO) – Eastern Africa | Network for Enhanced market Access for Smallholders (NEMAS) in East and Southern Africa | 02/12/2010 | 18/04/2011 | 31/12/2014 | 1.5 |
| 1249 | Regional Programme for Rural Development Training (PROCASUR) | Learning Routes: A Knowledge Management and Capacity-building Tool for Rural Development in East and Southern Africa (ROUTESA) | 05/12/2010 | 12/04/2011 | 31/12/2014 | 1.5 |
| I-R-1255 | Growing Africa's Agriculture (AGRA) | Increasing the Impact of the Africa Enterprise Challenge Fund | 15/12/2010 | 18/03/2011 | 30/09/2014 | 1.0 |
| I-R-1331 | PICO KnowledgeNet | IFADAfrica Regional Knowledge Network (Phase 2) | 27/11/2011 | 28/11/2012 | 30/06/2016 | 1.8 |
| I-R-1372 | PHYTOTRADE | Alleviating poverty and protecting biodiversity through BioTrade | 05/05/2012 | 21/06/2012 | 31/12/2015 | 1.5 |
| | | | | | ***Sub-Total*** | ***12.7*** |

# Methodological note on country programme evaluations

1. A country programme evaluation (CPE) conducted by the Independent Office of Evaluation of IFAD (IOE) has two main objectives: assess the performance and impact of IFAD-financed operations in the country; and generate a series of findings and recommendations that will inform the next results-based country strategic opportunities programme (COSOP). It is conducted in accordance with the directives of IFAD's Evaluation Policy[1] and follows the core methodology and processes for CPEs outlined in IOE's Evaluation Manual.[2] This note describes the key elements of the methodology.

2. **Focus.** A CPE focuses on three mutually reinforcing pillars in the IFAD-government partnership: (i) project portfolio; (ii) non-lending activities; and (iii) the COSOP(s). Based on these building blocks, the CPE makes an overall assessment of the country programme achievements.

3. With regard to assessing the **performance of the project portfolio** (first pillar), the CPE applies standard evaluation methodology for each project using the internationally-recognized evaluation criteria of relevance, effectiveness, efficiency and rural poverty impact - including impact on household income and assets, human and social capital, food security and agricultural productivity, natural resources and the environment (including climate change[3]), and institutions and policies. The other performance criteria include sustainability, innovation and scaling up, and gender equality and women's empowerment. The performance of partners (IFAD and the government) is also assessed by examining their specific contribution to the design, execution, supervision, implementation-support, and monitoring and evaluation of the specific projects and programmes. The definition of all evaluation criteria is provided in annex VI.

4. The assessment of **non-lending activities** (second pillar) analyses the relevance, effectiveness and efficiency of the combined efforts of IFAD and the government to promote policy dialogue, knowledge management, and partnership building. It also reviews global, regional, and country-specific grants as well as achievements and synergy with the lending portfolio.

5. The assessment of the **performance of the COSOP** (third pillar) is a further, more aggregated, level of analysis that covers the relevance and effectiveness of the COSOP. While in the portfolio assessment the analysis is project-based, in this latter section, the evaluation considers the overall objectives of the programme. The assessment of relevance covers the alignment and coherence of the strategic objectives -including the geographic and subsector focus, partners selected, targeting and synergies with other rural development interventions-, and the provisions for country programme management and COSOP management. The assessment of effectiveness determines the extent to which the overall strategic objectives contained in the COSOP were achieved. The CPE ultimately generates an assessment for the overall achievements of the programme.

6. **Approach.** In line with international evaluation practices, the CPE evaluation combines: (i) desk review of existing documentation -existing literature, previous IOE evaluations, information material generated by the projects, data and other materials made available by the government or IFAD, including self-evaluation data and reports-; (ii) interviews with relevant stakeholders in IFAD and in the country; and (iii) direct observation of activities in the field.

[1] http://www.ifad.org/gbdocs/eb/102/e/EB-2011-102-R-7-Rev-1.pdf.
[2] http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf
[3] On climate change, scaling up and gender, see annex II of document EC 2010/65/W.P.6 approved by the IFAD Evaluation Committee in November 2010: http://www.ifad.org/gbdocs/eb/ec/e/65/EC-2010-65-W-P-6.pdf

7. For the field work, a combination of methods are generally used for data gathering: (i) focus group discussions with a set of questions for project user and comparison groups; (ii) Government stakeholders meetings –national, regional/local, including project staff; (iii) sample household visits using a pre-agreed set of questions to household members, to obtain indications of levels of project participation and impact; (iv) key non-government stakeholder meetings– e.g. civil society representatives and private sector.

8. Evaluation findings are based on triangulation of evidence collected from different sources.

9. **Rating scale**. The performance in each of the three pillars described above and the overall achievements are rated on a scale of 1 to 6 (with 1 being the lowest score, and 6 the highest), enabling to report along the two broad categories of satisfactory (4, 5, and 6) and unsatisfactory performance (1, 2 and 3). Ratings are provided for individual projects/programmes, and on that basis, for the performance of the overall project portfolio. Ratings are also provided for the performance of partners, non-lending activities, the COSOP's relevance and effectiveness as well as the overall achievements of the programme.

10. In line with practices of international financial institutions, the rating scale, in particular when assessing the expected results and impact of an operation, can be defined as follows - taking however due account of the approximation inherent to such definition:

| | |
|---|---|
| *Highly satisfactory (6)* | The intervention (project, programme, non-lending, etc.) achieved - under a specific criteria or overall –strong progress towards all main objectives/impacts, and had best practice achievements on one or more of them. |
| *Satisfactory (5)* | The intervention achieved acceptable progress towards all main objectives/impacts and strong progress on some of them. |
| *Moderately satisfactory (4)* | The intervention achieved acceptable (although not strong) progress towards the majority of its main objectives/impacts. |
| *Moderately unsatisfactory (3)* | The intervention achieved acceptable progress only in a minority of its objectives/impacts. |
| *Unsatisfactory (2)* | The intervention's progress was weak in all objectives/impacts. |
| *Highly unsatisfactory (1)* | The intervention did not make progress in any of its objectives/impacts. |

11. It is recognized that differences may exist in the understanding and interpretation of ratings between evaluators (inter-evaluation variability). In order to minimize such variability IOE conducts systematic training of staff and consultants as well as thorough peer reviews.

12. **Evaluation process.** A CPE is conducted prior to the preparation of a new cooperation strategy in a given country. It entails three main phases: (i) design and desk review phase; (ii) country work phase; (iii) report writing, comments and communication phase.

13. The *design and desk review phase* entails developing the CPE approach paper. The paper specifies the evaluation objectives, methodology, process, timelines, and key questions. It is followed by a preparatory mission to the country to discuss the draft paper with key partners. During this stage, a desk review is conducted examining available documentation. Project review notes and a consolidated desk

review report are prepared and shared with IFAD's regional division and the government. The main objective of the desk review report is to identify preliminary hypotheses and issues to be analysed during the main CPE mission. During this stage both IFAD and the government conduct a self-assessment at the portfolio, non-lending, and COSOP levels.

14. The *country work stage* entails convening a multidisciplinary team of consultants to visit the country, holding meetings in the capital city with the government and other partners and traveling to different regions of the country to review activities of IFAD-funded projects on the ground and discuss with beneficiaries, public authorities, project management staff, NGOs, and other partners. A brief summary note is presented at the end of the mission to the government and other key partners.

15. During the *report writing, comments and communication of results* stage, IOE prepares the draft final CPE report, shared with IFAD's regional division, the government, and other partners for review and comments. The draft benefits from a peer review process within IOE including IOE staff as well as an external senior independent advisor. IOE then distributes the CPE report to partners to disseminate the results of the CPE. IOE and the government organize a national roundtable workshop that focuses on learning and allows multiple stakeholders to discuss the main findings, conclusions and recommendations of the evaluation. The report is publicly disclosed.

16. *A core learning partnership* (CLP), consisting of the main users of the evaluation, provides guidance to IOE at critical stages in the evaluation process; in particular, it reviews and comments on the draft approach paper, the desk review report and the draft CPE report, and participates in the CPE National Roundtable Workshop.

17. Each CPE evaluation is concluded with an *agreement at completion point* (ACP). The ACP is a short document which captures the main findings of the evaluation as well as the recommendations contained in the CPE report that IFAD and the government agree to adopt and implement within a specific timeline.

# Definition of the evaluation criteria used by IOE

| *Criteria* | *Definition*[a] |
|---|---|
| **Project performance** | |
| Relevance | The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design in achieving its objectives. |
| Effectiveness | The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance. |
| Efficiency | A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results. |
| **Rural poverty impact**[b] | Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions. |
| • Household income and assets | Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value. |
| • Human and social capital and empowerment | Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grassroots organizations and institutions, and the poor's individual and collective capacity. |
| • Food security and agricultural productivity | Changes in food security relate to availability, access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields. |
| • Natural resources, the environment and climate change | The focus on natural resources and the environment involves assessing the extent to which a project contributes to changes in the protection, rehabilitation or depletion of natural resources and the environment as well as in mitigating the negative impact of climate change or promoting adaptation measures. |
| • Institutions and policies | The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor. |
| **Other performance criteria** | |
| • Sustainability | The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life. |
| • Innovation and scaling up | The extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) the extent to which these interventions have been (or are likely to be) replicated and scaled up by government authorities, donor organizations, the private sector and others agencies. |
| • Gender equality and women's empowerment | The criterion assesses the efforts made to promote gender equality and women's empowerment in the design, implementation, supervision and implementation support, and evaluation of IFAD-assisted projects. |
| **Overall project achievement** | This provides an overarching assessment of the project, drawing upon the analysis made under the various evaluation criteria cited above. |
| **Performance of partners**<br>• IFAD<br>• Government | This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. It also assesses the performance of individual partners against their expected role and responsibilities in the project life cycle. |

[a] These definitions have been taken from the Organisation for Economic Co-operation and Development/Development Assistance Committee *Glossary of Key Terms in Evaluation and Results-Based Management* and from the IFAD Evaluation Manual (2009).

[b] The IFAD Evaluation Manual also deals with the "lack of intervention", that is, no specific intervention may have been foreseen or intended with respect to one or more of the five impact domains. In spite of this, if positive or negative changes are detected and can be attributed in whole or in part to the project, a rating should be assigned to the particular impact domain. On the other hand, if no changes are detected and no intervention was foreseen or intended, then no rating (or the mention "not applicable") is assigned.

# List of key persons met

## Government

| | |
|---|---|
| Siazongo D. Siakalenge | Permanent Secretary<br>Ministry of Agriculture and Livestock |
| Dr David Shamulenge | Permanent Secretary<br>Ministry of Agriculture and Livestock |
| Pamela Chibonga | Permanent Secretary, Budget and Economic Affairs<br>Ministry of Finance and National Planning |
| Lubungo Aswell Chewe | District Agriculture Coordinator, Chiliabombwe District<br>Ministry of Agriculture and Livestock |
| Mweemba BM Michangwe | Assistant Marketing Development Officer<br>Ministry of Agriculture and Livestock |
| Dr Jospeh Mubanga | Director, Veterinary Services<br>Ministry of Agriculture and Livestock |
| K. Kapepula | Principal Agriculture Economist<br>Ministry of Agriculture and Livestock |
| Green Mbozi | Director, Agri-business and Marketing Department<br>Ministry of Agriculture and Livestock |
| Dr. Benson Mwenya | Director, Livestock Development<br>Ministry of Agriculture and Livestock |
| Emma M. Malawo | Director<br>Ministry of Agriculture and Livestock |
| Kezia Katyamba | Deputy Director, Department of Agribusiness and Marketing<br>Ministry of Agriculture and Livestock |
| Emma Malawo | Director, Policy & Planning<br>Ministry of Agriculture and Livestock |
| Green Mbozi | Director, Agribusiness<br>Ministry of Agriculture and Livestock |
| Dr. Benson Mwenya | Director, Livestock Production<br>Ministry of Agriculture and Livestock |
| Dr. Josef Mubanga | Director, Veterinary Services<br>Ministry of Agriculture and Livestock |
| Dr. Gregory M. Mululuma | Coordinator, SLIP Disease Control Sub-Unit<br>Ministry of Agriculture and Livestock |
| Dr. Cornelius Mundia | CBPP Epidemiologist, SLIP Disease Control Sub-Unit<br>Ministry of Agriculture and Livestock |
| Dr. Geoffrey Muuka | CBPP Diagnostician , SLIP Disease Control Sub-Unit<br>Ministry of Agriculture and Livestock |
| Prof. Andrew Nambota | Director, SLIP Disease Control Specialist<br>Ministry of Agriculture and Livestock |
| Daisy Nkhata Ng'ambi | Permanent Secretary<br>Ministry of Lands, Natural Resources and Environmental Protection |
| Mr. D. Chiufwembe | Director, Planning<br>Ministry of Lands, Natural Resources and Environmental Protection |
| Godwin Fishani Gondwe | Director<br>Ministry of Lands, Natural Resources and Environmental Protection |

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| Davies Kashole | Ministry of Lands, Natural Resources and Environmental Protection |
| Cephas C. Chabu | Managing Director<br>National Savings and Credit Bank |
| Mary Mumba Munansangu | Head, Advances<br>National Savings and Credit Bank |
| Gladys Chongo Mposha | Acting Director, Non-banking Financial Institutions Supervision, Bank of Zambia |
| Jacob Lushinga | Managing Director<br>Development Bank of Zambia |
| Charles Kakaoma | Patron CBTA |
| Jospeh Mumba | Youth Chair CBTA |
| Mwenya Evans | Vice Security CBTA |
| Raphael Chineleshi | Chairperson CBTA |
| Chanaha Jones | Vice Treasurer CBTA |
| Chali Chansa | Disciplinary Committee CBTA |
| Rachael Nampemba | Vice Secretary CBTA |
| Kachinga Silangwe | DMDC |
| Dora Mutakwa Phiri | Chief Cooperatives Officer<br>Cooperative Department |

## International and donor institutions

| | |
|---|---|
| Lewis M. Bangwe | Senior Agricultural Officer<br>African Development Bank |
| Philip Boahen | Principal Country Program Officer<br>African Development Bank |
| Bazak Zakeyo Lungu | Programme Officer<br>Delegation of the European Union to the Republic of Zambia |
| Marion Michaud | Agriculture and Rural Development Advisor<br>Delegation of the European Union to the Republic of Zambia and COMESA |
| Kirsi Pekuri | Head of Section, Economics, Private Sector & Rural Development<br>Delegation of the European Union to the Republic of Zambia and COMESA |
| Moosho L. Imakando | Senior Programme Officer<br>Royal Norwegian Embassy |
| Anna Toness | Economic Growth Team Leader<br>USAID Zambia |
| Nalini Kumar | Senior Operations Officer<br>The World Bank |
| Indira Jaraki Ekanayake | Senior Agriculturist<br>The World Bank |
| J. Makumba | The World Bank |
| Mr. Alex Mwanakasale | Projects Coordinator<br>The World Bank |
| Robin Meani | Agriculture Sector Leader<br>The World Bank |
| Mauri Starckman | Councellor and Head of Cooperation<br>Embassy of Finland |
| Nachili Kaira | Senior Advisor<br>Embassy of Finland |

| | |
|---|---|
| Marja Ojanen | Councellor<br>Embassy of Finland |
| George Okech | FAO Representative<br>Food and Agriculture Organization of the UN |
| Mizael Kokwe | Climate Smart Agriculture Technical Coordinator<br>Food and Agriculture Organization of the UN |
| Kanni Wignaraja | UN Resident Coordinator & UNDP Resident Representative<br>United Nations Zambia |
| Simon Cammelbeeck | WFP Representative, Country Director<br>World Food Programme |
| Dr Eleanor Milne | Project Coordinator, CSU Component of the Carbon Benefit Project<br>Colorado State University |

## Private sector

| | |
|---|---|
| Dumpies | General Manager<br>Livestock Bulking Centre |
| Anthony | Farm Manager<br>Livestock Bulking Centre |
| Oliver Mweetwa | SAPP Facilitiator<br>Livestock Bulking Centre |
| Joseph Nkole | National Coordinator<br>Cotton Association of Zambia |
| Gilbert Maluza | Field Manager, Sales Associate<br>iDE Zambia |
| Dominic Mabumba | District Marketing Development Officer<br>Agribusiness Mazabuka |
| Isaac Sakala | Agriculture, Food and Environment Manager<br>Africare Zambia |
| Martin M.K. Mukuka | Board Chairman<br>Small Livestock Association of Zambia |
| Charles Hisalu | Manager<br>Small Livestock Centre, Kasumbalesa |
| Corjan van der Jagt | Senior Advisor, Agribusiness Development<br>SNV Zambia |
| Bill Kalauka | Zambia Honey Council |
| Michael Zulu | Regional Manager, Copper Belt<br>Zambia National Farmers Union |
| Sinyan Gwe | Regional Manager<br>Zambia National Farmers Union |
| Emmanuel Sinjangwe | Regional Manager, Southern<br>Zambia National Farmers Union |
| Chooye Choma | District Agriculture Coordinator, Choma District |

## IFAD staff

| | |
|---|---|
| Abla Benhammouche | Zambia Country Director, Eastern and Southern Africa Division<br>East and Southern Africa Division (ESA) |
| Dick Siame | Country Officer<br>East and Southern Africa Division (ESA) |
| Ashwani Muthoo | Acting Director<br>Independent Office of Evaluation (IOE) |
| Geoffrey Livingston | Regional Economist |

| | |
|---|---|
| | East and Southern Africa Division (ESA) |
| Périn Saint Ange | Director<br>East and Southern Africa Division (ESA) |
| Carla Ferreira | former CPM for Zambia<br>East and Southern Africa Division (ESA) |
| Melba Alvarez-Pagella | Evaluation Communication & Knowledge Management Officer<br>Independent Office of Evaluation (IOE) |
| Cheik Sourang | Senior Programme Manager<br>Strategic Planning Division (SPD) |
| Edward Heinemann | Senior Policy Advisor<br>Policy and Technical Advisory (PTA) |
| Fabrizio Felloni | Senior Evaluation Officer<br>Independent Office of Evaluation (IOE) |

## Other resource persons

| | |
|---|---|
| Olive Chiboola | SLIP Project Coordinator<br>Ministry of Agriculture and Livestock |
| Kwibisa Liywalii | SAPP M&E Officer<br>Ministry of Agriculture and Livestock |
| Martin Liywalii | S3P Project Manager<br>Ministry of Agriculture and Livestock |
| Michael Mbulo | RFP Project Manager<br>Ministry of Agriculture and Livestock |
| Clement Mwafulirwa | SLIP M & E Officer<br>Ministry of Agriculture and Livestock |
| Meya Z. Ngwira | SAPP Programme Secretary<br>Ministry of Agriculture and Livestock |
| Gerrit Struyf | S3P Agribusiness Consultants/Team Leader, Technical Support Team<br>Ministry of Agriculture and Livestock |
| Nachiluzyl Chuba | S3P Agriculture Marketing Consultant/Business development Agent, Technical Support Team<br>Ministry of Agriculture and Livestock |

## Persons met on field trip – SLIP (15 – 23 July, 2013)

| *District* | *Name of Officer* | *Designation* |
|---|---|---|
| Monze | Ngosa | District Agricultural Coordinating Officer |
| | Lucia Mwinde | District Commissioner |
| | Nyambe | Senior Agricultural Officer |
| | Mungaila | Senior Livestock Officer - A/District Veterinary Officer |
| | Dr. P Fandamu | SLIP DCSU ECF Epidemiologist |
| | M. Mbomena | Vaccination team leader, Siakasenke Vet. Area |
| | Farmers | (7 in group) Gaali Vac. Center |
| Choma | P. Sikaputa | Livestock Officer - Provincial Office |
| | Choombe | A/Provincial Agriculture Coordinating Officer |
| | C. Maseka | Provincial Veterinary Officer - Southern Province |

| *District* | *Name of Officer* | *Designation* |
|---|---|---|
| Kalomo | H. Hamanjanji | District Livestock Officer - A/District Veterinary Officer |
| | Novas Somanje - | District Agricultural Coordinating Officer Veterinary assistant camp No. 3 (met at crushpen vaccinating) |
| | Farmer Group | (10 farmers ) at crushpen during ECF vaccination |
| Kazungula | R Nambwalu | District Agricultural Officer |
| | P Musokotwane | District Commissioner |
| | Dr. P. Bwalya | District Veterinary Officer |
| | Mr M. Mwenda | Veterinary Assistant - Mwandi Veterinary Camp |
| | Mulele, and Milimo | Kazungula Dairy Cooperative Society |
| | | 10 other farmers including 3 women |
| Sesheke (Mwandi) | Mudenda | District Livestock Officer |
| | Dr. W. Chikampa | District Veterinary Officer |
| | E. Moono | Veterinary Assistant - Sankolonga Veterinary Camp |
| | Farmer group | (7 in number) Mabumbu (Mwandi) |
| Mongu | Dr. N Banda | A/Provincial Veterinary Officer - Western Province |
| Senanga | Dr. C Simwanza | District Veterinary Officer |
| Shangombo | T. Fumbelo | Livestock Officer |
| | Famer Group | Kalongola (more than 10 including a ward councilor) |
| | Farmer Group | Nangweshi chaired by Chaired by Mr. Mwimana and Chinga Libayo |
| Kaoma | C. Mainza | District Veterinary Officer - Former DVO up to 2012 |
| | Thabo Milasi | Tsetse Biologist |
| Liuklu | S. Masenga | District Agricultural Coordinating Officer |
| | P. N. Muyenga | District Commissioner |
| | A. Makoba | Veterinary Assistant - A/District Veterinary Officer |
| | A. Malumani | Veterinary Assistant - Mulongo Veterinary Camp |
| | Farmer Group | Mulongo Vet. Area Service Center chaired by Mr.Greenwell M. Situmbeko(retired head teacher |
| Zambezi/ Chavuma | Dr. P. Banda | A/Provincial Veterinary Officer - North-Western Province |
| | Sombo Chiteta | District Administration Officer - A/District Commissioner |
| | A. Banda | District Livestock Officer - A/District Veterinary Officer |
| | B. Sichula | Veterinary Assistant - Zambezi Central Veterinary Camp |
| | Fred Chongwe | A/District Livestock Officer, Chavuma |

| *District* | *Name of Officer* | *Designation* |
|---|---|---|
| | Sindila Pumulo | Small-scale Livestock Farmer - Nyakabumba Village, Chairperson Nyakabumba Community CBPP Task Force<br>9 more farmers including 3 women , 3 cattle farmers / traders and 1 cattle trader |

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# Zambia's progress towards the Millennium Development Goals, 2013

| *Goal and target* | *Indicator* | *Current data (year)* | *2015 target* | *Target feasibility* |
|---|---|---|---|---|
| **Goal 1: Eradicate extreme poverty and hunger** | | | | |
| Target 1A: Halve, between 1990 and 2015, the proportion of people living in extreme poverty. | Proportion of population in extreme poverty (%) | 42.3 (2010) | 29.00 | Unlikely |
| | Poverty Gap Ratio (%) | 28.8 (2010) | 31.10 | Likely |
| | Gini Coefficient | 0.65 (2010) | 0.34 | Unlikely |
| Target 1B: Achieve full and productive employment and decent work for all, including women and young people. | Employment to population ratio | 86.9 (2010) | | |
| | Proportion of employed people living below the poverty line (%) | 66.4 (2006) | | |
| Target 1C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger. | Prevalence of underweight children U-5 (%) | 13.3 (2010) | 12.50 | Likely |
| **Goal 2: Achieve universal primary education** | | | | |
| Target 2A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling (Net enrolment ratio in primary schooling). | Primary school net enrolment (%) | 93.7 (2010) | 100 | Likely |
| | Pupils reaching Grade 7 (%) | 90.9 (2010) | 100 | Likely |
| | Literacy rates: 15-24-year-olds (%) | 89 (2010) | 100 | Unlikely |
| **Goal 3: Promote gender equality** | | | | |
| Target 3A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education not later than 2015. | Ratio of girls to boys in primary education | 0.99 (2010) | 1 | Likely |
| | Ratio of girls to boys in secondary education | 0.89 (2010) | 1 | Likely |
| | Ratio of girls to boys in tertiary education | 0.75 (2010) | 1 | Likely |
| | Ratio of literate women to men 15-24-year-olds | 0.87 (2010) | 1 | Likely |
| | Share of women in wage employment (%) | 0.36 (2010) | | |
| | Proportion of seats held by women in parliament (%) | 11 (2012) | 30 | Unlikely |
| **Goal 4: Reduce child mortality** | | | | |
| Target 4A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate. | U-5 mortality rate (deaths per 1,000 live births) | 138 (2010) | 63.6 | Unlikely |
| | Infant mortality rate (deaths per 1,000 live births) | 76 (2010) | 35.7 | Unlikely |
| | One-year-olds immunized against measles (%) | 94 (2010) | 100 | Likely |
| **Goal 5: Improve maternal health** | | | | |
| Target 5A: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio. | Maternal mortality ratio (deaths per 100,000 live births) | 483 (2010) | 162.3 | Unlikely |
| | Proportion of births attended by skilled health personnel (%) | 46.5 (2007) | | |

| *Goal and target* | *Indicator* | *Current data (year)* | *2015 target* | *Target feasibility* |
|---|---|---|---|---|
| **Goal 6: Combat HIV/AIDS, malaria and other diseases** | | | | |
| Target 6A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS | HIV prevalence rate (%) | 14.3 (2007) | <15.6 | Likely |
| | Proportion of 15-24-year-olds with comprehensive, correct knowledge of HIV&AIDS (%) | 48 (2007) | | |
| | Ratio of school attendance of orphans to non-orphans 10-14-year-olds (%) | 92 (2009) | 100 | Likely |
| Target 6B: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it. | Proportion of population with advanced HIV infection with access to ARV's (%) | 79 (2007) | 80 | Likely |
| Target 6C: Have halted, by 2015, and begun to reverse, the incidence of malaria and other major diseases. | New malaria cases per 1,000 population | 330 (2010) | <255 | Likely |
| | Malaria fatality rate per 1,000 population | 34 (2010) | 11 | Likely |
| | Households with ITNs (%) | 34 (2010) | | |
| **Goal 7: Ensure environmental sustainability** | | | | |
| Target 7A: Integrate principles of sustainable development into country policies and programmes and reverse loss of environmental resources. | Land covered by forest (%) | 49.9 (2010) | | |
| | Land protected to maintain biological diversity (%) | 41 (2007) | | |
| | Carbon dioxide emission per capita (MT per capita) | 17.4 (2007) | | |
| | Proportion of population using solid fuels (%) | 82.9 (2010) | | |
| Target 7C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation. | Proportion of population without access to an improved water sources (%) | 36.9 (2010) | 25.5 | Unlikely |
| | Proportion of population without access to improved sanitation facilities (%) | 67.3 (2010) | 13 | Unlikely |
| **Goal 8: Develop a global partnership for development** | | | | |
| Target 8A: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. | Official development assistance (US$ million) | 480.16 (2011) | | |
| | Foreign direct investment (US$ million) | 1729.3 (2010) | | |
| Target 8B: Address the special needs of the least developed countries. | Access to markets in developed countries | | | |
| | Debt sustainability (% of GDP) | 11.6 (2011) | | |
| Target 8F: In cooperation with the private sector, make available the benefits of new technologies, especially ICT. | Fixed telephones per 100 people | 0.8 (2011) | | |
| | Mobile phones per 100 people | 62.5 (2011) | | |

Source: UNDP (2013), Millennium Development Goals Progress Report, Zambia 2013.

# Zambia - Project Status Report rating of ongoing projects, 2013

| | *RFP (1280)* | *SLIP (1319)* | *SAPP (1474)* | *S3P (1567)* | *Regional average* |
|---|---|---|---|---|---|
| **Effectiveness date** | **07/09/07** | **07/09/07** | **20/01/10** | **09/12/11** | |
| Fiduciary aspects: | | | | | |
| Financial management | 4 | 3 | 3 | 3 | 3.98 |
| Disbursement | 4 | | 4 | 1 | 3.84 |
| Counterpart funds | 4 | 3 | 4 | 4 | 4.14 |
| Loan covenants | 5 | 3 | 4 | 4 | 4.35 |
| Procurement | 4 | 3 | 2 | 3 | 3.89 |
| Audits | 5 | 3 | 3 | 3 | 4.14 |
| Project implementation progress: | | | | | |
| Project management | 5 | 4 | 3 | 4 | 4.09 |
| M&E | 5 | 4 | 3 | 3 | 3.86 |
| AWPD | 4 | 3 | 3 | 3 | 3.74 |
| Gender | 5 | 4 | 4 | 4 | 4.30 |
| Poverty | 5 | 4 | 4 | 4 | 4.39 |
| Targeting | 5 | 4 | 4 | 4 | 4.32 |
| Innovation and learning | 4 | 5 | 3 | 4 | 4.21 |
| Sustainability: | | | | | |
| Institution | 4 | 4 | 4 | 4 | 4.18 |
| Empowerment | 5 | 4 | 3 | 4 | 4.25 |
| Beneficiary participation | 4 | 5 | 4 | 4 | 4.35 |
| Service providers | 5 | 4 | 4 | 4 | 4.19 |
| Exit strategy | 4 | 4 | 4 | | 4.00 |
| Replication | 5 | 5 | 3 | 4 | 4.46 |
| Risk profile: | | | | | |
| Implementation progress | 5 | 4 | 3 | 3 | 4.04 |
| Development objective | 4 | 4 | 3 | 3 | 4.05 |
| IP/DO summary | 9 | 8 | 6 | 6 | 8.09 |
| Risk factor | 0 | 4 | 6 | 6 | 2.81 |
| Total average 2013 | 4.48 | 3.87 | 3.39 | 3.45 | 4.14 |
| Total average 2012 | 4.61 | 4.00 | 3.41 | 3.86 | 4.21 |
| PBAS Project rating 2013 | PNR | PNR | APP | APP | |
| PBAS Project rating 2012 | PNR | PNR | APP | PNR | |

Notes: APP=Actual Problem Project; AWPD=Annual Work Plan and Budget, M&E=Monitoring and Evaluation; PNR=Project Not at Risk; PBAS=Performance-based Allocation System.
Source: IFAD (2013), Portfolio Performance Report Annual Review July 2012–June 2013, East and Southern Africa Division, Volume 1: Main Report, August (annex table 3).

# Leading donors agencies active in agriculture in Zambia – key strategies and programmes

1. Finland's Development Cooperation.[1] Finnish support in the agricultural sector focused in the past on two large provincial development programmes in Western and Luapula Provinces. Assistance is estimated at EUR 16.7 million in 2013 for budget and project support. Current assistance to Zambia aims to: (a) increase and diversify production and productivity in the agricultural sector; (b) support competitive manufacturing industries, the establishment of a National Science Technology and Innovation System, and the growth and competitiveness of micro, small and medium-sized enterprises; (c) reduce the rate of deforestation and to protect wildlife and valuable heritage sites; and (d)promote openness and good governance and to support the Government of Zambia's capacity to implement the SNDP. Budget support would be used to strengthen assistance to the implementation of the European Union Human Rights Strategy in Zambia and to stress human rights based approach in Finland's ongoing and new programmes. Projects support would be directed at rural development, the development of small irrigation systems, and the Zambian National Farmers' Union. The focus in agriculture is on two ongoing projects: Programme for Luapula Agriculture and Rural Development, and Smallholder Production Promotion Programme.

2. The Swedish International Development Agency (SIDA) is supporting the country's long-term agricultural strategy, the National Agricultural Policy. It supported the Agriculture Sector Programme (2003-2008), which involved 44,000 households (men, women and children) in agricultural extension. During 2011-12, SIDA cofinanced the pilot Milk for Schools project with the food processing and packaging solutions company, Tetra Pack, WFP and GRZ. The project covered 39 schools in the Nyimba district in Eastern Zambia. SIDA also supports the Agricultural Consultative Forum and the Zambian National Farmers Union, as well as a UNICEF assessment of the economic implications of the global financial crisis in the agriculture sector. In addition, under IFAD's RFP, SIDA supported the creation of 300-400 Accumulating Savings and Credit Associations, as a means of projecting financial services into rural areas. Going forward, SIDA's results strategy for 2013-2017 (SIDA, 2013)[2] seeks to build on the successes of the past. Development assistance would act as a catalyst and primarily focus on promoting initiatives by private and non-state actors that can contribute to the development of local markets. Promotion of value chains will focus on sustainable production and products and services that can contribute to increased employment and incomes, particularly for women and young people.

3. The United States Agency for International Development (USAID) supports economic growth in Zambia, by focusing on improving agriculture and developing markets for Zambian products; raising the quality of basic education, especially in community schools; supporting the health system with interventions that help contain the HIV/AIDS pandemic, and control of malaria and tuberculosis, and helping Zambia deal with problems of poverty and food insecurity. USAID provides about US$50 million of assistance to Zambia annually. Ongoing support, largely in the agricultural sector includes the Better Life Alliance (2011-2015), Food Security Research Project (2010-2015), Zambia Agriculture Research and Development Project (2011-2015), Commercial Agri-business for Sustainable Horticulture (2012-2016), Production, Finance and Technology Plus (2012-2016), and Nyimba Forest

[1] Ministry of Foreign Affairs of Finland (2013), Country Strategy for Development Cooperation with Zambia, 2013-2016, Formin [http://formin.finland.fi/]. See also the following references: http://www.formin.fi/Public/Print.aspx?contentid=80385&nodeid=15370&culture=en-US; http://formin.finland.fi/public/default.aspx?contentid=50684&culture=en-US; and http://www.finland.org.zm/public/default.aspx?nodeid=31532&contentlan=2&culture=en-US

[2] Refer to: http://www.sida.se/English/Countries-and-regions/Africa/Zambia/Our-work-in-Zambia/

Project (2012-2014). USAID's projects focus on private sector development in the sector. For example, the Commercial Agri-business for Sustainable Horticulture project works with over 5,000 smallholder horticulture producers and processers in Eastern and Lusaka provinces to increase productivity, income and employment, while strengthening their ability to meet market standards and access market opportunities. A significant recent initiative by the US Government is the Feed the Future programme in 2009,[3] which represents a US$3.5 billion pledge to tackle global food security challenges. Zambia is one of twenty Feed the Future countries selected worldwide for focused investment; over the next five years, the US government will provide US$100 million in funding for agriculture and nutrition programming in Zambia to help diversify staple food production and consumption to improve food security and rural incomes while reducing under-nutrition in children.

4. The European Union's development assistance in Zambia has evolved over the years and now mainly focuses on support in the follow areas: agriculture (conservation agriculture, nutrition, and private sector competitiveness), governance (democratic checks and balances, justice, economic governance) and energy (including improving access to clean and sustainable energy). European Union funding for projects is provided in the form of grants, contracts and increasingly budget support amounting to Euro 489.7 million to Zambia between 2008 and 2013. At the beginning of 2010, the European Union financial facility launched a fund of ZMK 15 billion for small-scale farmers to increase household food security (European Union Financial Facility to Benefit Small-Scale Farmers 2010). Currently, nine NGO projects are being funded by the budget lines, Food Aid and Food Security. In June 2013, the European Union signed a partnership agreement with the Food and Agriculture Organization of the United Nations (FAO) for Euro 11.1 million to support smallholder farmers and to promote agricultural conservation in Zambia. The European Union also finances the Performance Enhancement project (PEP), a broad an ambitious effort to enhance MACO (now MAL) capacity to define and carry its functions.

5. The African Development Bank (AfDB) commenced its operations in Zambia in 1971. It has to date committed to Zambia more than US$1 billion through mainly support towards public sector infrastructure projects in agriculture, industry, water and sanitation, energy, social sector (education and health), transport and multi-sector (primarily general budget support).[4] The predominant financing modalities are project loans and grants. AfDB's current assistance is within the framework of its 2011-2015 Country Strategy Paper (AfDB, 2010), which focuses on (i) support to economic diversification through infrastructure development and (ii) support to economic and financial governance. It currently has two ongoing projects in agriculture: the Community Water Management Improvement project of UA 659,218 approved in November 2009 and closing in December 2013, and the Finnish supported Small-scale Irrigation project for UA 8.1 million, approved in December 2009 and is expected to close in May 2014. It is preparing a Livestock Infrastructure project aimed at addressing issues of poor infrastructure for disease control, low productivity and weak market linkages in the sector and to induce inclusive growth (AfDB, 2013b).

6. The United Nations (UN) presence in Zambia is made up of the UN Country Team (UNCT) comprising: (a) eleven Resident UN funds, Programmes and Specialized Agencies;[5] (b) twelve Non-Resident agencies;[6] and (c) the Breton Woods

[3] Feed the Future supports country-owned plans for improving food security and harnesses the power of the private sector and research to transform agricultural development. Investments will improve agricultural productivity, expand markets and trade, and increase the economic resilience of vulnerable rural communities. Feed the Future seeks to unleash the proven potential of small-scale agricultural producers to deliver results on a large scale.
[4] Sources: AfDB (2013a, 2010).
[5] UNDP, UNFPA, UNICEF, WFP, FAO, ILO, WHO, UNAIDS, UNECA, UNHCR, IFAD.
[6] IAEA, ITC, OHCHR, UNCCD, UNCTAD, UNEP, UNESCO, UN Habitat, UNIDO, UNIFEM, UNODC and WMO.

institutions[7] and the International Organization for Migration (IOM).[8] The three Rome-based UN agencies in Zambia, IFAD, World Food Programme (WFP), and the Food and Agriculture Organization of the United Nations (FAO) focus on agriculture. The WFP's Country Programme aims to strengthen the institutional and technical capacity of the government to provide social safety nets to assist the hungry and poor households.[9] Current interventions focus on: (a) improving human capital through food-based safety nets, including school meals, voucher schemes and support to vulnerable groups; (b) disaster risk management and response by strengthening the government's capacity to reduce vulnerability to climate shocks, natural disasters and environmental degradation; and (c) expanding market opportunities for small farmers by leveraging local food procurement for social protection programmes. In addition to the country office in Lusaka, WFP has sub-offices in Livingstone, Mongu, and Kawambwa. The FAO's activities in Zambia have two main components, field and emergency programmes.[10] Under the field programme FAO's interventions include support to Zambian Aqua farmers; enhancing food security in Cassava-based Farming Systems; Integrated Land Use Assessment and UN Reducing Emissions from Deforestation and Forest Degradation (UN-REDD) and support to disease surveillance and capacity in Central and Southern Provinces, to complement the establishment of the livestock disease-free zone. The emergency programme is focused on rebuilding agricultural livelihoods after major disasters (drought, livestock diseases, etc.) through provision of basic inputs and technology and capacity building. FAO also supports, under its emergency programme, Farmer Input Support Response Initiative (FISRI) and Conservation Agriculture Scaling-up for Increased Production and Productivity (CASPP) projects.

7. The World Bank's current assistance to Zambia, as of September 2012, totalled US$503.2 million for eight active projects in infrastructure, energy, the environment, agriculture, finance and private sector development, and human development. Agriculture has been the largest area of support in the last few years and more recently there has been the inclusion of direct budget support. The World Bank's current partnership is guided by the Country Partnership Strategy (CPS) for Zambia for fiscal years 2013-2016 (World Bank, 2013), with emphasis on infrastructure (roads, water and electricity), which accounts for about 60 per cent of the portfolio. Agriculture accounts for 10 per cent to support Livestock Development and Animal Health Project to improve the productivity of key livestock systems for female and male smallholder producers; the Irrigation Development and Support Project to support increases in yields per hectare and value of products; and the Agriculture Development Support Program that supports infrastructure development, market linkages, access to electricity and better management of water resources and contributes to agriculture development.[11] Going forward, the focus of World Bank's new support is a regional project involving Malawi, Mozambique and Zambia to strengthen regional approaches to

[7] World Bank and International Monetary Fund.
[8] See: http://www.oneun.org.zm/index.php/un-agencies-in-zambia.
[9] See: http://www.wfp.org/countries/zambia/operations
[10] These programmes aim at (i) developing, promoting and overseeing strategies for addressing national food security, agriculture and rural development objectives; (ii) developing and implementing FAO's field programmes by identifying and formulating new programmes and projects and by liaising with local stakeholders including donor representations; (c) helping governments to prevent disasters, assess damage, and assist them in the reconstruction and rehabilitation of the agricultural sector; (d) carrying out public awareness activities and supporting important FAO activities such as TeleFood and the World Food Day; and (e) providing assistance to technical and investment missions from FAO headquarters and from Regional or Sub-regional Offices to the country (http://coin.fao.org/cms/world/zambia/Home.html; and http://foris.fao.org/static/edoc/zambia_edoc_final_en.pdf).
[11] The World Bank also supports Zambeef, ZANACO, and investments on farm-blocks through IFC, its private sector wing. World Bank Trust Funds activities in the sector include CAADP trust fund on strategic planning and implementation of agricultural investments at the national and regional levels; Regional trust fund on gender equality; Global fund on knowledge and learning; National trust fund on linking women and the private sector; Livestock Data Collection and Analysis in Zambia (World Bank, 2013).

agricultural technology generation and dissemination by establishing regional centres of research leadership.[12]

[12] The objective of the proposed Regional Agricultural Productivity Program for Southern Africa is to (i) enhance regional specialization in agricultural research; (ii) enhance regional collaboration in agricultural training and dissemination; and (iii) facilitate increased sharing of agricultural information, knowledge and technology across boundaries of participating countries.

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