

Evaluation on Japan's ODA for Zambia: Post Evaluation of the Japanese Non-project Grant Aid Program for the Years 13 and 14 (FY 2005)

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1. Theme:

Post Evaluation of the Japanese Non-project Grant Aid Program for the Years 13 and 14

2. Country:

Zambia

3. Evaluators:

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(2) Consultant: N S Consultants

4. Period for Evaluation Survey:

27 February 2006 – 31 March 2006

5. Descriptions of Evaluation:

(1) Evaluation Objective:

This study was targeted at reviewing years 13 and 14 of the Japanese Non-project Grant Aid (JNPGA) facilities provided in Years 1999 and 2000 respectively. It is aimed at evaluating the relevance of the JNPGA facility to Japan's Official Development Assistance (ODA) policy, Zambia's development agenda and the country's poverty reduction efforts in terms of their effectiveness and efficiency from both implementation and management sides (The JNPGA facility was provided to support the foreign currency to secure payment for imports of products that are needed to adjust its economic structure).

(2) Scope of Evaluation:

(a) In June 1999 and December 2000, the Government of Japan provided two grant aids, each amounting to one billion and five hundred million yen (1,500,000,000 yen) referred to as "Year 13" and "Year 14" respectively.

(b) The grants and their accrued interests were to be used by the Government of the Republic of Zambia (GRZ) to promote private sector development through purchases of mutually agreed upon products and services accompanying beneficiaries' projects that could in turn contribute to the country's socio-economic development and poverty reduction initiatives.

(c) It was further agreed that the GRZ should ensure that an amount equivalent to the price of the products procured be deposited by selling or leasing out as counter value funds. The amount deposited shall be utilised for the development of the health and education sectors in the Republic of Zambia.

(d) N S Consultants (a Zambian investments and management consulting firm) was contracted to collect and analyze information on the performance of years 13 and 14 of the JNPGA facilities, and a total of twenty-seven (27) projects were sampled for this evaluation survey.

6. Evaluation Results:

(1) Relevance of Programme's Objectives:

The goal for Zambia is to achieve a private sector driven economic growth, with the private sector being the creator of value, opportunities and managerial resources for equitable and sustainable economic growth. GRZ has, therefore, embarked on the public-private sector

institutional reform. The JNPGA program is an innovative and unique ODA support mechanism that has benefited Zambia in a big way for many years.

(2) Appropriateness of Formulation and Implementation of Programme:

(a) The Ministry of Finance and National Planning (MoFNP) upon receipt of applications scrutinised the applications using score sheets, which were filled out by members of the technical committee. The score sheets were reviewed by the consultants and they were found to be quite rigid.

(b) Site visits for project evaluations and field appraisals were not carried out before loan disbursements were approved by the technical committee, to verify/ascertain the information and data, which were contained in the applications/business plans for the sample projects.

(c) At the end of the appraisal meetings there were supposed to be memoranda/minutes outlining the projects which were approved and the amounts allocated to each project by evaluating officers stating the date and venue on which such a meeting was held. A review of the working files for the sample projects did not reveal any evidence of this.

(3) Outcome and Impact:

(a) The Zambian economy is observed to be heading in the right direction and the JNPGA program has contributed to an economic growth, even when the account collection ratios for counter value funds are poor, as most of the projects are viable and operating. What is, however, required is to enhance the system under which the JNPGA facilities are managed by the Zambian implementers.

(b) In broader terms, the JNPGA successfully achieved its major objective as Zambia has achieved real income growth and improved living standards as a result of the JNPGA contributions. The JNPGA has had a multi-sectoral economic impact on Zambia as it has promoted agriculture, manufacturing, mining and tourism, helped to extend the outreach of social services, provided skilled human resources, and promoted institutional capacity development.

(c) The projects, which were sampled for the evaluation survey, were all visited. All but two projects were found to be operational with some operational problems with varying degrees, ranging from lack of working capital to lack of raw materials for various projects.

7. Suggestions:

The following two options are recommended for the future implementation and management of JNPGA facilities:

(1) The use of an independent desk study and field appraisal team, which submits names of successful applicants to the Ministry, should be considered. Further, the team must be involved in an annual monitoring and evaluation of projects and attend regular meetings that will take place for the duration of loan periods; and

(2) The use of an independent fund manager, who will conduct fund management for an entire process of desk study and field appraisal and an entire portfolio of the JNPGA facilities.

(Note: The opinions expressed in this summary do not necessarily reflect the views and positions of the Government of Japan or any other institutions.)