

**Third-Party Evaluation 2006,  
The Ministry of Foreign Affairs of Japan**

## **Country Assistance Evaluation of Zambia**

**- Summary -**

**March 2007**

## Preface

This report is a summary of “Country Assistance Evaluation of Zambia”, conducted by the External Advisory Meeting of ODA Evaluation at the request of the International Cooperation Bureau of the Ministry of Foreign Affairs of Japan (MOFA).

Japan has been one of the top donor countries of ODA (Official Development Assistance), and there have been domestic and international calls for higher-quality and more effective and efficient implementation of development assistance. MOFA, as the coordinating ministry of ODA, has been conducting ODA evaluation primarily at the policy level, with two main objectives: to support the implementation and management of ODA; and to ensure its accountability. This evaluation aims to verify the purpose, impact and process of planning and implementation of ODA policy to Zambia, in order to extract valuable lessons and recommendations that may be reflected in future aid policies. In addition, the publication of this evaluation also ensures accountability.

The External Advisory Meeting on ODA Evaluation is the informal advisory body of the Director-General of the International Cooperation Bureau of MOFA. It was formed with the task of improving objectivity in evaluation. At the request of the International Cooperation Bureau of MOFA, the Advisory Meeting decided on the evaluation methodology, conducted the evaluation, reported their findings, and presented feedback to the International Cooperation Bureau as a reference. Dr. Yayoi Tanaka, a member of the Advisory Meeting, was in charge of this evaluation.

Dr. Shuhei Shimada, Professor at Kyoto University and Dr. Shiro Kodamaya, Professor at Hitotsubashi University kindly joined the evaluation team as advisors. Likewise, cooperation was received from MOFA, Japan International Cooperation Agency (JICA), Japan Bank for International Cooperation (JBIC) and local ODA taskforce. The ODA Evaluation Division of the International Cooperation Bureau of MOFA was in charge of coordination. The overall support work was provided by Mitsubishi UFJ Research and Consulting Co., Ltd. under the commission of MOFA.

Finally, we should add that the views expressed in this report do not necessarily reflect those of the Government of Japan or any other organizations.

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## Summary

### 1. The Country Assistance Evaluation of Zambia

- The “Country Assistance Evaluation of Zambia” was conducted to evaluate overall performance of Japanese official development assistance (ODA) to Zambia, which has been implemented based on “Country Assistance Program for Zambia” (“the Program” hereinafter) formulated in October 2002. The evaluation results are expected to provide lessons and recommendations to be reflected for a revision of the Program for more efficient and effective implementation. It is also intended that the evaluation results are to be made open to the public in order to fulfill the accountability of the government in ODA projects provided to Zambia.
- This evaluation covers all activities, conducted from October 2002 to December 2006, based on the Program. It also attempted to cover review of aid coordination among donors.
- The evaluation methodology applied is based on “ODA Evaluation Guideline (Third edition)”, focusing on the three aspects, objectives, results and process. In evaluating the results aspect, a comparative approach of outcome indicators was taken.

### 2. Current situation and challenges of Zambia

- ❖ Zambia’s economy records positive growth since 1999, after a state of stagnation in the 1990s. The country’s economy is still heavily dependent on its copper industry, a pending issue that Zambia has been trying to depart from. However, the current economic growth rate has been the highest in the last twenty years, due to soaring copper prices.
- ❖ Public sector reforms have been initiated for three subjects; public expenditure management, public sector management, and decentralization. The public sector management has shown some progress in the system planning, while other two subjects are still at initial stage.

#### A. Political and Economic situation in Zambia

- a) National development plan (FNDP and PRSP)
  - After the Poverty Reduction Strategy Paper (PRSP) was finalized in 2002, the Mwanawasa administration, which was sworn into office in the beginning of 2002, formulated the five-year plan and announced the Transitional National Development Plan (TNDP) at the end of the same year. The implementation of the Fifth National Development Plan (FNDP), originally scheduled in 2006, started in January 2007.
- b) Economic growth and industrial structure
  - Zambia’s economy has been on the road to recovery after experiencing negative growth in 1998. Despite of the economic slowdown caused by drought in 2002, the growth rate has been above 5% since 2003 and it is expected to achieve 6% in 2006. At the same time, the

soaring international copper prices from 2005 have helped it to reach the highest growth rate in twenty years. Inflation rate has been declining from 17.2% in 2003 to 7.9% in 2006.

- It has been pointed out that the revitalization of the agriculture and mining sectors is essential for sustainable growth and economic development in Zambia. Although the mining sector is on its way to recovery, agriculture sector is still faced with the socio-economic and natural constraints, which curb its improvement.
- c) Financial situation (including debt reduction)
- Thanks to its economic growth since 2003, Zambia reached the enhanced HIPC (Highly Indebted Poor Countries) Initiative's Completion Point in 2005, and its financial situation has been improving.
- d) Balance of payments, trade and investment climate
- The balance of payments had been in negative due to widening current account deficit. However, due to the recent rapid increase in capital account surplus, the balance of payments turned out to be positive in 2005.
  - According to the Investment Climate Survey by the World Bank (2003), labor productivity in Zambia is higher than those of Tanzania and Uganda but lower than Kenya, India and China. Wages, however, are higher than neighboring African countries.
- e) Public sector reform (PEMFA, PSM, Decentralization)
- 1) Public Expenditure Management
    - The Medium Term Expenditure Framework (MTEF) was introduced by the budget reform undertaken in early 2000. In addition, Public Expenditure Management and Financial Accountability (PEMFA)<sup>1</sup> was started in 2005, and computerization is currently underway in the public accounting management system, known as the Integrated Financial Management Information System (IFMIS).
  - 2) Public Sector Management (PSM)
    - Several reforms have taken place as part of PSM, including civil servant's salary reforms started in the 1990s. Regarding organization reform, a part of the Ministry of Health became an agency in early 2000 (although it was later merged back with the Ministry of Health in 2006), and the Road Development Agency was created, separated from the Department of Roads of the Ministry of Works in 2002.
- f) Decentralization
- "Decentralization Policy" was adopted in November 2002, and put into implementation by the President in August 2004. The contents of

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<sup>1</sup> Program to analyze and support financial management system

this policy are in line with the Public Service Reform Program introduced in 1993.

## **B. Achievement of Millennium Development Goals (MDGs) in Zambia**

- According to the Status Report of 2005, the expected achievement of Zambia towards MDGs are as follows:
  - Indicators difficult for full achievement – to improve maternal health, and to ensure environmental sustainability
  - Indicators most likely to be achieved – to eradicate extreme poverty and hunger, to combat HIV/AIDS and malaria, and to promote gender equality
  - Indicators possible to be achieved – to achieve primary education (to reduce child labor)

## **3. Evaluation of the Country Assistance Program for Zambia**

### **A. Evaluation of the Program objectives**

- ❖ The objectives in the priority area of the Program need to be clearly linked with means for attainment. In order to strengthen the strategy of the Program, the following issues are to be addressed: clarifying the relations between the objectives and means, positioning priority projects clearly on the objectives site map, and refining priority areas to strengthen the strategic plan. Currently, the coverage of priority areas is too broad and projects remain unimplemented in some areas, thereby lowering the significance of the strategic plan.
- ❖ The Program is sufficiently consistent with Japan's ODA Charter and development needs of Zambia, as well as with MDGs and issues discussed in the Tokyo International Conference on African Development (TICAD). Japanese ODA has been playing significant role, among other donors, in assisting rural development and economic development of Zambia. However, it is expected that some of these roles will alter significantly with the introduction of the Joint Assistance Strategy for Zambia (JASZ).
- ❖ Most of the sectors assigned to Japan in accordance with JASZ's "division of roles" are consistent with the priority areas of the Program except for the energy sector. After the introduction of the lead Cooperation Partner (CP) system, it appears that selection and concentration of the assigned sectors will be required, in consideration of the comparative advantage of Japanese ODA.

#### a) Objectives site map based on the Program

- The objectives site map based on the Program was developed by extracting the linkages between purpose and means from the description of each priority area. The wordings on the objectives site map were also made to be consistent with the Program. All major projects were then positioned on the site map.

- In order to strengthen strategic characteristic of the Program, the followings are recommended.
  - Regarding agriculture sector development, its purpose-means linkage should be clearly indicated at each priority area, since agriculture development appears in the two priority areas.
  - It is difficult to clearly position a South-South cooperation project and an energy sector project on the objectives site map. For example, the description on the energy sector in the Program referred to building infrastructure. However, upon scrutiny, that description was not consistent with the relations between the purpose and means of infrastructure as clearly stated in the Program. While there are some ongoing projects that are not necessarily covered by the Program, it is desirable that priority projects are clearly positioned in the Program.
  - There were only few projects in some of the priority and the sub-priority areas implemented during the evaluation period. In order to make the Program more strategic, it is necessary to re-examine the range of the priority areas.
  - The Program does not articulate the direction of the relations between the objectives and priority areas, as well as the one between respective priority and sub-priority areas. It should be clearly underlined that sub-priority areas are concrete means to realize the objectives of the priority areas.
  - The objective site map shows highly ambiguous items such as the promotion of livestock industry and concrete cases referring to the type of aid like specific technical assistance and equipment provision. It is preferable to standardize the contents on the map.
  
- b) Consistency with the ODA Charter and Medium-Term Policy on ODA
  - Chapter 2 of the Program (Relations with ODA Basic Policies) defines promotion of democracy and market-oriented economy in Zambia as desirable general direction from the viewpoint of ODA Basic Policies. Thus, the priority areas in the Program are consistent with the priority areas of the former ODA Charter of June 30, 1992.
  - In terms of the new Medium-Term Policy on ODA of February 4, 2005, the priority areas in the Program are basically consistent with those of the ODA Charter. The Medium-Term Policy on ODA lists cross-sector priority issues, which leaves room for interpretation over specific target sectors. During the evaluation period, there were few projects implemented in some of the priority areas. A careful selection and concentration of priorities in the Program would be required. Considering these circumstances along with aid harmonization in Zambia, the future Program should narrow the objective areas (sectors and issues) so as to fit in with the cross-sector policy of the ODA Charter, without adopting the policy to widely cover multiple priority areas.

- c) Consistency with Zambia's development needs (PRSP/TNDP/FNDP)
- The sectors covered in the Program are basically consistent with the Poverty Reduction Strategy Paper (PRSP, March 2002 - December 2004). Nine sectors and three cross-sector policies (HIV/AIDS, gender, and environment) in the PRSP are also described as either priority or sub-priority areas in the Program.
  - The Program is also reasonably consistent with the Transitional National Development Plan (TNDP) of Zambia, released in October 2002 and valid from 2002 to 2005. The TNDP was formulated after the Mwanawasa administration was sworn into office in January 2002 and released ten months later. In addition to the essence of PRSP, issues such as judiciary, public order, defense and security were added to the TNDP.
  - There is also consistency between the Program and the Fifth National Development Plan (FNDP) of January 2007, which essentially adopted the concepts of PRSP and TNDP.
- d) Positioning of Japanese ODA among international agenda
- 1) Consistency with TICAD and MDGs
    - The Program clearly shows its relevance to TICAD in section 5 of Chapter 3 on Japan's ODA Policy to Zambia, covering the "Promotion of TICAD Process, Regional cooperation and South-South cooperation".
    - The Program is basically consistent with MDGs (Millennium Development Goals, 2000), except for the natural environment sector, which is not often referred to in the Program. However, the Program does not directly address all of the objectives and targets of MDGs.
  - 2) Role-sharing with Cooperating partners (CP)
    - In evaluating Japan's priority areas in the Program against those in major CPs' assistance strategies (prior to the JASZ), findings were as follows: Many CPs including Japan set the education and health sectors as priority areas. In addition, Japan was the only CP that focused on the agriculture sector from the viewpoint of rural development. Therefore, Japan's ODA can be expected to play an important role in this sector. At the same time, the World Bank, EU, Netherlands, and Japan have additionally listed their major roles to support economic growth (public and private sectors) and improvement of the business environment.
    - Meanwhile, Zambia is formulating a Joint Assistance Strategy for Zambia (JASZ) to outline a common policy for CPs to support Zambia through aid harmonization. With the introduction of division of labor and the lead CP system, the current role-sharing arrangements are expected to undergo major changes.
  - 3) Consistency with JASZ
    - In Zambia, JASZ is in the development process. It aims to coordinate and focus development assistance provided by CPs, in order to

support the implementation of national development objectives defined in the FNDP. The JASZ, by engaging aid harmonization, will attempt to promote harmonization and assign respective CPs across seventeen support sectors based on the FNDP. Based on its track record of accomplishments, Japanese ODA has been assigned ten sectors over a wide-range of expertise. The Program lists each of these sectors expressly, except for the energy sector. In summary, the sectors assigned to Japan by JASZ have overall consistency with the priority areas of the Program.

## **B. Effectiveness and impact of results**

- ❖ Over the evaluation period (from October 2002 to December 2006), the amount of Japan's ODA to Zambia has been reduced. However, the Government of Zambia and other CPs do not appear to recognize this. Meanwhile, other donors have become highly selective for sectors to support.
- ❖ The agriculture sector is the only one in four priority sectors in which the most drastic cut in Japan's ODA has been seen, during the evaluation period.
- ❖ The health sector received increased Japanese assistance, which resulted in effective infection control, together with aid from other donors.
- ❖ The economic development sector also received increased Japanese ODA, with wide recognition of Japan's infrastructure development contribution among government and private sectors.
- ❖ The human resource development sector (education and decentralization) has also received increased ODA support during the evaluation period. Japan is highly esteemed as a lead CP in the decentralization sector.

### a) Input (Japan and other CPs)

- Since 2002, the amount of Japan's ODA has been halved. By 2005 Japan was ranked as the lowest aid provider among major CPs. Meanwhile, the amount of aid by other CPs is increasing. Japan and Sweden are the only two countries whose annual average support declined between the period of 1990-2005 and the evaluation period of 2002-2006. (Note: data available only from 2002 to 2005)
- During the evaluation period, Japan's ODA widened in the education, health, water, and infrastructure sectors. Specifically, annual average amount of Japan's ODA for the health sector was 2.9 times higher in the evaluation period (data available only for 2002-2005) than 1990 to 2005. On the other hand, the amount of Japan's ODA towards agriculture, economic growth, finance, and governance is declining. Particularly, aid for the agriculture sector during the evaluation period (2002 to 2005) was only one-third of that during 1990 to 2005.
- Since 2000, more ODA from other donors has resulted in an increase in aid towards education, health, water supply and sanitation, economic growth, finance, and governance. While there are few donors that provide large amount of ODA to multiple sectors, more donors demonstrate their intentions by discriminating the amount of ODA between sectors based on selection and concentration. For example, Germany has focused on

- water supply and sanitation sectors, Denmark on infrastructure, Norway on education, Sweden on economic growth, finance, and governance, U.K on health and education, and U.S.A. on the health sector.
- Comparing with other donors, it was clearly shown that Japan provided more aid in the education, health, water supply, and infrastructure sectors. In addition, Japan's ODA covers more sectors than other donors.

b) Performance in priority areas

1) Assistance for poverty alleviation with main focus on rural development

i) Current situation and policy issues

- Agriculture is an essential sector in Zambia because of its importance to the domestic food supply. Also, this sector creates the most employment opportunities, both directly and indirectly.
- The PRSP has pointed out the significance of utilizing Zambia's agriculture, which has the potential of boosting economic growth and reducing poverty. The PRSP has identified detailed projects with the following five focus areas to address specific issues in the agriculture sector.
  1. Increase income and create employment through enriching agricultural fund and improve the investment climate to enhance crop-production and productivity.
  2. Contribute to the macroeconomics through improving marketing, trade, and agribusiness environment.
  3. Marketing, trade, and improvement of agri-business environment to result in growth of agriculture in the macro economy.
  4. Enhance crop-production and productivity through land and infrastructure development.
  5. Ensure food security for the nation and households through the development and diffusion of technology.
  6. Maintain and improve the foundation for existing agricultural resources through a food security support system.

ii) Japan's role among total aid input

- The annual average aid from all donors to Zambia from 2002 to 2005 was USD 27 million, compared with USD 20.6 million from 1990 to 2005, indicating 30% increase for the recent period.
- Of the four priority sectors, agriculture is the only sector in which the annual average amount of Japan's ODA has declined. In the 1990s, Japan's agriculture support had included food aid (KR) and grant aid for increased food production (2KR), in response to food shortage due to drought. Although the aid in 2002 included KR and 2KR, reduced scale of KR and 2KR was provided in other years because damage from drought was less severe. At the same time, Japan has provided project-based aid since the 1990s, in the form of agricultural and rural development projects in specific regions. The amount of aid per project has remained almost the same. Therefore, the decrease in KR

and 2KR has caused the decline of average agricultural aid over the evaluation period.

iii) Japan's response and contribution to Zambia's policy

- Japan's assistance for poverty alleviation with main focus on rural development is broadly classified into food-related aid and rural development projects.
- Japan's ODA has generally provided aid for many projects in five pillars identified by the Government of Zambia in the agriculture sector. As it directly recognizes the needs of the Government of Zambia, Japan's aid in the agricultural sector is highly valued. In particular, support for livestock and fishing industries, which has been provided in various forms since the 1980s, is expected to continue. In addition, support for diversifying food crops is expected to improve food security. These projects serve as models for future rural development and technical assistance projects, based on which new projects can be built.
- On the other hand, it is pointed out that there was little support in the infrastructure area was lacking, such as rural road construction and communications development. Similarly support to improvement of land related information and legal system was not conducted.

iv) Summary

- The outcome indices regarding aid for the poverty alleviation program focused on rural development are as follows:
  1. Agricultural value added per GDP,
  2. Gross agricultural output of Zambia,
  3. Food crops yield per capita,
  4. Poverty ratio.

The examination of these indices reveals fairly constant levels. It is difficult to verify the extent of contribution of Japan's aid during the evaluation period.

- A project is currently underway to establish and expand the rural development model, which includes the introduction of microcredit. One of the goals of the project is to create cash income for farmers. Japan's ODA has supported rural development mostly in hopes of establishing and diffusing the rural development models. Japan's ODA has adopted an inductive approach to create a general model from individual issues raised from rural development, rather than providing general support for improving systems for rural development. This approach facilitates the further objective of enabling the Government of Zambia to apply this development model to other regions. This project is on its way to achieving the goal. This approach may encourage Japan's aid to apply the model more broadly.
- Support for diversifying food crops to improve food security has just been started, and thus the results have not been materialized yet. Zambia's potential in food production has yet to be fulfilled. In supporting the diversification of food crops, Japan's ODA is

contributing to improve the food security issues in Zambia by producing varieties of food other than maize.

2) Assistance for cost-effective public health and medical services

i) Current situation and policy issues

- Malaria, HIV/AIDS, tuberculosis (TB), sexually transmitted disease, reproductive health, children's health, safe water and sanitation have become critical issues in Zambia. The prevalence of HIV/AIDS has recorded double-digit percentage for twenty years. In addition, Zambian children are malnourished, with about 42% causing pervasive development disorders on the national average in 2002.
- In the 1990s, the overall malfunctioning health system became obvious because of economic deterioration, weak institutional capacity, and inefficient allocation and technical aspects of public expenditure. Further, it was difficult to provide a basic health care to the regions without access to the health service and to the poor.
- The PRSP divides specific health projects into three categories:
  1. Improving the health of all Zambian nationals, particularly of the poor.
  2. Reducing poverty by effective water development and supplying safe water and sanitation, increasing food production, and ensuring food security.
  3. Reducing new HIV/AIDS infections and minimizing the impact of HIV/AIDS on society and the economy.

ii) Japan's role among total aid input

- The health sector in Zambia has received an average of USD 47 million per year from 1990 to 2005 from all donor countries, including the support to fight infectious diseases. On the other hand, based on available data from 2002 to 2005, the annual figure averaged USD 140 million, which is three times as much as the annual averaged figure from 1990 to 2005. Japan provided the sixth largest aid and the fifth largest bilateral aid during the evaluation period. Japan has provided an average of USD 6 million per year since 1990, and an average of USD 11 million during the evaluation period, which was 1.9 times as much as the figure from 1990 to 2005. Japan provided more aid to the health sector than any other Japan's priority sectors, and its amount to the health sector has recorded the highest growth percentage amongst all the sectors. As a result, priority projects have been well planned and distributed in this sector.
- Support for the health sector from USA and GFATM (Global Fund to Fight AIDS, Tuberculosis and Malaria) has expanded in recent years, accounting for 70% of the support in HIV/AIDS area and 80% of the support in countermeasures against infectious diseases. It is assumed that almost 70% of total funds from USA and GFATM are provided to NGOs and private sectors.

iii) Japan's response and contribution to Zambia's policy

- Japan's Assistance for cost-effective public health and medical services is classified broadly into three categories: countermeasures against infectious diseases such as HIV/AIDS, primary health care, and upgrading the water supply system. These categories are consistent with the issues of health sector in Zambia.
- In order to improve the health of the poor, Japan's ODA has supported primary health care in Lusaka, although the support was only provided in a limited area. In order to reduce new HIV/AIDS infections and minimize its socio-economic impact, Japan has come to grips with its examination, treatment, and prevention extensively. For water resources, Japan has been involved in the ground water exploration and well-water excavation in rural areas, and related sanitary education. However, Japan has not explored the multi-purpose dam, which is another issue to be dealt with.
- The Health Capital Investment Plan Support Project (2006-2008) has used the GIS system to collect and map fundamental data on regional health care.

iv) What is not achieved

- To upgrade the water supply system, well-water excavation in rural areas commenced as a major project, along with its maintenance. However, support to water supply and sanitation has been provided only at the primary health care project in Lusaka. For further control of cholera, the promotion of health education may be effective in cooperation with other donor counties or the Japan Overseas Cooperation Volunteers.

v) Summary

- Outcome indicators on enriching "cost-effective health and medical services" are as follows:
  1. life expectancy at birth,
  2. general fertility rate and infant mortality rate,
  3. the prevalence of HIV/AIDS,
  4. the number infected with malaria and fatalities from malaria,
  5. the number infected with TB and fatalities from TB,
  6. the number infected with cholera and fatalities from cholera,
  7. indices on health,
  8. nutritional state of children, and
  9. access to safe drinking water.

Examination of the level of aid achievement based on these indices nationwide revealed that the incidence rates of HIV/AIDS, T.B., sexually transmitted diseases, and other epidemic diseases such as cholera are declining. Indices for reproductive health also show slight improvement. Considering Japan's contribution to the primary health care in Lusaka, Japan's aid has partially improved these indices.

- Lusaka District Primary Health Care Project mainly covers Lusaka, the capital city of Zambia. It has been an acclaimed project in residential areas for the poor in Lusaka. This project has significantly contributed

to the decrease in total number of patients suffering from cholera at the national level, which occurs mostly in Lusaka.

- The indices on infectious diseases at the national level have improved over the evaluation period. Japan's completed projects in the infectious disease area have focused on improving the laboratory testing functions at the national level, which have partially resulted in the improved indices on infectious diseases in Zambia. JICA has been programming the support to infectious disease in Zambia and these projects were conducted as parts of the program.
- As "aid harmonization and alignment" is advanced, the Health Capital Investment Plan Support Project has adopted the unconventional approach of providing a support role, while Japan participates in the planning stages of the health sector. Japan's contribution to ongoing "aid harmonization and alignment" is of worthy note.
- Support from GFATM is expanding in Zambia, mainly taking the form of providing goods. In order for the Zambian people to use the most of the expanding support effectively, Japan could provide technical assistance.

### 3) Assistance for the formation of well-balanced economic structure

#### i) Current situation and policy issues

- For current economic trends in Zambia, please refer to section 2 on Current situation and challenges of Zambia.
- The economic structure in Zambia has been historically dependent on its copper industry. In the new millennium, the privatization of the copper mining public enterprise, which has remained pending for a long time, was taken place, resulting in improved productivity. Along with this, a rising of international copper prices has contributed to Zambia's economic growth. At the same time, Zambia has been striving to emerge from copper-dependent economy, by promoting foreign direct investment and the export of agricultural products.
- In terms of Zambia's macroeconomic condition, owing to the economic recovery since 2000, it has reached the completion point of the enhanced HIPC (Highly Indebted Poor Countries) Initiative in 2005 and has received large amounts of external debt relief. This is the one of the factors that has inspired its turnaround of public finance.
- Based on various publications, the issues to be focused in Zambian economic development can be categorized into the following these areas; (1) improving macroeconomic management, (2) improving investment climate, and (3) planning trade policy to promote exports.

#### ii) Japan's role among total aid input

- This priority area contains several sectors, such as agriculture, economic infrastructure, small and medium enterprises, and tourism industry. From 1990 to 2004, these sectors (excluding agriculture) received the average of USD 34.88 million per year. During the evaluation period (data available for 2002-2005), these sectors

received an average of USD 57 million per year, which was 1.6 times as much as the average amount from 1990 to 2004.

- According to the OECD database, Japan's average annual input from 1990 to 2004 was USD 5.36 million, which increased 1.4 times as much as USD 7.45 million during the evaluation period. In terms of annual average size of input, Japan was ranked fourth during this period.
- In the period 2002-2005, EU disbursed the highest amount, with an average of USD 21.80 million per year. Comparing the periods 1990-2005 with 2002-2005, the annual average amount increased 2.8 times in Germany, 2.6 times in EU, and 1.9 times in Denmark, while Japan increased 1.4 times. Japan's figure was not only slightly smaller than those for abovementioned three countries, but was also below the average of 1.6 times for all donors.
- Comparing the amount of debt relief offered by each donor within these two periods (1990-2005 and 2002-2005), Japan provided the highest amount of debt reduction in both periods. Japan provided 46% of the entire debt relief received by Zambia in the period 2002-2005.

iii) Japan's response and contribution to Zambia's policy

- In terms of improving macroeconomic management, Japan has contributed to Zambia's debt reduction in the framework of the enhanced HIPC Initiative. This has led to Zambia's turnaround of public finance.
- As for improving the investment climate, Japan has contributed to the improvement of road infrastructure through the "Project for the Improvement and Maintenance of Lusaka City Roads". Likewise, the "Investment Promotion through South-South Cooperation" has assisted in the promotion of private direct investment to Zambia.
- In terms of planning trade policy to promote exports, the "Investment Promotion through South-South Cooperation" has provided indirect promotion of exports by the consolidation of its investment climate. Since the focus of this project is investment rather than trade, the direct contribution towards trade policy planning is less significant.

iv) What is not achieved

- Japan's support through ROADSIP has contributed to "the formation of well-balanced economic structure", which is a priority area of the Program, in terms of providing road repairs. However, there are issues that remain unresolved in terms of road maintenance.
- There have been no projects implemented on commercializing agriculture, although this is now a new project under formation. During this evaluation period, no projects were recognized on the promotion of tourism.

v) Summary

- In reviewing the achievement levels of aid efforts toward “the formation of well-balanced economic structure”, the following outcome indicators were looked at:

1. GDP growth rate,
2. fiscal balance and domestic primary balance,
3. foreign direct investment (net) and export of goods and services,
4. investment climate and the ratio of wages to value added,
5. change in infrastructure,
6. investment climate in terms of infrastructure,
7. export trends of main agriculture products.

Positive results were found as follows: economic (GDP) growth of more than 5% since 2002, the increase in private investments, the growth of agricultural exports, and the improvement in infrastructure, such as roads which form the basis for the improvement of other indicators. During this evaluation period, Japan completed road infrastructure projects, through which it can be expected that economic growth and private investment would be boosted. However it should be pointed out that the Japanese road infrastructure project was undertaken under the framework of aid harmonization, with Japan in charge of certain parts of roads in Zambia. Therefore, the contribution to the outcome indicators is only partial. In addition, as it was found that parts of the constructed roads were not maintained properly, further project management should be provided by ROADSIP in order to ensure improved effectiveness.

- In the project on “Investment Promotion through South-South Cooperation”, strategies that invite private investments have been initiated, soon after the Zambian President’s commitment was received. This project is expected to progress, as commitment from top leadership has been given.
  - While Zambia is in the process of trade liberalization, the exports of non-traditional agricultural products, such as flower, fresh vegetables and cotton are increasing. Productivity improvement of value-added agricultural products is closely linked with the issue of generating income mentioned in another priority area, “Assistance for poverty alleviation with main focus on rural development”. Therefore, as mentioned in the previous section, it is essential to discuss how these two different priority areas relate.
- 4) Human resource development and institution building aimed at self-reliant development
- For this priority area, there are many sub-sectors ranging from basic education, WID (Women in Development), vocational training, and capacity building for public sector administration. In this section, the focus is primarily the basic education sector and vocational training sector. Japanese volunteers have been dispatched to the vocational training sector while the primary-education sector receives relatively larger number of projects. As for administrative capability of public

sector, this is addressed in “Aid Harmonization and Alignment” of this report.

i) Current situation and policy issues

- In the basic education sector, the concrete policy goal was established under the initiative, “Education for All (EFA)” introduced in 1991. In 1992, the Government of Zambia introduced “Focus on Learning” in order to improve the quality and quantity of education and it addressed the importance of quality of learning for children, as well as improving school enrollment rate. In 1999, the Government of Zambia commenced “Basic Education Sub-Sector Investment Program (BESSIP)” with the support from international aid organizations, and clearly addressed the goal to achieve “higher school enrollment rate and quality of education through Grades 1 to 7”.
- On the other hand, for secondary education, the Government of Zambia has recognized the decline in quality of education, due to the lack of appropriate measures for expansion of facility and rehabilitation, enrichment of educational material, and review on curriculum. With regards to higher education including vocational training, very small number of students can advance their studies after graduating from secondary school since there is a shortage of educational institutions providing such programs.
- In PRSP, the following are listed as “priority programs”;
  1. BESSIP Extension
  2. Integrated and actually effective Literacy program
  3. Skill training (including re-trainings for teachers on active list)
  4. Equity Program (including Programme for the Advancement of Girls’ Education and an accounting scheme for basic school)
  5. Secondary School (from Grade 10 to 12) Improvement
  6. Universities and Colleges

ii) Japan’s role among total aid input

- Total input in the education sector has increased substantially. During the evaluation period (data available for 2002-2005), the average annual input was USD 54 million, which was 2.5 times higher than the average annual input of USD 22 million from 1990 to 2005. This rate is second highest, following the health sector.
- Japan’s average annual input in the education sector was USD 3.2 million during the evaluation period, and it was 1.7 times more than the period of 1990-2005 (USD 1.9 million). Among other donors, the Netherlands, Norway, Ireland and UK have increased their support substantially. Comparing the periods 1990-2005 with 2002-2005, annual average inputs have increased 4.3 times in the Netherlands) 4.4 times in Norway, 4.0 times in Ireland and 3.4 times in UK respectively. These four countries are the top four donors in the education sector for the period 2002-2005.

iii) Japan's response and contribution to Zambia's policy

- Japan's main aid projects provided to the education sector during this evaluation period have been the "Improvement of science and mathematics education", "Construction of primary and lower-secondary schools", and dispatch of senior volunteers to vocational training institutions. Based on this, Japan can be considered to have contributed to the education sector, in response to the problems in Zambia.
- The "Project of Construction for Basic Schools in Lusaka" has resulted in an increased number of schools. Although this aid was limited in certain regions, it has contributed to the improvement of the indicator of the number of enrolled students in primary and secondary schools (elongation of BESSIP).
- The ongoing "SMASTE Science CPD Project" is in response to the issue of re-training for teachers and the improvement in science education of secondary schools. This project was introduced based on the success in re-training of the teaching staff project in Kenya also conducted by JICA. Although this project is not yet finished to a stage for results to be examined, Japan is noticeably contributing to the priority issues in Zambia's education sector.
- As for the issue of vocational training, support from senior volunteers and SMASTE were offered during the evaluation period. By offering guidance to each sector, contributions have been made to improve technical skills of the unskilled youth by senior volunteers. Likewise, senior volunteers have been dispatched to the headquarters of vocational training related ministry in Lusaka to improve the management of vocational schools. As such, Japan has provided support to establish a sustainable training system.

iv) What is not achieved

- Although there are still ongoing projects at this point and it is too early to assess their impact, it could be argued that the ability to spread successful aid cases nationwide and to improve the teacher-students ratio in newly constructed schools are still needed.

v) Summary

- The Program has addressed the importance of the basic education sector in cultivating human resources for the long-term development of Zambia. It has also mentioned the absolute lack in the number of school buildings and has outlined the aid direction to support the hardware issues such as constructions of school buildings. In this direction, the "Project for Construction of Basic Schools in Lusaka" has increased the number of schools and, although limited to a region, has improved the indicator of the number of enrolled students in primary and secondary schools.
- Likewise, another long-term target in the Program was the development of human resource to improve the quality of teachers. To meet this target, the "SMASTE Science CPD Project" was introduced. As this project is still ongoing, the results are not examined yet.

However, since this contributes to the priority issues in the educational sector, it will be important to attain the relevant results in this project.

- Vocational training was one of the priority issues mentioned in the human development sector in the Program, and also a priority issue for the Government of Zambia. To this issue, aid was provided through senior volunteers during the evaluation period. Between 2002 and 2004, 15 senior volunteers had been dispatched to the project of improving vocational training, and they contributed to the improvement of technical skills of unskilled youths. At the same time, senior volunteers had been dispatched to the Ministry in Lusaka to improve the management of the vocational schools, and this support is in line with building a training system to achieve self-reliant development.
- 5) Promotion of regional cooperation
- This priority area can be translated into two possible processes: i) Zambia's successful project that can be spread not only to other regions in Zambia but also to the Southern African region; and ii) successful projects from other Southern African regions transferred to Zambia to nurture mutual success through collaboration among the two. Both these styles are in line with the direction addressed in the Program, which is to support a cooperation system that integrates Japan's technical assistances across the region, including Zambia.
  - This priority area is rather cross-sectional in nature, and any projects promoting regional mutual cooperation would apply in this sector. While the support for forming a cooperation system that integrates technical assistances across the region has been implemented during the evaluation period, "Grant aid and technical assistance for building economic infrastructure to boost regional economy" has not been seen. Even for the former, only third-country training programs have been implemented.
  - As this priority area deals with cross sectional issues, no affirmative system exists. In policy papers used at annual policy dialogues, this area has not been clearly addressed. To maintain this as a priority area, more attention will need to be paid to the formation of a region-wide system, or suggestions can be offered to remove this priority area and alter its status from "priority" to "important goal".
  - As a final reminder, mutual cooperation could not be a major target during this evaluation period, as neighboring Zimbabwe is faced with an unstable political and economic climate. Therefore, the mutual cooperation issue can resume in importance once Zimbabwe's situation stabilizes. At the same time, Zambia's geographical disadvantage should not be forgotten. With its landlocked location, all traded goods need to pass neighboring countries; hence the relations with other countries of Southern Africa are vital when it comes to transportation infrastructure.

### **C. Appropriateness of process**

- ❖ In the formation phase of the Program, taskforce based in Tokyo and the Embassy of Japan in Zambia conducted consultation with respective interested parties in both countries, and exchanged opinions between themselves numerous times. Thus, the formation process was appropriate in that the Program reflected a wide variety of opinions.
- ❖ In the implementation phase of the Program, annual policy dialogues between Japanese local ODA taskforce and the Government of Zambia were held. In addition to the installation of local ODA taskforce, Working Groups (WG) were organized by priority areas. In view of the regular communication, it was considered that aid implementation was conducted with appropriate consultation. While there is room for improving technical skills within each WG, the selection of priority areas for Japan's aid and the empowerment of local ODA taskforce are both important issues to focus on.

- a) **Consultation at the process of plan formation**

In the process of the Program formation, both the planning taskforces in Japan and the Embassy of Japan in Zambia concurrently conducted consultation with their respective counterparts in both countries. At the same time, these two parties exchanged opinions between themselves. In this sense, the assistance plan was finalized with due consideration of a variety of opinions from various bodies in Japan and Zambia. As such, the process is considered appropriate.
  
- b) **Consultation at implementation process**
  - Japan engages in direct consultation with the Government of Zambia on policy issues. These policy dialogues provided the opportunity to understand the concrete needs raised by each Ministry in Zambia. Therefore, the policy dialogues functioned as a sustainable framework for Japan to identify the accurate needs of Zambia.
  - In 2004, a review of the Program was conducted and “Japan's ODA Strategy Paper” was introduced. After the review was finalized, this paper has been used at annual policy dialogues between Japan and Zambia. As such, this review has been recognized as the one to support constructive consultation between local ODA taskforce and the Government of Zambia.
  - When he visited Japan in 2005, President Mwanawasa made a request for aid towards “Trade and Investment”. In response, the “Investment Promotion through South-South Cooperation” was implemented as part of an investment promotion program. This is a case in point whereby a need from the Government of Zambia was taken up for consideration alongside Japan's aid scope, thereby forming a concrete project. Accordingly, the policy dialogue process has been recognized as appropriate.
  - Within the local ODA taskforce, the “Coordinating Committee” provides coordination over the entire taskforce. Under this coordinating committee, the “Sub-sector WG” is introduced. Sub-sector WGs have been installed by twelve sub-sectors under five priority areas (four in reality) of the Program, with each WG

comprising officials from the Embassy of Japan, JICA staff and JICA experts. At the moment, the number of Japanese personnel qualified for this post in Zambia is limited, hence most of them are involved in more than one sub-sector WG. On the other hand, a lack of higher technical skills for each WG has been pointed out. Therefore, as mentioned earlier, there is a need to select and focus on targeting sectors among priority areas to further enhance the systems in those selected sectors.

#### **4. Review on “Aid Harmonization and Alignment”**

##### **A. Aid Harmonization and Alignment in Zambia and Japanese position**

###### a) Joint Assistance Strategy for Zambia (JASZ) and Aid Harmonization

- After the first draft of the “Joint Assistance Strategy for Zambia” (JASZ) was formulated by the Government of Zambia in 2005, the second draft was announced on October 18<sup>th</sup>, 2006. In this second draft, the following directions were indicated: i) implementation of aid by Cooperating Partner (CP) based on FNDP, ii) introduction of lead CP system, iii) establishing division of labor in each sector responsible by CP, iv) shift of aid structure to general budget support (project-type aid and SWAPs will decrease gradually). (As of March 2007, the fourth draft is under discussion)
- Along with the World Bank and Germany, Japan is the lead CP in decentralization sector, which is the component of PSRP (Public Sector Reform Program). Other than that, Japan acts as “Active CP” in nine other sectors and does not act as “Background CP” in any sector. In 2006, Japan installed the “Aid Harmonization and Alignment Working Group” in local ODA taskforce in Zambia to discuss overall aid coordination matters (JASZ, MOU, budget support, and etc). This Working Group comprised five members; two from the embassy and three from JICA.
- Some concerns were pointed out by many CPs, which included the cost burden by being lead CP (or active CP) and the lack of internal system for being lead CP (and active CP). It is essential to carefully select the aid sector, while maintaining consistency with “selectivity and concentration” in priority areas mentioned in “Relevance of objectives”, and considering the cost burden and lack of internal system for being CPs. In this way, it will help focus not only cost issues but also resources, which result in yielding higher effectiveness in aid projects.

###### b) Aid Modality

- Through interviews with Zambia officials, it is apparent that Zambia expects to receive more general budget support. Japan has acknowledged the significance of this direction of aid modality, as Zambia’s development issues are tied to the cooperation between the Government of Zambia and CPs, hence better cooperation would lead to greater effectiveness and efficiency. However, as for aid modality,

Japan places more importance on responding to development issues and needs in Zambia with flexibility, by combining various aid modalities, rather than pursuing specific forms of aid.

**B. Decentralization and “Aid Harmonization and Alignment”**

a) Decentralization Implementation Plan (DIP)

- The implementation strategy for “Decentralization Policy” was introduced in 2004, and the first draft of the “Decentralization Implementation Plan (DIP) 2006-2010” was completed in 2006. After the review process, the draft of DIP is now awaiting approval by the new Cabinet.

b) Aid on decentralization sector

- Towards decentralization in Zambia, Japan has provided two technical assistance projects during this evaluation period.
- Firstly, from 2004, the technical assistance project, “Capacity Building Program for Provincial Administration and Local Government” has been implemented, to develop local government officials’ skills in project planning, monitoring and evaluation. As a result, almost half of the districts in the nation have completed monitoring reports based on training offered by Japan. At the same time, District Development Plans have been formulated by each district with support from Japan, and approved by each district assembly.
- For this first project, the Government of Zambia (officers in charge of decentralization) and other CPs have given positive reviews on the importance and success of the project. This shows the approval towards Japan’s steady efforts in improving the capability of local government officials on monitoring and evaluation. As mentioned earlier, while the importance of capacity development of Zambia’s central government is recognized, the importance of capacity development of the local government (especially at district level) will gradually grow in importance following decentralization.
- As the next project, “Capacity Building for Provision of Decentralized Services” has been implemented, which promotes decentralization and improves local administrative service. The focus is to develop a system at a district level, forming the core of the decentralization process. The system would include; organizational and human resource management, policy development and project implementation management, and budget management. This project would be conducted in cooperation and collaboration with other donors and NGOs such as the Local Development Project (LDP) team in the World Bank, GTZ, Ireland, SNV of the Netherlands, and MS Zambia of Denmark.
- It is considered crucial to strengthen technical capabilities and the aid system, in order to conduct Japan’s individual projects and effectively function as lead CP in aid harmonization and alignment, while contributing to decentralization. As for technical capacity, since

Japan does not have its own applicable decentralization experience, it would need to rely on capable staff who understand Zambia's local capacity and financial situation in order to properly support Zambia's decentralization. In this case, Germany is trying to apply its decentralization experience to assist in Zambia's case. As for the aid system, since other CPs would need to strengthen their own systems in order to act as lead CP, Japan, as a donor providing assistance in more local-level, would be required to reinforce Zambia-based staff by long term engagement or flexible arrangement for substitutes.

- c) Japan's role for aid in the decentralization sector
- In this sector, Japan has assisted mainly at the local level in system and capacity development, while cooperating and collaborating closely with Zambia's central government. On the other hand, the World Bank and Germany, who share the role of lead CP with Japan in the decentralization sector, also have had several involvements with the system development of central government, on top of their involvements with system and capacity development at the local level. It is apparent that Japan has focused more on local issues, such as system development and human resource development.
  - In the "Capacity Building for Provision of Decentralized Services", Japan supports the Cabinet Office in the structuring of the district government. In this sense, Japan is supporting the central government. In the ex-ante evaluation report, however, all the subjects for result, activity and indicator recognize Japanese aid to be provided at a district level. Accordingly, this report recognizes the activities in the decentralization sector as targeting the district level.

## **5. Lessons learned and Recommendations**

### **A. Lessons learned**

- a) Strengths of Japanese ODA
- Based on evaluation results, Japan has received high commendation on its ODA mainly in the area of infrastructure building and technical assistance by experts. The followings are some reasons supporting the commendations.
- 1) Focus on recipient's needs
    - Japan's aid is delivered based on requests from the recipient country and the smooth communication with the Government of Zambia enabled the voice of the Government on their requests and needs to be clearly heard.
    - In the process of project formation, detailed consultation is provided through daily communication with the Zambian counterparts. This was made possible by having Japanese experts who were locally seconded to each ministry and implementation organization.

- Compared with other donors, Japan does not impose conditionalities on Zambia.
- 2) Localization and sustainability
    - At the project formation and implementation phase, Japan regularly considers building local capability in order for the Government of Zambia or citizens to carry on independently after the project is complete.
  - 3) Selection of target areas
    - Japan does not apply an area-specific project method, such as the area-based approach, rather Japan tries to build the model applicable to certain area, and spread the method to other areas
  - 4) Efficiency of project implementation
    - Japanese projects are implemented as they were initially planned. Although the project formation phase requires substantial amount of time, once finalized, the project is conducted within the designated time frame.
- b) Issues raised
- 1) Aid strategy
    - Although individual projects are well recognized by Zambia officials in the respective ministries, Japan's ODA scope or priority areas have not been well recognized by the Government of Zambia. The information provided in the web-site was not considered substantial enough.
    - This is not only the problem of public relations, but it is also the issue of Japan's aid strategy. It is suggested that the goal be explained to Zambia, along with how Japan plans to achieve that goal, and why five priority areas were selected as the aid targets.
    - The five priority areas range from education, health to economic policy. While the overall budget for ODA has been declining in recent years, it is recommended that aid be apportioned distinctly among the five areas.
    - Projects targeting economic development, such as the "Investment Promotion through South-South Cooperation", where Japanese and Asian strengths lie, not only have aid impact but also Japan's diplomatic impact. This issue bears special mention and attention.
  - 2) Sharing aid strategy
    - As mentioned before, once aid strategy is clearly defined, it is necessary to share it among local ODA taskforce.
    - Especially where diplomatic considerations exist, projects may require explanation from the Ambassador or top level personnel and more information to be shared between MOFA and JICA headquarters.

### 3) Approach to Aid harmonization - Aid modality

- Japan has been carefully debating whether to join the budget support and basket funding, hence its delay in signing the Memorandum of Understanding (MOU). Several ministries in the Government of Zambia have expressed common concerns that Japan is negative toward budget support in favor of project-based support.
- The Government of Japan should substantiate with reasons why it has not committed to the budget support and provide clarity on the importance of diversity in aid modality.

### 4) Amount of Aid

- To ascertain the amount of Japan's aid relative to overall assistance to Zambia, Japan's ODA amount was examined. During the interviews in Zambia, there were neither criticisms nor complaints received for the decrease in Japan's ODA amount. Technical assistance provided face-to-face by dispatched experts may have cushioned the impact of the input decline. However, since it takes time for the full impact of aid reduction to be felt, it may become noticeable within a few years. Taking infrastructure projects for example, which have received good commendation from interviews, the impact will be felt when local people notice the decline in the number of road projects as a result of budget cuts.

## c) Aid Harmonization and Alignment

Most of the projects related to aid harmonization are still ongoing. Accordingly, the evaluation is focused on this process, and some findings are as follows:

### 1) Decentralization

- Based on the Decentralization Policy introduced in 2004, the plan is currently under construction, utilizing the concept of aid harmonization. Before this concept was introduced, Japan had been providing projects focused mainly on building local government capacity. In the last few years, there has been increasing number of requests for the projects in this sector from the Government of Zambia. This pushed Japan's involvement in this area to the forefront as a lead donor in decentralization.
- The commencing phases of introducing aid harmonization involve the examination and planning stages for a decentralization program among several CPs. JICA, an implementation organization in this process, has acknowledged the advantage of being a lead CP as it allows the acquisition of more information at the early stage. On the other hand, sharing the lead CP role with the World Bank and Germany creates the challenge of coordinating three parties and their differing opinions.
- It is common for decentralization policies to be adapted from models adopted in other developed countries. However, Zambia needs its own

decentralization plan based on the capacity and financial situation of its local government. Such information on its local government would be readily available from Japanese officials and experts who have been on the ground and equipped with knowledge of local conditions. They will be expected to fill the gap between the ideal model and the local reality.

2) Education and Health sectors

- In the education sector, the MOU has been implemented for programs. Since Japan neither signed the MOU nor joined the basket funding in the education sector, it has not attended official meetings but has been present at sub-sector meetings. If JASZ officially recognizes Japan as an active CP or should Japan sign the MOU, it will participate in this sector as an active CP.
- In the health sector, Japan has signed the MOU in June 2006 and been present at all official meetings as an official member. Prior to this, Japan could not attend any meetings as it did not join the basket funding, although it had many opportunities to contribute and share information, being recognized by the Chairman for Japan's aid experiences in the sector. This recognition has been extended to JICA projects as well. In JICA's effort to consider future aid harmonization and alignment in the health sector, it conducted a mapping of medical facilities by using GIS (Geographic Information System). Unlike previous JICA projects that used an inductive approach (beginning at the model case and spreading the method inductively to other cases), this project used a deductive approach that started with an overview of the entire sector in considering aid harmonization.

d) Organizational setting

1) Local ODA taskforce

- There are altogether twelve working groups in local ODA taskforce, each belonging to a different sector. Depending on urgency of matters to be discussed, some of groups meet more than once a week. Although the process of strengthening their functions and building local capability is underway, there are some cases where local ODA taskforce could not decide if the matter should be handled at local ODA taskforce level or be referred to headquarter level in Japan. While it has been pointed out that countermeasures need to be outlined in these situations, it is often difficult to align the measures with the implementation. Meanwhile, this issue continues to exist in a transition stage.
- Some issues handled by the working group often require specific levels of technical knowledge, such as macroeconomics, and it was brought up during interviews that experts in certain fields need to be assigned in working groups.
- Local ODA taskforce is obliged to select and form projects based on the Program. As mentioned earlier, the taskforce needs to be aware of

the diplomatic impact, and should discuss and decide assistance strategy issues upfront among the taskforce members.

## **B. Recommendations**

### a) Need for clearer Assistance Strategy

#### 1) The Program needs to be more strategic

- As aid harmonization has progressed and China has increased its presence in assistance to Zambia, Japan is required to lay out more strategic assistance policy considering possible diplomatic effects.
- In order to achieve this, it is essential to clarify the objectives of aid, how Japan can contribute to those objectives and why Japan would want to contribute, what kind of impact Japan's aid can bring to Zambia together with diplomatic consideration. These objectives and ideas should be shared among officials involved in development assistance for Zambia and made available to third parties. The local ODA taskforce, including high-level officials, is further required to share awareness and unite.
- As for five priority areas, it is essential to compare Zambia's requests alongside Japan's intentions and conditions for assistance, and clarify why these five areas were selected. While overall ODA budget is in decline, this will ensure that these five priority areas are distinguished from one another and proportionate financial resources and human resources can be invested accordingly.

#### 2) Recognition of Japan's assistance strategy

- Once the Program is largely in place, it is advisable to create the opportunity for discussion and feedback from the donor community, in order to promote the Japan's assistance strategy to other donors. Therefore, it is recommended that the Program be prepared in a clear and logical manner.

#### 3) Devices for public relations

- It is desirable to expend more effort on public relations, such as publishing an assistant strategy document on the Web site and preparing a hard copy in English.

### b) Strengths of Japan's project assistance

#### 1) Good use of Japan's strengths

- In discussing aid harmonization and alignment, budget support tends to be mentioned as the main aid modality. This is not a country-specific issue of Zambia. In the MOU between the Government of Zambia and its donors, financial assistance is given significant place as an important tool to materialize aid harmonization and alignment.

- Budget support may not always be the best option. It is suggested that more detailed strategy on effectiveness of budget support be discussed.
  - In fact, Japan's ODA is highly valued for its technical and project assistance. While project assistance is not superior over non-project assistance, it helps to ensure the formation process, attitudes and direction of those projects. Therefore, this valuable strength of Japan's ODA should be retained.
- 2) Research on diversification of modality
- At donors' meetings, diversification of modality is an often-raised topic of discussion and encouraged by Japan. However, many Zambian government officials do not necessarily show positive response to this Japanese stance. Some donors who are strong advocates of budget support tend to be negative towards project assistance. Under such circumstances, Japan should be expected to provide a concrete and logical explanation on the effect of diversification of modality or the effective combination of modalities. Therefore, the research on "diversification and effective combination of modalities" is proposed. It is also possible to verify diversification of modality by implementing mini-model projects where budget support and project assistance are well-coordinated and provided simultaneously.
- c) Aid Harmonization and Alignment
- 1) Public Expenditure Management
- Aid harmonization and alignment cannot be neglected. It would still be critical to pay attention to the dialogues between other donors<sup>2</sup> and the Government of Zambia and to gather and exchange information as often as possible.
  - In Zambia, budget support is about to be introduced. On the other hand, some skeptical comments were heard by some donors about the implementation capability of the Government of Zambia. Instead of turning its back from this situation, Japan could offer technical assistance and advice to assess public expenditure management capabilities, and based on the results, provide assistance on capacity building and system design.
- 2) Awareness of upper-level policy
- JICA, an aid implementation organization, has gained recognition from its on-site project assistance and technical assistance through dispatched experts in Zambia. As mentioned in Chapter 4, Japan tends to approach from a local level, whereas other donors may approach from the upper or central levels.

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<sup>2</sup> Currently, in an attempt to reduce dealing costs, communications between "each Zambian Ministry for each sector" and "each CP other than lead CP" are restricted. This is part of the CP's role sharing attempt happening in Zambia.

- Familiarity with local project sites is another strength of Japan, but it should be noted that project sites are controlled by institution and policy, implying that situations at project sites can be altered by any institution and policy changes. As seen in other countries' donor meetings, it can be expected that most of the discussion at donor meetings will be focused on policy and institution. Therefore, it would be advisable to pay attention to policies and institution, while leveraging the Japan's strengths in project and technical assistance. At the same time, it may be necessary to advocate Japan's opinions on institutional reforms based on the information gathered from local project sites.
  - Especially in the sector where Japan is the lead CP, it is important for Japan to obtain consensus among all CPs by using its system design techniques and ability to interpret a bill.
  - An issue where various aid organizations have been offering their help for the prevention and cure is towards the HIV/AIDS disease, also to protect the quality of life of those infected. The amount of aid put in has increased to USD 102.24 million (2004), which is much larger than other sectors. On the other hand, the brain-drain issue (outflow of medical technicians from government organizations to the private sector) is becoming a more serious problem. Therefore, through aid harmonization and alignment, it is essential to pay closer attention to the capacity development on governance and the government function as well as to discuss aid efficiencies.
- 3) Consider aid harmonization in project formation
- One good example of the co-existence of the new trend of aid harmonization and the Japan's traditional approach is seen in the health sector. In considering aid harmonization, Japan used GIS to support the mapping project, which created the data on medical facility, equipment, human resource and services. This kind of vision should be encouraged at project formation stages.
- d) Implementation system
- 1) Disbursement of human resource as a lead CP
    - As a lead CP and active CP, it is necessary for the ODA taskforce to allocate human resources appropriately. Especially as a lead CP, the local ODA taskforce is required to possess high capabilities and techniques as well as to put in extensive amounts of work. Right now, although Japan dispatches contract experts as project formulation advisor in decentralization sector, it is advisable to cater for longer contract terms or consider making substitute contract expert arrangements.
  - 2) Empowering local ODA taskforce
    - In Zambia, policy discussions are expected to become more sector-oriented under aid harmonization. It is therefore essential for Japan to establish a clear assistance strategy and its stance, in order to

share them within the taskforce through constructing logics when necessary, to ensure unity and a balanced role-sharing.

- As mentioned in a) Need for clearer Assistance Strategy of this section, in addition to planning a strategy with diplomatic impact, communicating the ideas from top level down the taskforce channels is critical to the success of implementation.
- 3) Introduction of empowering local function
- It has been pointed out that improving the function of local ODA taskforce would be important for the Japan's ODA overall. In response to that, MOFA installed a section for empowering local ODA taskforce, and introduced a new policy to help deal with aid harmonization. As a result, the distribution of tasks between Tokyo headquarters and local ODA taskforce is better arranged. However, it seems to take some more time for full implementation of local function empowerment, due to unforeseen changes in local environment. It is now required for local ODA taskforce to exercise leadership in responding to all circumstances in a speedy manner with the mandate given by the new policy mentioned above, in keeping up with rapid changes in aid harmonization and local situation.
- 4) "Daily communication" with the Government of Zambia and donor community
- Through the dispatch of experts, communication with the Government of Zambia has been very smooth, and this sound state of communication has boosted Japan's reputation.
  - As aid harmonization and different aid modalities are being explored, Japan can no longer keep up with these changes with traditional approach only, and a different approach is necessary. It becomes more crucial to define Japan's stance and explain the background in order to be understood by the Government of Zambia and donor community. Besides a presence at official conferences, such as donor meetings, it is advisable for local ODA taskforce to carefully create daily communication opportunities, especially in areas where experts are not dispatched.