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Performance Analysis

Zambia

Table of Contents

1. General Performance Analysis	5
1.2. Conclusions from the Performance Analyses	6
1.3. Aid Flows and Experiences by Other Donors	8
2. Specific Analyses	11
2.1 The Agriculture Sector	11
2.2 The Health Sector	17
2.3 Democratic Governance	21
2.4 The Energy Sector	28
2.5 The Land Tenure Initiative	34
2.6 Private Sector Development.....	39
Annex 1 Performance Matrices	47

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1. General Performance Analysis

Objectives and Contents of the 1999-2001 Programme

The point of departure for the 1999-2001 country strategy was that the political situation was not conducive to co-operation on the basis of partnership. Until Zambia had firmly started to move towards increased democracy and respect for human rights, no overall development co-operation agreement would be entered into by Sweden.

The overall objectives of Swedish development co-operation with Zambia 1999-2001 (and extended to 2002) were to promote the deepening and broadening of democracy, and the reduction of poverty through economic growth, macroeconomic stability and social development, including gender equality. Importance was to be attached to capacity and institution building at the macrolevel for the promotion of more efficient public administration, consolidation of democracy, private sector development and to the restructuring of state-owned enterprises.

Furthermore, the programme would retain its focus on poverty by supporting the reform programmes in the health and agricultural sectors. Gender equality and environmental considerations would be mainstreamed in all sectors, the latter particularly in connection with support to agriculture. Greater attention would be given to the situation of children.

In order to increase Zambian ownership and the effectiveness of Sweden's support, assistance would be given for the development of sectoral programmes. Decentralisation would be supported as an element of democratic development.

The development co-operation that was financed via the country budget during this period focussed mainly on agriculture, health and democratic governance. Furthermore, assistance was allocated to the energy sector, private sector development and, from 2000, to a pilot project in the area of urban development. Total payments to Zambia during the period 1999–2001 amounted to SEK 472 million (including regional initiatives) and were distributed as shown in table 1 below.

Table 1. Disbursements within the framework of Sweden's development co-operation with Zambia 1999-2001

Health	SEK 178 million
Agriculture	SEK 149 million
Infra/psd/urban	SEK 92 million
Democratic Governance	SEK 47 million
Miscellaneous	SEK 6 million
TOTAL:	SEK 472 million

1.2 Conclusions from the Performance Analyses

Development in Zambia during the period under review was characterised by economic and political uncertainty and instability, causing an environment that was not conducive to development co-operation. It is, therefore, difficult to state clearly that Zambia during 1999-2001 came much closer to Sweden's overall development objectives for the strategy period: democracy, poverty reduction and gender equality. At the same time however, positive results and working partnerships were achieved at sector level, and at individual project level, thereby enabling Swedish assistance to contribute to the development agenda.

Poverty Reduction

With regard to poverty reduction, donor efforts, including Sweden's, have contributed to a slightly more encouraging macroeconomic performance since 2000. Sweden, together with other donors, was active in the political dialogue with Zambia on the privatisation of the state-owned copper mines, which eventually took place in mid 2000. This also turned out to be a main driving force behind the economic recovery that has been witnessed since 2000. Moreover, Sweden was an active advocate for the debt reduction benefits under the Enhanced HIPC Initiative, which was accorded to Zambia in December 2000. The "savings" made of the debt relief are to be spent on initiatives that benefit the poor both socially and economically. It should also be mentioned that Sweden took an active part in the preparation of the Poverty Reduction Strategy Paper (PRSP) that was adopted in 2002.

It was considered throughout the period that the political, economic and governance conditions for budget support were not in place. It was also concluded that the conditions justifying more long-term and closer co-operation with key institutions on the macroeconomic arena, such as the Bank of Zambia (except for the microfinance framework) and the Ministry of Finance and National Planning, were not present.

Swedish programme and project support within agriculture, health, the energy sector, private sector development and urban development have all contributed in small parts to poverty alleviation. It must be concluded, however, that the macroeconomic instability and slow growth have been major hindrances to more substantial effects on national poverty levels of these projects and programmes. The restricted geographical coverage of particularly the agriculture and urban

development programmes further limit the impact on poverty reduction seen from a national perspective.

Another important factor that cannot be ignored is HIV/AIDS, which has had a negative impact on goal achievement within the projects supported by Sweden and, more importantly, on poverty reduction efforts in general in Zambia. The fight against HIV/AIDS was not spelled out as neither an overall objective nor a mainstreaming issue in the 1999-2001 country strategy. Swedish support within the health programme, however, has played a catalytic role in the development of the institutional framework for HIV/AIDS activities, the existence of which is necessary in order to reduce the devastating effects of the pandemic.

Deepening and Broadening of Democracy

Regarding democratic development, the years under review were characterised by increasing political tensions and lack of political will on the part of the Zambian government to carry out democratic reform. Planned reforms, such as decentralisation, parliamentary and public service reforms, were included in the government's National Capacity Building Programme for Good Governance were not implemented despite donors, including Sweden, promising co-ordinated financial and technical assistance to support these critical processes.

In terms of political development, the last year of the period, 2001, was dominated by the presidential third term issue and the tripartite elections, making the donors focusing a lot of their democratic governance assistance on these events. The massive donor support to the electoral process (around USD 12 million) promoted an increase in voter registration and turnout, but failed to make the elections free from malpractice and fraud. Swedish assistance to NGOs contributed to this increase in voter and political participation, not least in terms of women participation as candidates for elected political posts on all levels. (This, however, did only lead to a slight increase in women representation on decision-making bodies.)

Due to the government's lack of political will to reform, Sweden, together with many other donors, have focussed its democratic governance support on non-governmental organisations. This support has helped to increase political participation and to maintain a critical discussion of the government's performance and of political developments in general. The existence of these organisations has also helped to strengthen pluralism and to keep the public political debate going. Furthermore, Sweden's, and other like-minded donors', assistance has, through seminars and conferences, promoted political dialogue and the establishment of meeting-places for government representatives, the opposition and civil society.

In line with the specific Strategy for Sweden's Support to Democratic Governance in Zambia 2000-2002, efforts have been made during the period to mainstream human rights and democracy aspects in other sectors than democratic governance. The health programme has been considered a programme which, as such, is aimed at promoting the conventional right to health. It has also included efforts to strengthen public participation in decision making at district level. Within the agricultural programme, a specific pilot project for strengthening of the

political participation of small-scale farmers has been introduced. Thus, the health and the agriculture programmes have both played important parts in Sweden's efforts aimed at promoting deepened and broadened democracy.

Mainstreaming Issues

Efforts have been made to integrate gender equality aspects in most of the sectors where Sweden is involved. Policy dialogue within the health programme has often focussed on the need to make health services more responsive to the need of women, in particular young women. This has had some impact on the policy level, but more still needs to be done in terms of practical implementation. In the agricultural programme, gender equality has been mainstreamed through, for example, support to women-headed households. As to private sector development, the financial services provided under the microfinance programme are attuned to the needs and risk-taking levels of poor women, as witnessed by the large number of female borrowers (57%). The democratic governance programme includes a large number of projects on women participation and empowerment, although more could be done to mainstream gender issues into all types of projects.

1.3 Aid Flows and Experiences by Other Donors

The Swedish development co-operation with Zambia 1999-2001 has been carried out during a period of declining total aid flows, resulting in an overall decline in aid dependence. In 2001, Zambia received USD 271 million in aid compared to the record high of USD 2,093 million in 1995. The largest bilateral donor is Japan, followed by a group of 5-6 donors, including Sweden. Project grants dominate, with a share of the total 2001 external aid of around 72%.

The decline in aid flow is mainly a result of the tendency during the period of most donors adopting a policy of linking the volume of their aid commitments to democratic governance, economic policy reforms and poverty alleviation considerations. Most donors concluded that during 1999-2001, Zambia did not meet these criteria. During the period, the co-operating partners have furthermore become almost unanimous with respect to the shift from Structural Adjustment Programmes to the Poverty Reduction Strategy, PRS.

All major donors in Zambia have poverty reduction as the main objective for their respective development co-operation programmes. The World Bank is attempting to achieve this objective by promoting a stable macroeconomic environment and providing balance of payment support to overcome severe external imbalances; privatising state-owned enterprises and creating an enabling environment for private sector development; targeting assistance directly to poor and vulnerable groups; and improving public sector efficiency and governance. The investment lending portfolio comprises of agriculture, transport, health, energy and urban water as well as a credit to a Social Investment Fund, aimed at building capacity at local and district levels. The UN family has recently developed a new Assistance Framework for Zambia, covering the period 2002-2006 and focusing on assisting government in three programme areas; governance, HIV/AIDS and environment, with gender, ICT and

Advocacy being integrated in all three areas.

The EC's Country Strategy Paper for the period 2001-2007 identifies two focal sectors; transport, institutional development and capacity building, and macro economic support. Non-focal interventions are concentrated to health, education and HIV/AIDS. Support to the health and education sectors is implemented through other member states (UK and the Netherlands). Norway is focusing its support to education, transport, wildlife and governance, the latter covering both political and economic governance with a strong focus on anti-corruption. DFID is concentrating its support to four areas, namely governance, livelihoods, health/ education, and HIV/AIDS. Policy dialogue and advocacy are important features of the support. The Japanese government has a strong focus on infrastructure development and agriculture-related support, but also provides "grassroot aid", which involves the provision of relatively small amounts to fund projects implemented by NGOs that are active at the local level or by local governments or their agencies. USAID is providing support in the areas of democracy and governance, agriculture development and health. A strong emphasis is put on HIV/AIDS-related interventions. In addition to the EC, the World Bank, IMF and Japan are providing balance of payment/budgetary support to Zambia.

The overall experience and results of the donors' development co-operation efforts during the period are mixed. It is generally agreed that a project-by project approach has resulted in the formation of parallel structures that are capacity draining on the part of the ill-equipped government system. At the same time, there has been a general reluctance to fully embrace the sector wide approaches, SWAp, in light of the government's limitations with regard to institutional development, systems for monitoring and evaluations, etc.

In an evaluation of the World Bank's Country Assistance Strategy (1996-2001) the Bank concludes that the outcome of many Bank operations has been unsatisfactory. Explanatory factors include low growth, an unsustainable debt overhang, declining copper-prices, a slow privatisation pace, a relatively poor investment climate, a delayed response to the HIV/AIDS pandemic and absence of results-based conditionality. The recommended future focus include a revision of Zambia's debt sustainability, improvement of public expenditure management and governance in general, operational designs that focus on results and make clearer links between objectives and conditions, economic diversification, and scaling up the HIV/AIDS response, coupled with a greater emphasis on capacity building.

Some donors (USAID and UNDP in particular) have scaled down their assistance under the continuing absence of key democratic and administrative reforms such as decentralisation and public sector reform. Facing this lack of political will, most donors have tended to focus their democratic governance support on NGOs, while continuing to stress in the dialogue with the Zambian government that governance issues need to be addressed as a matter of urgency if the country's future development prospects are to be assured.

During the period it has been noted that an increasing number of donors are opting to use the private sector and NGOs for project implementation. This is due to the poor financial management systems

currently in place in government, but also, and more importantly, in order to allow the government to concentrate on its core functions of monitoring and evaluation and on the development of a conducive policy environment.

Most donors conclude that their respective programmes in Zambia have had a limited impact on overall poverty levels, regardless of the focus of their development co-operation programmes. In its Common Country Assessment document, the UN family concludes that the economic performance in Zambia over the last two decades has not contributed to poverty reduction, nor has it facilitated the realisation of a number of human rights. In order to make sustainable progress in this respect, it is concluded that more and deeper reforms are required at all levels; economic, political, social, cultural and environmental.

The EC acknowledges the problems related to Zambia's record in good governance and human rights, but points out that the formal institutions and systems to protect and promote these issues are in place. The PRSP process is regarded rather successful compared to similar attempts in other countries in the region, although the capacity constraints are noted, as well as the challenges relating to monitoring and budgeting. A stagnant economy, delays in making core sectoral policy decisions and poor financial management and accountability count among the main obstacles for efficient implementation and impact of the EC programme in Zambia. Disbursement of EC's budget support was frozen for some time, but has now been reassumed.

DFID has a less pessimistic view on the policy-making capacity of the government and considers Zambia's most recent macroeconomic performance to be good in comparison to many other African countries. Based on recent developments in Zambia, the issue of governance is not perceived to be an obstacle for providing budget support in the near future. PRSP and the fight against corruption are considered critical processes for Zambia.

Norway has recently assessed its operations in Zambia and came to a favourable conclusion regarding continued co-operation. As a consequence of this, Zambia continues to count among the group of seven countries where Norway will focus her development efforts. The human rights situation, good governance and efforts to implement policies to reduce poverty are of major interest to Norway.

In 1996, the Netherlands Government suspended the development of any new major programmes in Zambia as a consequence of increasing concerns over the political situation in the country. With improvements made in public financial performance and following the privatisation of the copper mines, the suspension was lifted in 2000. Good governance issues and actions against public sector corruption continue to be priorities for the Netherlands.

2. Specific Analyses

2.1 The Agriculture Sector

2.1.1 Basic Facts

Contributions: Support to the Agricultural Sector

Land Management

Land Management and conservation Farming –
MSEK 45.53
Conservation Farming Unit MSEK – 4.35

Seeds and Processing

Smallholder Access to Processing, Extension and Seed – MSEK 3.75
Multiplication and Distribution of Planting Material: MSEK 9.28

Entrepreneurial Skills

Economic Expansion in Outlying Areas: MSEK 60.51

Support to Policy Policy and Planning of the Ministry of
Agriculture: MSEK 2.70

B. Total Disbursement to date: MSEK – 123.40

2.1.2 Relevance

Sweden's long history of support to the Zambian agricultural sector dates as far back as 1964, giving it close to 40 years of cumulative experience in the sector. However, there continues to be ample justification for continued support to the agricultural sector considering that close to 98% of the rural population (majority of them are women) derives its livelihood from agricultural-related activities. The agricultural sector provides employment and income to nearly 66% of the economically active group. It is, therefore, concluded that the development of the sector would contribute to improved food security and poverty reduction. In addition to improving household food security, a developed agricultural sector will also impact positively on GDP and job creation for the rural masses.

The Swedish support to the sector during the Country Strategy (1999 – 2001) sought to achieve the following objectives: 1) preservation of the

natural resource base and sustainable agriculture through plant breeding and increased productivity using improved seed and soil techniques, 2) economic and social development through provision of support for economic development in outlying areas, 3) capacity and institutional building in the Agriculture Sector Investment Programme (ASIP) framework through support to planning, management and monitoring functions of the Ministry of Agriculture (MAC), 4) a special focus on gender, taking into account the contributions made by women who in a large measure bear most of the burden for agricultural work.

Taking into account the government's sector objectives, as set forth in ASIP, the draft National Agriculture Policy and ASIP's successor, the new Agriculture Commercialisation Programme (ACP), and those of the Country Strategy (1999-2001), it is concluded that all Sida supported projects have been relevant and in accordance with development policies and objectives of key priority areas for both Zambia and Sida.

2.1.3 Results

Land Management and Conservation Farming (LM & CF)

The LM & CF project aims at improving land management practices among small-scale farmers, thereby increasing agricultural production and productivity. During the present phase (1999-2002) there has been a major shift in approach from emphasis on control of run-off and erosion through physical and biological barriers towards increased yields and prevention of run-off and erosion through better tillage and crop husbandry practices.

More attention is also directed to the operations and methods of the extension services. Farmer based extension methods have been promoted and the Participatory Extension Approach (PEA) that has been adopted within MAC has proved to be an efficient method for improved participation and involvement of farmers and farmer groups.

The project is considered highly relevant with a positive impact on poverty reduction and development of environmentally sustainable agriculture. The project has successfully demonstrated that the new techniques used have resulted in a two to three fold yield increases over conventional methods, without much use of inorganic fertilisers. It has played a significant role in the promotion of new conservation farming techniques, now widely adopted, and dependency on inorganic fertilisers has decreased in operational areas.

About a third of the 60 000 targeted households are reported to have adopted one or more of the techniques promoted by LM & CF. Farmer based extension systems are also being introduced more widely by the government. In fact, CF techniques are specifically identified in the new ACP as a viable and dependable method of promoting environmentally and sustainable agricultural growth. LM & CF and its activities have been an integral part of MAC's extension system. This is desirable from a sustainability point of view.

Conservation Farming Unit (CFU)

In addition to the LM & CF objectives, the CFU aims at promoting farming techniques for small-scale farmers which maximise the use of rainfall and nutrients while spreading the seasonal labour demand. There

are serious labour shortages emanating from the outbreak of animal diseases, which almost decimated the livestock population, and from the high incidence of HIV. In response to this challenge, CFU has been championing the use of techniques, which provide increased profits, reduce soil erosion and improve soil fertility. Additionally, they develop and promote complementary conservation farming techniques in all agro-ecological regions of the country, such as the use of lime and integrated weed management and economical herbicide use among small-scale farmers. CFU also provides professional back up to other organisations, including MAC extension system.

The project has been successful in training individual farmers, farmers in out grower schemes such as cotton and paprika, NGO's and interested groups in the appropriate use of conservation farming techniques. CFU operates under the auspices of the Zambia National Farming Union (ZNFU).

Both CFU and LMCF are core components of the earlier Agricultural Sector Investment Programme, ASIP (1995 – 2001), under the land husbandry section of MAC.

Adoption rates of different Conservation Farming techniques promoted by CFU have increased in the last years. It is estimated that there are circa 50,000 farmers who have adopted various techniques during the year 2001/2002 (around 8% of the total number of small-scale farmers in Zambia). It is also estimated that the value of increased production through adoption of CF practices amounts to a total of 3 million US\$ per year. This is calculated for maize production with 0.3 hectare per farmer. There are another 200 000 potential future adopters out of a total of 700 000 small-scale farmers in Zambia.

Multiplication and Distribution of Improves Seed and Planting Materials Project (MDSP)

Earlier Sida support to the Food Crops Research resulted in the release of new crop varieties for sorghum, pearl millet, finger millet, cassava and sweet potatoes. However, accessibility to improved seed of the listed crops by small-scale farmers was constrained by poor seed availability and distribution system. The Multiplication and Distribution of Improved Seed and Planting Materials Projects (MDSP) was thus conceived in order to respond to this need.

MDSP has successfully established a seed multiplication network from the research station down to the farmer through community seed multiplication approach. The formation of links between seed farmers with Zamseed and MAC Research is a notable achievement by MDSP. In addition, the project has played a significant role in the promotion of crop diversification as a means to food security and income generation in the country. With respect to capacity building, the training provided to seed growers has resulted in improved knowledge in farming and entrepreneurial skills. Farmer awareness on the use of quality seeds, gender sensitivity and governance issues have also increased.

Concerning sustainability strategies, MDSP has pursued the formation of District Seed Associations, which will be key representatives of seed growers in their respective districts. Further, sustainability has been enhanced through the training of crop husbandry officers as licensed

seed inspectors, which has resulted in the decentralisation of seed inspection and sampling. Another area of significant achievement has been the construction and rehabilitation of satellite seed testing laboratories, which has contributed to the efficiency in seed testing, as the decentralised testing has reduced the costs of transportation of samples for testing and also reduced the waiting period before test results are provided. Extension staff has been exposed to seed technology, which has improved their appreciation and understanding of seed issues. Seed quality is assured through active collaboration with the Seed Control and Certification Institute (SCCI). Through MDSP support to SCCI, co-ordination of the seed sector has improved, and country data on seed issues is readily available through a database created by SCCI.

Small Holders Access to Processing, Extension and Seed (SHAPES)

The SHAPES project seeks to provide small-scale farmers with improved seed through seed entrepreneurship, promotion of crop diversification through provision of seed and extension services. It also promotes improved food processing and storage through training and demonstration. The SHAPES project was not in the original planning but started in 2000, as a replacement to the planned Food Crop Seed Research Project that could not materialise.

It is rather too early to conclude on the impact of SHAPES. However, the implementation of seed production, crop diversification and post-harvest components has started to show promising results. If funds will be available after 2002, it is estimated that with SHAPES active involvement, at least 20,000 small-scale farmers will have diversified food production. Further, it is estimated that close to a 50% reduction in food shortage period by 2004 will have been achieved. The added value to the interventions adopted by the project lie in the food-processing component, which seeks to promote processing, and reduction in post harvest losses.

Economic Expansion in Outlying Areas (EEOA)

The overall objective of the project is to enable small holders and local business enterprises to take advantage of the new economic opportunities in a liberalised economy in general, and the agricultural sector in particular. Specifically, the project aims at improving living standards of the rural population through increased income in target district. The first phase of EEOA, (1995 – 1997) focused largely on participatory planning, facilitation and implementing procedures in addressing economic opportunities identified by district stakeholders. The present period (1998 – 2002) has been a period of intensive implementation of community compiled work plans in each target district. EEOA's activities cover five main components: Facilitation, Rural Economic Expansion Facility (REEF), Business and Management Training and Financial Services and Extension Services.

EEOA has trained rural households in outlying areas in business skills, which represent the new approach in Zambia. The project has within its period of operation adopted a process approach of actively involved beneficiaries, which has led to a positive realisation of farming as a business. Short-term increase in incomes has been recorded. Rural

infrastructure has been put in place with matching grant from communities and interest groups. Thousands of households have been exposed to awareness training on how to exploit economic opportunities. Hundreds of enterprises have been set up and associations have been promoted through the stimulus of the training. MAC staff has been trained particularly extension in the facilitation methodology. This is expected to have a positive impact on long-term household incomes.

Support to Policy and Planning (PPB)

The support to PPB was targeted to building the capacity in the ASIP framework, particularly on planning, management and monitoring functions of MAC. As a ministry wing, PPB was established to serve as a central support unit to enable the Permanent Secretary and the Minister maintain a co-ordinated and effective set of policies and programmes. The support was extended to facilitate the implementation of ASIP and the planning of a new sector investment programme; the Agriculture Commercialisation Programme.

The support to PPB has not yielded intended results. In part this is due to serious problems faced by the branch in the area of staff retention, but also due to inappropriate political interference in policy implementation. The branch experienced a high turnover of experienced staff, mainly due to low salaries and general poor conditions of service. The Financial Management Unit (FMU) is not yet effective and has not functioned effectively. Recognising the pivotal role of PPB, dialogue has been initiated to identify possible areas of support to enable PPB to perform its core functions in a more effective manner.

2.1.4 Goal Fulfilment

Seed Multiplication

The creation of effective and efficient seed multiplication system for the informal seed sector by various projects has significantly contributed to the population of crop diversification at national level. According to a study conducted by the Food Security Research Project (2000), the agricultural cropping patterns have undergone significant changes, showing a major shift from maize production to other crops mainly cassava and cotton. The shift has to a large extent been attributed to availability of seed for high yielding improved varieties of traditional crops; the elimination of direct government subsidies to maize production and the recurrent droughts in the region. In terms of nutritional energy production by smallholder farmers, (FARP, 2000) reports evidence of crop diversification, with crops other than maize gaining in importance and providing energy, notably cassava, sweet potatoes, groundnuts, sorghum and millet. SHAPES and MDSP support to localised seed production and vigorous promotion of improved processing and storage techniques have created an effective demand and has led to the opening up of the more avenues for the utilisation of traditional crops. The spread of certain traditional crops, in particular cassava and cowpeas, to areas where they were not traditionally grown is also significant. The positive response has been compounded by recurrent droughts.

Land Management and conservation Farming Techniques

Increased use of land management techniques at national level has been reported. The multiplier effect of the techniques is rather difficult to quantify, since the technology has spread beyond the areas of project coverage. In part, the integration of LM & CF into the extension system of MAC has contributed to the wide dissemination of CF techniques. Conservation techniques have specifically been adopted as effective means for agricultural resource management and are being promoted in major sector and national documents, namely: ACP and PRSP.

The impact of conservation farming techniques is considered positive in the short and medium terms. In the longer term, it conserves land and forest resources while improving utilisation of rainfall in increasing underground water resources by reducing soil erosion and run off. Techniques promoted by the project also have positive implications on HIV/AIDS afflicted communities as labour demand is reduced, yields are improved and high protein legume crops can be harvested early

Entrepreneurial Skills

With respect to entrepreneurial skills, EEOA has been the national champion in the promotion and equipping of farmers in outlying area with business skills. Their training has extended beyond the operational areas to include MAC staff. The facilitation cycle developed by the project is now adopted as a model and is used as training tool by a considerable number of other projects. EEOA staff is constantly used as resource persons in a large number of projects and institutions. The change of attitude of considering farming as a business is nationally attributed to EEOA. Short-term increases in household incomes have been reported in operational areas. The use of the Rural Economic Expansion Facility (REEF) that uses the local management to construct rural infrastructure and only assisted with matching grants upon community contribution has proved a very effective tool of getting the community to work together.

2.1.5 Conclusions

The restricted geographical coverage of the Sida supported projects limit their influence at national level. However, reported improved households' food security and increased incomes in operational areas are testimony of the projects having achieved their intended objectives. The positive experiences gained from EEOA, MDSP, SHAPES, LM & CF and CFU will provide a concrete foundation on which to further develop proved and tested approaches and skills under the new Sida-supported Agriculture Sector Programme (ASP), starting from January 2003.

Given the changing political landscape, there appears to be more political commitment to seeing agriculture transformed into an efficient sector that will assure national food security and maximise derived incomes. However, PPB still faces serious challenges in terms of institutional capacity to support the new agricultural policy framework and fulfil its important co-ordination function. It is also concluded that without a SWAp for the agriculture sector, or basket funding, a myriad of agricultural projects will emerge with varying sources of funding, approaches etc, giving rise to obvious dilemma of duplications,

incompatibilities in approaches, etc. Furthermore, the integration of ACP into the PRSP framework highlights the importance of the monitoring and evaluation functions for overall poverty reduction and the sector's contribution to the achievement of this objective.

2.2 The Health Sector

2.2.1 Basic Facts

Sector Support Agreement

Activity period: 1 January, 1999 – 31 December, 2001

Agreement amount: 150 MSEK

Total disbursed 99-01: 166 MSEK (agreement revised)

Components

Budget Support

Health Service Delivery

Sexual and reproductive health and rights

Organisation and Management Development

Unallocated and Follow up

The former health sector support agreement came to an end on 31 December, 2001 and a new agreement came into force on 1 January, 2002. During 2001, the new sector support programme was developed and as part of this process, results of the previous support were analysed.

Since the Swedish support was – and still is – part of a sector programme, separate “Swedish” results cannot be presented. Instead, joint analyses and reviews have been made, notably the Joint Identification and Formulation Mission and the Joint Health Appraisal Mission. A separate study was also undertaken in December, 2000 to review and learn from the results of the various institutional capacity building activities that Sweden has supported through the Sector Programme.

2.2.2 Relevance

All of the previous Swedish support to the health sector has been an integral part of the sector programme and has, thus, supported the priorities and strategies of the Zambian government, where the overall goal is to “provide equity of access to quality health care as close to the family as possible”.

It was the aim of Sweden to support this national strategy and this has been done through the sector programme. All activities have been “selected” from the Central Board of Health’s (CBoH) Annual Action Plan and the CBoH has been responsible for contracting arrangements, reporting, budgets, follow-ups etc. Sweden has refrained from burdening the system with own missions and evaluations, and instead participated in the joint arrangements available.

2.2.3 Analysis of Achievements

The annual budget for the Swedish support has been around USD 5 million annually (SEK 50 million per year with the exception of 2001)

allocated to three main areas: (i) budget support to primary health care, (ii) institutional capacity development, and (iii) Sexual and reproductive health.

Around 60% of the total budget have been allocated to the *District Basket*, about 20% to

Policy- and Institutional Development and 15% to the thematic area *Sexual and Reproductive Health*. Below follows a description of these components including some lessons learned from this support.

The *District Basket* is currently the mechanism to provide budget support to the health sector. The District Basket finances recurrent costs at a district level (except for staff on central payroll) in accordance with annual action plans elaborated by the districts themselves. Both the Ministry of health (MoH) and CPs contribute to the basket. Of the total resources projected as available to the sector, roughly 25% are estimated to flow to the District Basket. However, the basket is about to be expanded to a *Health Fund*, which will cover new areas such as human resource development, capital investments and possibly pharmaceuticals. The ultimate aim, as expressed in the Memorandum of Understanding for the Sector programme, is to expand the Basket to cover the entire sector.

The number of co-operating partners contributing to the basket has more than doubled since 1997. A major reason for this increased confidence in the District Basket has been constantly improving financial reports from the districts. It is generally acknowledged that the District Basket mechanism works well.

Policy- and Institutional Development at Key Institutions

One of the main obstacles to a functioning sector programme has been lack of capacity at key institutions at a central level. For this reason about 20% of the Swedish support has been targeted towards capacity building at three (groups of) key health institutions:

(i) Central Policy Functions - CBoH/MoH

Sweden has been supporting the development of health policy, health planning and central management functions at MoH and CBoH for a very long time. The support has mostly been rendered through long-term technical assistance combined with quite substantial financial support for specific activities. This has included the broad framework of health reforms, development of the SWAp institutional framework, the hospital sector, the pharmaceutical sector, mainstreaming of gender issues, health care financing, development and costing of essential health care packages, developing human resources policies etc. Recently, an increasing proportion of the Swedish support to the sector has been provided as non-earmarked support to the CBoH Action Plan.

(ii) Support to Key Training Institutions

The Sida support to training has been implemented through an *institutional collaboration* arrangement between the Swedish organisation *IHCAR*¹ and the major training institutions for nurses and midwives in Zambia²

The main objective has been to strengthen these institutions and prepare them for a more active role in providing in-service training for health care staff. The working mode has been process-oriented from the

outset, aiming more at creating processes and structures for achieving specific objectives and targets set. In implementing the actual work the Swedish counterparts have had the role of “catalysts” or “facilitators”.

A recent evaluation³ indicates that the training institutions show evidence of human resources development such as tutors trained in problem based learning, computer literacy, MPH training exchange, and developed research proposals. The core institutions have also been computerised and systems for computer maintenance and financial management exist. The achievements will also have an impact on development of the health sector with the development of a training policy, the introduction of problem based learning in the current curricula reviews and the training needs assessment survey leading to a new curriculum for nurses.

(iii) Health Economics

The overall objective of the support to the area of health economics has been to build capacity with the view to make provision of health care delivery services in Zambia equitable and cost effective. This is done through an institutional collaboration programme between Department of Economics at the University of Zambia and a Swedish institute for health economics⁴. The joint activities have included training in health economics, research projects, exchange visits and networking with other national, regional and international organisations. The focus in the collaboration has been on capacity building of the local institution.

According to the above-mentioned evaluation, the institutional collaboration in the area of health economics is a story of success.⁵ Zambia has gone from depending almost entirely on international consultants for health economic analysis to having a “powerhouse” in health economics which has been requested to support other countries in the region. Products from this collaboration included a health expenditure review, a macro-economic analysis and an ongoing costing of the essential health care package in Zambia. It should also be noted that also IHE has benefited from the collaboration as the work in Zambia has given a wider perspective on health economic analysis at different income levels.

Sexual and Reproductive Health and Rights

The third, and last, component which Sida has supported is area of Sexual and Reproductive Health and Rights. About 15% of the total Swedish support to the health sector have been targeted to this area, which has included two sub components:⁶

¹ ICHAR – Division of International Health, Department of Public Health Sciences, Karolinska Institute in Stockholm.

² General Nursing Council, the Chainama College, the Department of Post Basic Nursing at the University of Zambia, and the Lusaka Schools of Nursing at the University Teaching Hospital.

³ InDevelop (2000), p. iv

⁴ IHE – Swedish Institute for Health Economics, University of Lund.

⁵ InDevelop (2000), p. v

⁶ Originally a third sub-component, SRH Policy Development and Post-abortion care, was included under the SRHR-support but due to internal problems at the implementing organisation (Department of Obstetrics and Gynaecology at the University Teaching Hospital) implementation never started.

(i) SRHR Pilot Project Targeted towards Adolescents

The overall objective of the *Kafue Adolescent Reproductive Health Project* has been to develop strategies for the delivery of Sexual Reproductive Health and Family Life Education information to young people in the project site of Kafue. The project has been implemented by two Zambian NGOs and a Swedish NGO⁷.

The project has evolved from being a pure adolescent reproductive health project into a community based project involving various groups and organisations in the community including local leadership, churches, youth groups, etc. As a pilot, the project has been successful as shown by the sinking number of STD cases reported from health centres. The project has also proved valuable as a “demonstration project” for key Zambian decision-makers and MPs as well as visiting delegations from Sweden.

The pilot project as such came to an end in December 2001. 2001 was therefore used for *phasing in* the project to be owned by the CBoH, the district administration and the community of Kafue. As a first step towards up-scaling, the project has been replicated in two other districts. During 2002, it will be possible to see if the good experiences of the Kafue project could be replicated without additional funding.

However, the project did not include any element of institutional capacity building of the Zambian NGOs Planned Parenthood Association of Zambia (PPAZ) and Family Life Movement of Zambia (FLMZ). It could be seen as a weakness of the project not to have included activities to build the capacity of these key organisations, which will need to continue to provide support to the CBOH and districts.

(ii) HIV/AIDS

Sida has been providing support to the area of HIV/AIDS for several years. This assistance has been based on the annual action plans developed by the National AIDS/STD/TB and Leprosy Programme, under CBoH. Four major components can be singled out:

- HIV/AIDS policy development in the health sector including the development of Zambia National HIV/AIDS Strategic Framework.
- epidemiological surveillance for sentinel-based surveys;
- development of guidelines and implementation of *counselling* services, and
- advocacy and partnership campaigns through media.

Generally speaking, it is clear that the Sida support has played a catalytic role in the development of an institutional framework for HIV/AIDS-activities⁸ required to attract funds from other key donors. However, there have been a number of problems in the support to HIV/AIDS, mainly due to political problems in establishing the National HIV/AIDS Council and Secretariat. This has not been the fault of the Swedish support but

⁷ The Swedish Association for Sex Education (RFSU).

⁸ The Zambian institutional framework consists of a Council of Ministers, a HIV/AIDS Council and a National HIV/AIDS Secretariat. A National Strategic Framework forms the basis for all activities in the sector.

⁹ InDevelop (2000), Executive Summary, p. viii

has affected the implementation of the planned activities. Some funds for HIV/AIDS have also been misused and the Central Board of Health, who is the responsible channel of these funds, has conducted an audit and is in the process of recuperating these funds.

2.2.4 Conclusions

The evaluation alluded to above concludes that *“Institutional development through Sida IC projects has led to significant results in strengthening the institutions/ organisations involved. /.../ However, development on organisational and sectoral/ societal level has been more significant in the training and health economics projects than in the adolescent health project. The training institutions and health economics collaborations, have contributed to the health reforms process already, but as regards the adolescent health collaboration institutional impact depends on whether the project turns out to replicable or not”*.⁹

The evaluation also pointed out that a balance between the budget support and other support methods may have to be changed in line with how priorities are set in the strategic health plan and that institutional development activities should be part of a joint process, not being handled in a separate bilateral process.

In summary, the previous support has achieved its objectives. It was therefore felt that this model – budget support combined with capacity building at key institutions in the health sector – was a good basis for the next Swedish health sector support from 2002-2005 (see Assessment Memorandum).

2.3 Democratic Governance

2.3.1 Basic Facts

A specific Strategy for Sweden's Support to Democratic Governance in Zambia 2000-2002 was approved by Sida/AFRA in May 2000. In order to implement the strategy SEK 20,000, 000 was allocated in 2001 and SEK 22,000,000 in 2002 (AFRA 57/01). This was a significant increase compared to 1999 and 2000 when the total amount allocated each year to the democratic governance programme was SEK 6,000,000 (AFRA 173/99 and AFRA 155/00). The programme consists of roughly 20 separate projects most of which are carried out by Non-governmental Organisations. Efforts have been made also to identify and start supporting activities within the public sector where it is assessed that long-term sustainable interventions can be implemented.

2.3.2 Relevance

In the Country Strategy for Zambia 1999-2001 it is underscored that democracy and human rights is a prime objective of Sweden's co-operation with Zambia. In the development of the specific democratic governance strategy, the overall objective was to transform the policy laid down in the Swedish Government's Communication "Democracy and Human Rights in Sweden's Development Co-operation" and Sida's Action Programme for Peace, Democracy and Human Rights into specific locally adapted proposals on possible project objectives, outputs and activities. It was further foreseen that support to NGOs would continue to be a pillar of the development assistance in this area.

The objectives and outputs of the programme are well within the scope of the National Capacity Building Programme for Good Governance in Zambia adopted by the Government in March 2000. It should be noted, however, that not much action was taken by the former Zambian government to implement the National Programme. Under the current government some steps have been taken towards for example constitutional reform, electoral reform, parliamentary reform and decentralisation reform. The Zambian government's commitment to a democratic governance programme is further emphasised in the recently adopted PRSP.

2.3.3 Analysis of Outputs

The Overall Programme

The specific democratic governance strategy has remained in force for only two years. It is, therefore, too early to draw any far reaching conclusions on the output and impact of the Swedish support to the programmes and projects guided by the strategy.

The Logical Framework Approach was used throughout the strategy process in order to identify clear and logical linkages between the overall development objective and the project activities. From the development objective (promotion of democratic governance and the State's respect for human rights) four Project Objectives were discerned:

- Increased and broadened political participation
- Ensured equal access to justice
- Strengthened freedom and independence of the media
- Strengthened accountability and transparency of public expenditure.

Under these objectives 11 project outputs were identified and 37 project activities proposed. Only one of the eleven project outputs has not (so far) been realised in terms of concrete project activities (strengthening the function of political parties). At least one project activity has been carried out under each of the other ten project outputs.

About half of 37 proposed activities have been implemented. Some new activities that were not proposed in the strategy document have been carried out however, making the total number of project activities more than 20. Most, if not all, of the not proposed activities fit neatly within the frames of the Project Objectives and Project Outputs.

From these figures the conclusion can be drawn that the strategy has been closely followed with regard to selection of projects to be supported. The strategy has thus fulfilled one of its main functions, namely to work as a practical guide and tool for Sida and the Embassy to use when facing the enormous demand for democracy and human rights support coming from the Zambian civil society as well as Government.

Donor Co-ordination, Capacity Building and Organisational Development

The need for capacity building and organisational development of collaborating partners was identified as one point of departure for the programme. As part of this effort the Embassy initiated a NGO Organisational Development Project in 2000-2001 for 10 of the Zambian

partner organisations. According to the participants' evaluation of the project all activities were successfully carried out.

Donor co-ordination was identified as another point of departure for the implementation of the democratic governance strategy. As a first step to strengthen co-ordination Sweden took the initiative to establishing six organisational working groups within areas that matched the Government's Capacity Building Programme for Good Governance. The structured co-ordination has led to several joint actions being taken, for example the setting up of criteria for electoral support, the development of a joint position paper on decentralisation reform and the joint preparations for support to parliamentary reform.

Project Objective One: Increased and Broadened Political Participation

Output 1) Make it possible for individuals to participate in political matters that affect them by promoting political and administrative decentralisation reform

Sweden has been one of the most active members of the Donor Working Group on Local Governance and Decentralisation and a driving force in the work on a joint strategic framework for donor support which was endorsed by the HoMs in June 2000. Sweden also, in 2001, initiated and financed (together with other donors), a study on decentralisation. Based on the conclusions and recommendation of this study the Donor Working Group has worked out a joint donor position paper on support for local governance which was endorsed by the EU Heads of Mission in March, 2002.

While awaiting the elections of 2001 and the new Government's policy, including its response to the donor Position Paper, only a few project activities were carried out: the Mindolo Ecumenical Foundation's practical training of local councillors on their roles and responsibilities in six districts on the Copperbelt and the Farmer Group Empowerment Project in Land Management and Conservation Farming (LMCF). The later project is an attempt at integrating a democratic participation dimension in our support to the agricultural sector.

Output 2) Increase voter participation by promoting reform and activities aimed at the strengthening of long-term capacity for the conduct of free and fair elections

Sweden was at an early stage actively involved in donor efforts at finding a common ground for support to the December 2001 tripartite elections (presidential, parliamentary and local). An EU Position Paper including guiding principles for electoral support was drafted and approved in May 2000.

Through the EU Election Unit Sweden contributed to three different projects: a post-election opinion poll, voter registers and observer fees. Furthermore, Sweden supported the Party Polling Agent Project carried out by FODEP; voter education, mobilisation and election monitoring done by Coalition 2001, a joint NGO-project; and a project on political enfranchisement of citizens with disabilities conducted by IFES. In addition, a number of co-operating partners given core-support by Sweden, i.a. FODEP, AFRONET, the Women's Lobby Group and NGOCC, had election related activities on their agendas.

In terms of output and effects, our support had some immediate impact such as an increase in voter registration as a result of Coalition 2001's voter education in all the 7 official languages and door to door campaigns. Further, our support led to the elections being more thoroughly monitored than ever before in Zambia. FODEP and Coalition 2001 both monitored 85-95 % each of the 5 500 polling stations, thus contributing to firmly based assessments of the free- and fairness of the elections.

Output 3) Strengthen the function of political parties as linkages between the citizens and the public organs by promoting activities that improve their organisational structure and working conditions in Parliament and the other organs.

Thus far, the only project specifically targeted at the above output is FODEP's project for providing civic education to political party leaders. The project has had limited impact on the relationship between the political leaders and the general public, civil society and the media¹⁰. (pp 47-49). Other Sida-supported NGO activities touch upon this area: for example the AFRONET's Parliamentary Watch programme and Parliamentary Forum bringing together parliamentarians and civil society groups to discuss the role of parliament in a democratic society; training of local councillors (MEF), support to women candidates during the election campaign (Women's Lobby Group and NGOCC) and the party polling agents project (FODEP).

Output 4) Increase political participation by supporting civic education which focuses on the importance of participation and how to participate.

A number of the NGOs Sweden are supporting are very active in the area of civic education: FODEP, National Women's Lobby Group, Women for Change, Catholic Commission for Justice and Peace, Zambia Civic Education Association, Mindolo Ecumenical Foundation. The Farmer Group Empowerment Project should also be included here.

There is still a lot to do within this area, though FODEP's (and other organisations') efforts have, for example, raised people's awareness of how political leaders should behave, how to elect accountable leaders and how to form political parties.¹¹ Another important result was reached by the National Women's Lobby Group which managed to significantly increase the number of women who stood as candidates for elected political posts at all levels.

Taken together the civic education programmes of our different partners reach a large proportion of the Zambian citizens. Women for Change for example, during only a six months period (the second half of 2002) trained 330 community facilitators who conducted 650 community workshops in 11 constituencies reaching an estimated number of 60,500 people. Topics covered in WfC's workshops are for example why it is important to vote, how to hold leaders accountable, why women should participate in politics and how to encourage women's participation.

¹⁰ In-Depth Review of Foundation for Democratic Process (FODEP) commissioned by the Royal Norwegian Embassy, Lusaka, July 2001, pp 48-49

¹¹ Ibid p 35

Project Objective Two: Ensured Equal Access to Justice

Output 1) Develop the judiciary and the Permanent Human Rights Commission into organs for positive change in the area of human rights and democratic development

Two projects for Swedish support have been initiated in order to achieve this project output. One is support to a capacity building programme for the Permanent Human Rights Commission, including technical advice from the Swedish Parliamentary Ombudsman in 2001 on improvement of case handling and computerisation of the Complaints Registry. The intention is to follow up this initial consultancy with a more long-term co-operation programme.

The other project focuses on increasing awareness and building capacity within the human rights area generally in the Zambian society through the establishment and development of an independent human rights institute - HURID. During its first year of operation, 2001-02, HURID, jointly with the UNZA School of Law, has run a postgraduate diploma in human rights. It has also entered into Memoranda of Understanding with both the Judiciary and Police Training College tailored to build capacity within these institutions as envisaged under the Government's Good Governance Programme.

Output 2) Increase access to legal redress by communities and groups that are not otherwise able to afford legal service.

A number of the NGO's supported by Sida/the Embassy are given free legal advice and services to poor people. In order for the organisations to enhance their capacity and better co-ordinate their efforts, the Embassy initiated in late 2001 a Paralegal Network Project together with four partners: Legal Resources Foundation, Catholic Commission of Justice and Peace, Zambia Civic Education Association and Young Women's Christian Association of Zambia, YWCA.

In addition to this project, core support was provided to all of the above organisations. This support contributed substantially to increasing the access to justice for the Zambian citizens. LRF, for example, assisted almost 17,000 legal aid seekers during 2001 on everyday cases such as labour disputes, breach of contract, housing disputes, land dispute, matrimonial cases etc.

Output 3) Create a better understanding of human rights on the part of justice administrators and intermediaries in order to improve the prospects of enforcement of these rights by ordinary persons who cannot otherwise afford to seek legal redress.

A study on Juvenile Justice was jointly commissioned by Sweden, UNICEF and the Danish and British Embassies and has led to a project proposal on a juvenile justice pilot project being submitted by the Ministry of Home Affairs to the Embassy in 2001. No decision on Swedish assistance has yet been taken.

The Embassy also commissioned a study in 2001 on the law teaching environment of Zambia resulting in UNZA School of Law presenting a proposal for funding in early 2002. The proposal which focuses on teaching material development is being considered for Swedish support. During the period the Ministry of Legal Affairs has received Swedish

support for the establishment of an appropriate mechanism for ensuring that Zambia fulfils its State Reporting obligations under the various human rights conventions. The support has resulted in Zambia submitting in 2000 a state report under the Convention Against Torture and being in the process of submitting the report under the Covenant on Economic, Social and Cultural Rights. In both projects, the Raoul Wallenberg Institute in Lund has provided technical assistance.

Output 4) Reduce the delays experienced in the subordinate courts and the cost of seeking legal redress

Two projects have the above objective. One is the joint Norwegian – Swedish support to the Judiciary for institutional capacity strengthening of the Lusaka Magistrates Court. The Swedish part of the contribution (SEK 4,000,000) is earmarked for infrastructure, furniture for courthouses and other material investments. The other project is the Alternative Dispute Resolution (ADR) Project run by the Law Association of Zambia and co-financed with USAID. Thus far the project has resulted in new rules and regulations being enacted to facilitate court assistance in arbitration. It has furthermore resulted in the establishment of the Zambia Arbitrators Association in order to promote and regulate the ethical practice of ADR and the Zambia Centre for Dispute Resolution in order to provide a number of ADR services. Under the Project 50 arbitrators have been trained.

Project Objective Three: Strengthened Freedom and Independence of the Media

The prioritised project output under this objective is to promote the improvement of capacity and increase of coverage of private, independent electronic as well as printed media. In order to develop a structured media support programme aiming at this objective a project identification mission was conducted in 2000. As a result of the mission support is being given to the Community Radio Microlink connecting a number of Catholic run community radio stations and providing them a direct and simultaneous central national news feed.

To promote capacity building within the media sector, earmarked support is provided to the Zambia Institute of Mass Communication Educational Trust (ZAMCOM) for the production of a gender training manual for journalists. Two consultation workshops for key stakeholders and one workshop for the technical team have been held. The final manual will be submitted in late 2002. The third ongoing project under this objective is the institutional support to Zambia Independent Media Association, ZIMA. During the period reviewed ZIMA has continued to be Zambia's leading media monitoring and advocacy organisation. The organisation is instrumental regarding the work towards the establishment of an independent broadcasting authority and the introduction of a freedom of information act.

Project Objective Four: Strengthened Accountability and Transparency of Public Expenditure

Output 1) Decrease the Incidence of Corruption

The projects supported in order to promote anti-corruption have been

limited to the non-governmental sector. Three partner NGOs are focussing their efforts at fighting corruption: AFRONET, Transparency International and the Integrity Foundation.

During 2001 AFRONET's programme for "Social Mobilisation for Anti-Corruption" included a civil society consultative forum, an exploratory and analytical study on corruption, the publication of two issues of the "Corruption Eye" newsletter and co-operation with a cultural group which carried out drama performances addressing the issues of corruption.

The Swedish support to the Zambia Chapter of Transparency International and to the Integrity Foundation Zambia helped both organisations take off in 2001. During its first year of operation TI, for example, produced a State of Corruption Report and started developing a Zambian corruption perception index whereas Integrity Foundation, for example, published and disseminated a guide for election agents on how to uphold the integrity of the electoral process and curb corruption, and worked with the new MPs on the efficacy of the Parliamentary and Ministerial Code of Conduct Act.

Output 2) Increase the Transparency of the Budget

Two projects have been supported during the period under review: a two-day workshop for journalists on Budget Analysis and the IDASA international research project on analysis of the budget process. The research project involves two of our other partner NGOs: Catholic Commission of Justice and Peace and Women for Change. It has resulted in a country report on transparency and participation in the budget process, which will be used for consideration of future support within this area.

2.3.4 Goal Fulfilment

As mentioned above, the specific democratic governance strategy has functioned as a tool for structuring and guiding Sida's and the Embassy's work within this area of development co-operation. It has, for example, played a significant role for the strengthening of donor co-ordination which in turn has led to reduced gaps between donor policies, reduced risk for overlapping interventions and less burdens for the Zambian collaborating institutions and organisations.

The strategy has thus fulfilled one of its main goals. Regarding programme and project objectives, however, it is more difficult to draw clear-cut conclusions. The most evident and immediate effects are being seen within the area of political participation, or more specifically, voter participation. The joint donor support to the 2001 elections, including the Swedish support, laid the basis for increased opportunities for the Zambian people to register to vote, to make an informed decision on who to vote for (voter education) and to cast their ballots. It also made it possible for organisations to monitor the polls at almost each and every polling station in the country. Another important effect in this area is the increase in the number of women standing as candidates in the elections. Thus, a not too bold conclusion is that the Swedish electoral and civic education support contributed to increased and broadened political participation (Project Objective One). It can furthermore, be concluded

that Swedish support has clearly increased the opportunities for some poor people to get access to justice through legal advice offices run by NGOs.

The overall picture is unclear, however. Because although voter participation increases, more women participate as candidates in elections and more people get legal advice, we cannot draw the conclusion that Zambia moves towards more democracy and more respect for human rights, i.e moves towards our development objective. There are simply too many factors that do not point in the right direction and the time perspective is still too short. In order for the Swedish democratic governance programme to have any sustainable and long lasting impact, a continuation of a well-structured and focussed programme during the coming country strategy period will be necessary.

2.4 The Energy Sector

2.4.1 Basic Facts

Pilot Project on Providing Electricity Services using Photovoltaic Solar Systems through Energy Service Companies (ESCOs) in Rural Areas

Phase I: 7.2 MSEK 1998-2003 (extended time period)

Phase II: 6.0 MSEK 2001-2003

7.0 MSEK disbursed (Ongoing)

Kafue Gorge Regional Training Centre, Phase III: Final Consolidation and Hand-Over
Phase III: 9.2 MSEK (1997-1999)
9.2 MSEK disbursed (Completed)

Training of Technical and Support Staff at ZESCO National Control Centre (NCC)

3.0 MSEK 1998-1999

3.0 MSEK disbursed (Completed)

Institutional Capacity Building of the Energy Regulation Board (ERB)
7.8 MSEK 1998-2001

7.2 MSEK disbursed (Completed)

Projects under WB's 200 MUSD Power Sector Rehabilitation Programme (PRP)

Institutional Capacity Building of ZESCO's Environmental and Social Affairs Unit

Phase II: 4.4 MSEK 1998-2000

4.4 MSEK disbursed (Completed)

Institutional Capacity Building of ZESCO
8.2 MSEK 2000-2003

0.9 MSEK disbursed (Ongoing)

Technical Assistance to the Rehabilitation of the Kafue Gorge Hydropower Station

14 MSEK 1998-2003

3.2 MSEK disbursed (Ongoing)

Sweden has contributed to the development of the energy sector in Zambia for as long as 30 years. Initially, the support was primarily directed to the major hydropower plant, Kafue Gorge. By the end of the 1980s, support was also provided to a regional hydropower training centre at Kafue Gorge, and to a national control centre for power generation and distribution.

By the mid-1990s, the energy co-operation shifted focus to institutional development in support of the ongoing power sector reform, where privatisation of the national energy utility and establishment of required institutional and legislative structures are of fundamental importance. Innovative least-cost options for rural electrification also started to receive increasing attention.

In spite of the long-term and, taken together, rather substantial support to the Zambian energy sector, the co-operation has not been built on concentrated sector support allocations from country development funds. The various projects that form part of the co-operation have to a considerable extent been financed in a patchy way, drawing on regional energy funds, project development funds, consulting trust funds and similar sources not earmarked for Zambia.

2.4.2 Relevance

During recent years, the Swedish energy sector co-operation with Zambia has primarily been guided by the sector reform efforts, as reflected in the national energy policy, and the Power Sector Rehabilitation Programme (PRP), where the World Bank is the leading donor. The PRP supports the Zambian Government's aim to enhance the ability of the national electricity supply industry to stimulate more rapid growth of the economy. Apart from upgrading physical facilities, the program also includes a component to facilitate private sector participation in the power sector. Three out of seven projects funded by Sweden during the period 1999-2001 form part of the PRP.

Two important institutional development projects have been completed during the period: 1) the establishment of an environmental and social affairs unit within the national power utility ZESCO; and 2) an independent energy regulatory board. Both are operating quite successfully without significant external support, and both have important roles to play in a liberalised and sustainable energy sector in the future.¹² In addition, the external support to the establishment of the regional training centre at Kafue Gorge has been phased out. This centre is now operating as an independent business unit, with a strategic function in developing hydropower competence in Sub-Saharan Africa – a region that is becoming more and more closely interconnected in the South African Power Pool.

In September 2001, the first draft of Zambia's Poverty Reduction Strategy Paper (PRSP) was presented. Investment in infrastructure, where

¹² Phase II Final Report (No 6), Project Closure Mission 29 Aug – 23 Sept 2000, 11 Oct 2000 (Revision 1, 25 Nov 2000; Revision 2, 21 Dec 2000), ZESCO/SwedPower
Final Report No 6, October 2001, ESU/ZESCO
Zambia Power Rehabilitation Project, Supervision Mission October 2001, Aide-Memoire, World Bank-
Final Report, March 2001, SWECO
Sida Capacity Building Project, Result Analysis, ERB

energy plays an important role, is one of three focal areas in the country's strategy to support sustained economic growth and socio-economic development. "In order to contribute to poverty alleviation, programs in the energy sector should aim at:

1. Increasing access to electricity for the purpose of enhancing social and economic development through higher economic productivity in agriculture, etc.
2. Promoting efficient utilisation of biomass energy technologies, especially for the low and medium income groups to save time and money.
3. Promoting the wider utilisation of alternative energy resources such as coal briquettes and renewable sources to reduce poverty and land degradation."¹³

Today, a mere 1% of the rural population in Zambia has access to electricity. Electrification of rural areas will thus be high on the PRSP energy agenda. Providing electricity to rural areas, however, is not only characterised by high costs due to large distances and low loads, but will also require special considerations in a liberalised energy sector. The Swedish support to solar powered energy systems operated by private owners in rural areas is currently tried on a pilot-basis to explore possibilities to introduce innovative, renewable and least-cost alternative to areas remote to the national grid. This initiative is clearly in line with both the PRSP and the sector restructuring efforts.

2.4.3 Results achieved

Four out of seven projects have been completed during the 1999-2001 period:

1. Support to Kafue Gorge Regional Training Centre
2. Training of Technical and Support Staff at ZESCO National Control Centre (NCC)
3. Institutional and Capacity building of the Environmental and Social Affairs Unit (ESU) within the Zambia Electricity Supply Corporation Limited (ZESCO)
4. Institutional Capacity Building of the Energy Regulation Board (ERB)

The third and final phase of the support to Kafue Gorge Regional Training Centre has comprised a consolidation of the support provided by Sweden and Norway since 1991. The objective of phase III was to increase the efficiency, competence and capacity of KGRTC as a regional body.¹⁴ Through human resource development programs and the achievement of ISO 9002 certification, KGRTC has established a

¹³ Poverty Reduction Strategy Paper, Ministry of Finance and Economic Development, Republic of Zambia, First Draft, September 2001

¹⁴ Project Document

professional organisation with the ability to operate on a sustainable basis without any major external assistance. KGRTC is now an independent Business Unit under ZESCO, staffed by regional personnel, serving the hydropower industry and utilities in SADC and the Sub Sahara region. All planned physical installations have been completed. The installed hydropower simulator cannot be fully utilised, however, as KGRTC still lacks sufficient experience and knowledge in the administrative and business aspects of simulator operation.¹⁵

The training of technical and support staff at the *National Control Centre (NCC)* in Lusaka has progressed as planned, and concludes the modernisation and expansion of the centre. The objective of the training was that NCC staff should be able to manage all normally occurring operational problems and be trained in abnormal emergency situations. All planned courses were performed, but fewer than anticipated staff members were trained in some of the courses.¹⁶ The NCC is now operated by local staff only.

The second phase of the support to the *Environmental and Social Affairs Unit (ESU)* within ZESCO resulted in:

1. An effective Environmental Management System (EMS) in place
2. In-house capacity to perform environmental reviews and audits as an integral part of a functioning EMS
3. A developed Environmental Organisation in ZESCO
4. Enhanced capacity to manage, monitor and evaluate EIA processes within the ESU
5. Enhanced capacity for gender analysis

All results have in principle been achieved.¹⁷ ESU's operation is now mainstreamed as part of ZESCO operations. ESU is consulted by both engineering and management staff, including the handling and management of various types of waste generated by various business units in ZESCO. Other organisations in the country, including the Environmental Council of Zambia, have recognised the ESU,¹⁸ and the World Bank has commended the ESU for their excellent work.¹⁹

The support to establish an Energy Regulation Board has resulted in a competent organisation that is operating independently, and gradually taking on new tasks. ERB has developed basic licensing procedures, several technical standards and codes of practice, as well as procedures for the handling of complaints. Inspections and enforcement are carried out on a regular basis. Internal procedures have been developed and IT-platform, web-site and software applications are installed and running. ERB has also managed to develop good relations with other official organisations.²⁰

¹⁵ Report on KGRTC 1996-2000, Rudolf Boy Rist, March 2001

¹⁶ Final Report, 2000-09-30, SwedPowerInternational

¹⁷ Phase II Final Report (No 6), 11 Oct 2000 (Revision 1, 25 Nov 2000; Revision 2, 21 Dec 2000), ZESCO/SwedPower

Final Report No 6, October 2001, ESU/ZESCO

¹⁸ Final Report No 6, October 2001, ESU/ZESCO

¹⁹ Zambia Power Rehabilitation Project, Supervision Mission October 2001, Aide-Memoire, World Bank

²⁰ Final Report, March 2001, SWECO Sida Capacity Building Project, Result Analysis, ERB

The three remaining projects that are ongoing are the following:

1. Pilot Project on Providing Electricity Services using Photovoltaic (PV) Solar Systems through Energy Service Companies (ESCOs) in Rural Areas of Zambia
2. Institutional Capacity Building of ZESCO
3. Technical Assistance to the Rehabilitation of the Kafue Gorge Hydropower Station

The *solar PV pilot project* was initiated in the Eastern Province in 1998. The plan was to establish four energy service companies (ESCOs), each equipped with 50 solar PV panels to be installed with electricity customers.²¹ As a means to improve financial viability of the energy service operations, the number of PV panels to be operated by each ESCO was later increased from 50 to 100 to 150 panels per ESCO.²² Three ESCOs were established against a target of four. The project has been delayed due to lengthy system procurement and delivery procedures. The most urgent outstanding issue is to develop financial mechanisms to transfer the PV system ownership from the Ministry of Energy and Water Development to the ESCOs.²³

The *institutional capacity building of ZESCO*, initiated in 1998, is one of the components in the PRP. The project has been substantially delayed due to extensive discussions regarding the project's role in the ZESCO privatisation process. The first phase, which comprised the development of a project document and a plan of operation was completed in 2001.²⁴ The second phase, implementation of the training plan identified in phase I, started in October 2001.

The technical assistance to the *rehabilitation of the Kafue Gorge Hydropower Station*, which is financed in parallel with the World Bank within the PRP, comprises of supervision of contractors performing the rehabilitation work. The rehabilitation covers four major contracts, which were originally planned to be implemented during the same time period. However, the bid prices of the contracts were much higher than estimated, which has delayed the procurement process on the World Bank side.²⁵ The implementation of the supervision support is therefore depending on the swiftness of the Bank in solving this matter, but will in all cases be extended beyond the planned project completion of mid-2002.

2.4.4 Fulfilment of objectives

As no evaluation of the support to the energy sector has been performed, it is not possible to draw any major conclusions about the fulfilment of long-term objectives, or significant impact on target groups. There are, however, some achievements that at least partly fulfil stated objectives, or that have had effects beyond the expected results during the period:

²¹ Bedömningspromemoria 1998-04-20

²² INEC/Infra 584/99

²³ Final Report Phase I, April 2001, SEI

²⁴ Project Document, 26 April 2001 and Plan of Operation, 26 April 2001

²⁵ Zambia Power Rehabilitation Project, Supervision Mission October 2001, Aide-Memoire, World Bank

- The objective of the establishment of the Environmental and Social Affairs Unit (ESU) within ZESCO's is that ZESCO's environmental performance shall be improved and transparent. One indication of project success is that the World Bank has recommended the Nigerian power utility to send a delegation to ZESCO to learn how ZESCO has developed its environmental unit and how environmental matters are handled. The Nigerian delegation visited ZESCO in August 2001.²⁶
- The Energy Regulation Board (ERB) has put itself in the driver's seat in the ongoing restructuring of the energy sector. The ERB has also a clear and aggressive approach in promotion of renewable energy and extended accessibility of electricity which is noted far beyond the country's border.²⁷ The number of consumer complaints is increasing. In 2000, ERB received 28 complaints, of which 23 in the electricity sub-sector.²⁸
- The project objective of the Pilot Project on Providing Electricity Services through Energy Service Companies is to develop guidelines specifying required financial, institutional and managerial inputs for a successful operation of rural based ESCO's. This process is well under way and the project is an important input to the development and elaboration of a rural energy strategy for Zambia.

2.4.5 Conclusions

The Swedish support to the energy sector in Zambia has during the years 1999-2001 been directed towards a stronger focus on capacity building and reform of the sector than before. The support has been successful and fulfilled its objectives even though it has faced some problems with delay in the implementation of the projects.

The focus of the Swedish support to the sector is also in line with Sida's energy policy which points out reformation and capacity building as important areas of intervention within the energy sector.

The main focus of the energy sector support in Zambia will be on reform of the sector and improvement of the rural energy situation through elaboration and implementation of a rural energy strategy for Zambia and support to rural electrification. ZESCO is now facing a process of consessioning or privatisation. Further support to ERB will be needed to adapt to the new situation in the sector. Further capacity will also be needed within ERB when it comes to regulation of rural energy. Various donors are now discussing the rural energy situation in Zambia and a stronger co-ordination between donors will be necessary.

²⁶ Final Report No 6, October 2001, ESU/ZESCO

²⁷ Final Report, March 2001, SWECO

²⁸ ERB Annual Report 2000

2.5 The Land Tenure Initiative

2.5.1 Basic Facts

Institutional Co-operation with Lusaka City Council in the Field of Land Management

Initial Phase: MSEK 4.5

Extension: MSEK 1.6

MSEK 4.0 disbursed

Ongoing

In 1997 the Decision by the Director General (138/97) provided INEC/Urban with a mandate to start urban programmes in several countries in Africa and Asia that previously did not have any Swedish interventions in the urban sector. Zambia was among those countries and funds were set aside from Sida's Programme Development Fund. The urban programme was envisaged to consist of three components, which were to be implemented in stages. However, because of limited funds available, it was decided to, as a first step, initiate co-operation at the municipal level with the Lusaka City Council (LCC), as Lusaka appeared to have the largest problem with squatter settlements and, therefore, the most widespread slum developments.

2.5.2. Relevance

According to recent surveys 75% of Lusaka's population live in squatter areas. Squatters are defined as occupants living in unplanned and thus illegal settlements. People living in these areas do not have any form of legal document to prove that they are entitled to stay there. Living in unplanned settlements also means that these areas lack the normal provision of municipal services. As a result these areas do not have proper roads, intermittent water supply reaches only a few public standpipes, and sewer services are almost non-existent. Several households often share a pit latrine. There is no garbage collection and heaps of waste can be found behind buildings and along major thoroughfares.

These settlements are spontaneously built which means they do not follow any planned layout. Houses are being built close together leading to overcrowding. It is also difficult to find space for providing a feeder road or other public services such as schools; health clinics or public open space for recreation.

The aims and objectives of the land management project can be summarised as follows:

1. The project is aimed at the urban poor by providing them with security of tenure. Not only does security protect them from the threat of being removed but it also enables them to consider their temporary abode as a "home" worth investing in. On a collective scale such investments can lead to an overall improvement of a squatter area, with proper houses being built to last for the future.

2. The project is particularly aimed at women who often loose out when it comes to security of tenure. Traditionally women do not own property and after a husband's death, ownership rights are usually passed on to the husband's family. The project aims at informing women about occupancy rights and the rights and implications of joint ownership.
3. Security of tenure also allows poor people to use their newly-won property as security against a bank loan, as an asset in case of a family crisis, or as a place for earning additional income, either through subletting or by using the premises for setting up a shop or workshop.
4. Furthermore, the aim of the project is to strengthen the LCC administration in its efforts to offer a service which they are supposed to be providing but unable to do due to lack of qualified staff and resources. The resulting land register will enable LCC to better plan for its future development in terms of knowing the actual population one is dealing with. It will also provide an income from the issue of occupancy licenses, and it will broaden the municipal tax basis.

2.5.3. Results achieved

More than half way through the project, the results have been promising. The Land Tenure Initiative works at two levels: the institutional and the field level. At the institutional level the co-operation with LCC has given support to a rather weak administration to cope with the tremendous task of regularising the settlement process in Lusaka. It has done this by providing counterpart training, capacity building, and certain equipment for setting up a well functioning property register. At the field level the project has begun its activities in Chaisa, a squatter area that has been selected as pilot area. Work in the field is based on community participation in all matters related to defining the property through a carefully devised "adjudication" process.

In general, most of the planned activities have been started and have been received with a positive response both by the City Council and by the inhabitants of the pilot area. The work plan has been followed with some delays caused by circumstances outside of the project's control. The nation-wide industrial unrest in the second quarter of 2001 and inadequate staffing levels for qualified staff have been identified as some of the reasons for the slow progress. In particular, preparations for computerisation of the Deeds Registry have been slow. Priority will be given to re-organising the Deeds Registry in terms of both quality and quantity of staffing levels. Progress in other programme components has also lagged behind due to inadequate staffing levels in the Council.

Surveying and Mapping

Efficient handling of spatial data is the key to an efficient land delivery process. The staff has been and is being trained in the use of digital map data and in developing methods for mapping the pilot area by using the orthophoto technique. The training also includes the development of a database system to update the information continuously. The on-going adjudication process will indicate the type of equipment needed for field

surveys. Although being outside the scope of this project, there is need for updating the database of existing digital mapping from new aerial photography.

Computerisation

Generally, this component has been well accepted. The only thing remaining is the organisation of the new computer section within LCC. PCs, workstation and plotter have been procured and installed. The equipment is under the supervision of the system administrators deployed from the LCC Computer Section. Basic training in computer literacy was conducted with officers from various other sections, including Peri-urban, Deeds Registry and the Chaisa Resident Development Committee. However, further formal training and on-the-job training will be needed for the development of updating routines.

Due to high pressure of work on the Deeds Registry staff, resulting from the large number of visit by the general public, the progress in sorting out the files in the strong room has been poor. Since the activity is crucial for computerisation, however, additional staff has recently been deployed and the activity will be completed within the time remaining.

Communication and Community Participation

This component is crucial for the success of any subsequent project activity in the area of land delivery and constitutes a fundamental prerequisite for any progress at all. Not enough attention and resources were allocated to this component in the original work plan and budget. It is essential that the project continues to inform the residents about the progress, findings and development towards the issuing of occupancy licenses.

The main ingredients of the Communication Strategy are the information vehicles, the drama group performances, pamphlets and posters. The briefing material was well received and a high attendance was observed at meetings, including the more important community-based organisations. A drama group was recruited from Chaisa to set up a play to forward the message about occupancy licenses and property grabbing. Some 15 performances have been held. The turnout was between 700 – 1,200 persons. A pamphlet in the local language was distributed to the audience. Posters were displayed at strategic places.

Adjudication

Due to the impact of the Communication Strategy, the residents were co-operative and willing to provide information about the use and ownership status of their house. However, a number of issues still require further consideration, such as the handling of arrears of service charges, the ownership of several houses, permission to sublet etc. Training of new staff in the adjudication process as well as the preparation of a manual for the adjudication process is given high priority. There is also a need for a report on the findings and lessons learned during the adjudication process. A number of changes will be required in several policies, laws and regulations. Some of these will have to be enacted by authorities outside of LCC.

2.5.4. Fulfilment of Objectives

In as far as it is possible at this early stage, the above-mentioned objectives have been reached at various degrees of fulfilment.

1. The project has been able to reach Lusaka's urban poor, or at least a part thereof. The pilot area chosen for introducing occupancy licenses was carefully selected in consultation with LCC officials. According to a recent study Chaisa is a squatter settlement with a population of 28,000 and 5,200 housing units. More than 80 % of the households earn less than ZKK 100,000 per month which is roughly equivalent to USD 30. Furthermore Chaisa belongs to one of the areas declared Improvement Areas by the Minister of Local Government. This means that, in accordance with the Housing (Statutory and Improvement Areas) 1974 Act, the residents are entitled to secure tenure by obtaining an Occupancy License.
2. The project has reached the women of Chaisa. Women were in high attendance at information gatherings, and the above mentioned theatre play was specifically intended to raise questions of interest to women. Because of certain traditions still being practised in informal settlements, many women are not aware of their basic rights to owning property and in particular to owning land. The issues at stake were brought to the fore by the Chaisa drama group, including the legal position about inheritance and joint ownership. Moreover, standard procedures will be put in place to ensure that women or women-headed households are the prime beneficiaries of Occupancy Licenses being issued.
3. Whether or not the prospect of secure tenure has led to other improvements in Chaisa is too early to tell. The only observation one can report at this stage, is that of a general feeling of being part of a programme that will ultimately provide the community with secure tenure and thereby change their status from that of being "marginalised" to that of being "recognised".
4. For the time being the Lusaka City Council is the most immediate beneficiary of the project. The above mentioned changes in the handling of surveying and mapping, the re-organisation of the Deeds Registry, as well as new approaches to public participation and adjudication, are a clear indication that the services of LCC will be improved and made more effective. To ensure that this initiative remains sustainable, however, requires continuity that in the long run only a well-trained cadre of staff can provide. In this respect it is important to keep the momentum going by offering similar training programmes to new and future recruits. In spite of the many difficulties encountered in the course of the first year, one gets the impression that a mutual understanding of the problem exists between LCC and the Swedish consultants, resulting in a strong motivation to co-operate which may ultimately lead to a long-lasting partnership.

2.5.5. Conclusions

As a first step towards a more long-term engagement with Zambian authorities in the field of urban development, the project has been able to play a significant role for several reasons. First, it has enabled Sida to learn more about the urbanisation process in a country where the majority of people already live in urban areas. Second, it has provided the Zambian counterpart with an initiative that works at both levels: the institutional as well as the field level. Third, the project has demonstrated the complexity of dealing with poverty as part of the human settlement process and has thus opened up new areas for future co-operation. Below an attempt is made to outline some priority areas on which a future urban development programme might focus on.

The planning process for the future co-operation between Sweden and Zambia for the period 2003-2007 has started. Discussions have been initiated between Sida and the Embassy about the inclusion of a long-term urban development programme in the Country Strategy. The main objective of the proposed urban programme is to reach the urban poor with improvements that will create a healthier and more liveable environment for them. To do this administrative structures are required that will provide municipal services on a sustainable basis. The proposed institutional co-operation with local authorities, such as LCC, is intended to create viable administrations that will last even after the programme has ended.

The following possible areas of co-operation are currently under discussion but will be further scrutinised by an appraisal mission.

Institutional Co-operation for City-wide Land Delivery Process

The aim of the pilot phase of the Land Tenure Initiative was to develop a model for a simplified, cheaper and speedier land delivery process. LCC underlines the need for expanding the land delivery process to a city-wide level for all unplanned settlements as soon as the pilot project has been concluded. However, certain weaknesses in the institutional set-up may hamper the implementation process. It may thus be necessary to strengthen LCC's organisational structure and its human resource capacity.

Creating Conditions for Investments in Infrastructure (Squatter Upgrading)

As a result of residents obtaining their occupancy rights, it is anticipated that other improvements could be triggered off. Such improvements could be launched as private as well as municipal initiatives. At the municipal level, infrastructure development will be needed to improve the environmental and health conditions of the community. The provision of water and sanitation are high on the agenda. Improvement of education and health facilities and improved transport services also needs to be addressed. Extensive consultation and public participation in the preparation, construction, operation and maintenance of physical assets are essential ingredients for the viability and sustainability of such improvements. Sida might support studies on how such an improvement process could be developed in a sustainable way.

Housing Finance

For the residents to be able to improve their housing in the wake of obtaining an occupancy license, funding must be made available for such investments. There might be a potential for establishing housing finance schemes, targeting the poor residents in unplanned settlements to improve their houses and surrounding environment while at the same time creating business opportunities. Given Sida's substantial support to the Zambian micro finance sector, it is concluded that Sida is also well placed to support a process of product development and diversification within the industry, with a particular focus on housing finance. The prospects for this might thus be examined.

Solid Waste Management

Solid waste creates environmental and health problems in the unplanned settlements. Sida has been approached by LCC to examine possible areas of future co-operation in the field of waste management. Issues of organisation, financing and operation should be analysed and the required action plan should be prepared.

2.6 Private Sector Development

2.6.1. Basic Facts

A. Contributions

Microfinance

1. Bank of Zambia – Regulatory Framework, SEK 3,893,004 (on going with SEK 4mn remaining)
2. Association of Microfinance Institutions in Zambia, SEK 1,175,576 (on going with SEK 840,000 remaining)
3. Pride Zambia, SEK 12,850,000

Business to Business Co-operation

4. Enterprise Development Programme, EDP-Z (SEK 22,200,000 since 1995)

Capital Markets Development

5. Lusaka Stock Exchange and Securities and Exchange Commission, SEK 1,441,132 (completed)

Reform of Public Enterprise

6. Zambia Railways, (1997-2000: SEK 23,456,635,) 2000-2002: SEK 17,709,367

B. Disbursements 1999-2001: SEK

2.6.2. Relevance

The reasons for the high levels of poverty in Zambia are multi-dimensional but one is the lack of sustainable pro-poor economic growth. To stimulate and foster sustainable pro-poor growth an enabling environment for the private sector is imperative and should be supported. The importance of the private sector is recognised in the PRSP and the government has suggested various measures to support its growth agenda including private sector investments and completion of the privatisation programme.

Under the Country Strategy for Development Co-operation for Zambia, January 1, 1999 – December 31, 2001, support to the private sector is focused on developing private enterprises, reforming public enterprises and providing credit to micro, small and medium sized enterprises. Facilitating access to credit by female entrepreneurs is highlighted in the strategy document. There is also mention of providing assistance to the financial sector and capital markets during the strategy period.

During the period under review, substantial support has been given to microfinance in order to promote sustainable access to financial services to the poor, promote best practices in the industry and develop an enabling environment in which microfinance institutions (MFIs) can function and grow. Assistance was provided to small and medium sized enterprises through advisory services, training and a credit facility. The Enterprise Development Programme, EDP-Z, focused on fostering business links between Zambian and Swedish companies and building management capacity in Zambian companies. Support was also provided to the capital markets that enabled the Lusaka Stock Exchange (LuSE) and the Securities and Exchange Commission (SEC) to host and participate in various capacity enhancing workshops. The support through a management team with the task of assisting the reform and restructuring process of Zambia Railways Ltd has continued during the review period.

2.6.3. Analysis of Outputs

Bank of Zambia (BoZ)

Support to Bank of Zambia has been provided to support the development of a microfinance framework to regulate and supervise the sector in Zambia. Under the first phase of the project, funds were granted to undertake an extensive field survey of nearly all MFIs in Zambia. The results of this survey were used to determine the scope of the microfinance (MF) industry and its regulatory needs. This phase was successfully completed in December 1999. The actual development of the regulatory framework has begun under a second phase of support and is being co-funded with USAID. BoZ's partner in this ongoing project is IRIS, Institutional Reform and the Informal Sector at the University of Maryland.

It is evident that Swedish support has been instrumental in the development of a regulatory framework. The field survey of MFIs, the most comprehensive to date, presented crucial information regarding the state of the very young MF industry at the time, much of which remains

relevant today. The support has contributed to a number of changes within Zambia, such as the amendment of the current law to pave the way for MF regulation and the establishment of the Non-Banking Financial Institutions Supervision department within BoZ. This project has been characterised by a high level of ownership by BoZ and wide consultation with various stakeholders.²⁹

The Association of Microfinance Institutions in Zambia (AMIZ)

In March 1998, the newly formed AMIZ was faced with the challenge of forming a secretariat and carrying out activities that would achieve its objective of building the capacity of a young microfinance industry in Zambia. To this end, Sida funded a pilot phase project that provided operational and consultancy support to AMIZ. AMIZ was able to constitute a small secretariat with the former and formulate a Business Plan, with the assistance of a Dutch consulting firm, with the latter. The Business Plan was adopted at AMIZ's Annual General Meeting in April 2000. Under a second phase of support, assistance has been extended to AMIZ to continue with its capacity building efforts under its Business Plan.

The Business Plan has proved to be instrumental in helping AMIZ procure funding from other donors. Hivos, a Dutch NGO based in Harare, is supporting AMIZ with \$150,000.00 during the period 2000 - 2002. As a result, AMIZ was able to begin implementing various aspects of its Business Plan, such as improved staffing of the Secretariat, facilitating training courses, lobbying and awareness³⁰, while it negotiated further support from Sida. A further \$6,000.00 was secured from the EC, through the Private Sector Development Programme, to fund breakfast meetings. These meetings, which have been well attended and widely reported in the media, have been significant in building public awareness of the microfinance industry.

The main challenge facing AMIZ is its ability to be sustainable in the future. Much of its income is generated through membership fees and service fees. However, despite increasing membership fees quite significantly in 2001, these two sources of income only covered 16% of AMIZ's administrative costs in 2001. Moreover, AMIZ's membership fell as many organisations left the association due to the higher fees.³¹ Sida recognises that AMIZ may, in the long term, continue to require external funding for its 'project' activities. However, it is important that it is able to generate internal income to cover its 'core' activity of running the Secretariat. To this end, AMIZ will prepare a Sustainability Plan where it will outline a strategy on reaching sustainability.

Pride Zambia

In January 2000 Sida began supporting Pride Africa to establish microfinance operations in Zambia, called Pride Africa – Zambia, under

²⁹ First Quarterly Report – Support to the Development of a Regulatory Framework for Microfinancing Institutions in Zambia, Bank of Zambia (January 2002).

³⁰ Year 2000 Annual Report, presented by the Chairperson at the 3rd Annual General Meeting of AMIZ, 2 March 2002.

³¹ Chairperson's Report, Annual General Meeting, 28 March 2002.

a pilot project. Support was given in the form of grant and loan funding. To facilitate the restructuring of the Pride Group during 2001 further short term assistance was provided to Pride Africa – Zambia to transform itself into an independent legal entity with its own board. Pride Zambia (PZ), as it is now called, has prepared a Business Plan with the active input of its new board, for Sida's further consideration.

The performance of PZ during the pilot phase was undoubtedly successful. All the agreed benchmarks were met or exceeded³² and placed PZ as one of the major microfinance players in Zambia. The number of branches, clients, active borrowers and the size of the loan portfolio continued to grow in 2001³³. Despite these achievements PZ encountered a number of problems, particularly in relation to high drop out of clients, a rigid lending methodology and internal fraud resulting in a high turn over of staff. External challenges include increased competition and an unstable macroeconomic environment.³⁴ The agreement that PZ would find another donor did not materialise during the period under review. However, PZ is confident that it will find a co-funder during its next phase of operations. PZ's level of cost recovery in 2001 was only 23% by December 2001. Therefore, the main challenge for PZ in the future will be to demonstrate that it is capable of achieving operational sustainability and attracting commercial investors. Pride Zambia is not especially targeting female entrepreneurs, however a majority of the clients are women (57 %)³⁵, indicating that the services provided are attuned to the needs and risk-taking levels of poor women.

Enterprise Development Programme – Zambia (EDP-Z)

Support was given to the EDP project to encourage and support the growth of financially viable small and medium sized enterprises (SMEs) through the provision of credit, advisory services, training and the promotion of linkages with Swedish SMEs. A consultancy company was appointed administrator of the project, which commenced in 1995 and ran for a five-year period until the end of 2000. 21 loans were disbursed and up to 22 Zambian SMEs participated in a management capacity building programme.

EDP-Z was beneficial in that it provided an alternative source of finance in an environment where investment capital is extremely limited and usually reserved for large businesses. However, the project faced many difficulties during its life span. The use of a consulting company, rather than a financial institution, to administer the credit component led to serious mismanagement as there were no set routines, no proper accounting systems and frequent miscalculations. The result is a loan portfolio made up of a spectrum of borrowers, from the excellent repayers to the reluctant and evasive.³⁶ Furthermore, there were setbacks to fully developing linkages between Swedish and Zambian SMEs,

³² Pride Africa Zambia Report, January to December 2000, dated January 2001

³³ Pride Zambia Annual Report, February, 2002

³⁴ see no.5 above

³⁵ see no 5 above

³⁶ Loan Portfolio Administration - Final Report, Hifab International AB, July 2001.

particularly due to the small size of the Zambian SMEs and the depressed economic climate in Zambia during the period.³⁷ Although it has been argued that Zambia was an unfortunate choice for the EDP³⁸, the conflict between commercialism and development ideals led to many of the difficulties experienced in the project³⁹.

Another benefit of the EDP was the series of workshops and individual coaching sessions that made up the management training programme for the Zambian SMEs. Unfortunately, the training programme was a late addition to the EDP-Z and was run independently and separately from other activities. Only a small handful of companies were fully committed to the management programme and therefore benefited the most from the programme. A uniform training package was provided for all companies and yet the needs of the companies, including their managerial capacity, varied greatly. Nevertheless, the training programme highlighted the fact that many entrepreneurs lack the knowledge and skills that are needed to run and expand a successful business.⁴⁰ There are plans to commence the evaluation of EDP-Z during the end of 2002.

Capital Markets Development

Assistance was given to the Securities & Exchange Commission (SEC) and the Lusaka Stock Exchange (LuSE) to support the development of a strong, efficient and orderly securities market, which will effectively contribute to Zambia's economic growth. Funds have been granted for various activities aimed at improving the knowledge and technical skills of the market players, in particular fund managers and institutional investors. The activities include studies of different investment instruments in the capital markets and seminars workshops and publications covering both policy and operational issues related to the capital markets. The support was not designed as a detailed project with expected measurable results, but as a series of different activities in education, training and dissemination for enhancing capacity for a broad target group in the field.

The support has been beneficial in contributing to the process of capacity building of the market players, especially institutional investors and fund managers who play a significant role in the nascent stage of the Zambian capital markets.

Zambia Railways Ltd

Sida has supported the restructuring and privatisation of Zambia Railways Ltd (ZRL) since 1998. In March 1998, Sida commenced the financing of a Management Team to run ZRL and prepare the company for privatisation and later for concessioning. At this time the situation in ZRL was very critical both financially, technically and commercially. A comprehensive restructuring plan for the whole company was introduced where the staff level was cut substantially (the number of employees has

³⁷ Final Report from the Advisory Group for EDP, December 2001.

³⁸ see no.9 above

³⁹ see no.8 above

⁴⁰ Report on EDP-Z Management Capacity Building Programme, Compete Consultoria Formacao, November, 2000.

diminished by 70 % between 1998-2002) stringent maintenance policies were implemented, a strict cash management system was put in place and the overall productivity of ZRL was improved. The restructuring plan has been successful and has improved the capacity of the company in all aspects.⁴¹ The major problem during the restructuring process has been the retrenchment of the employees but with the funding from the World Bank Restructuring Project adequate arrangements have been made to prepare for the retrenched employees. The employees have been offered voluntary Social and Business Counselling seminars and some of the retrenched workers have resettled on farm plots.

Due to a complicated concessioning process and an optimistic timetable, the process has been delayed and the agreement has been prolonged two times. The main challenge for ZRL after the concessioning will be to monitor the concessioning agent and its compliance with the concessioning agreement. Zambia Railways will continue to be the owner of all present assets, which will require certain registers and control.

The restructuring of ZRL and the process preparing the company for concessioning has to a large extent been possible through the Swedish support to the Management Team. If deemed necessary Sida is willing to consider a possible request from Zambia Railways Ltd for a limited support during the first phase after the concessioning.

2.6.4. Goal Fulfilment

With the exception of PZ, there has not been an evaluation of the private sector development projects during the period. An evaluation of the EDP is planned to commence in the end of 2002.⁴² Most of the other projects are long term in nature and will probably come to an end during the next period. Support to the capital markets was ad hoc and did not call for an in-depth evaluation.

Nevertheless the effects of Swedish support, although unconfirmed by an external evaluation, can be briefly discussed. Sida's consolidated approach in supporting the microfinance industry at three different levels is likely to contribute to the development of sustainable microfinance in Zambia. BoZ will provide the policy framework for microfinance, AMIZ is and will continue to promote best practices and PZ will hopefully grow to be a sustainable provider of financial services to the poor. Although the success of the EDP was somewhat limited, there may be some long term effects for the handful of SMEs that fully benefited from the management training programme. The companies and the actual managers may benefit from improved management techniques, innovation and entrepreneurship. The support to Zambia Railways Ltd through the facilitation of a Management Team has restructured and prepared the company for the concessioning process, which is almost finalised. The concessioning will be positive, e.g create a positive economic value for the Government of Zambia.

⁴¹ Review of the Operations of Zambia Railways Ltd under the Hifab Management Contract (1998-2002)

⁴² see no.9 above

2.6.5. Conclusions

Sida's support to private sector development has been too limited during the period to have any substantial effect on the Zambian economy. Nevertheless, it must be noted that macroeconomic instability is still a major hindrance to the growth and development of the private sector. This has been exacerbated with the looming withdrawal of Anglo American Corporation from the mining sector. The decline in the mining sector has further stressed the need for diversification of the export industry and there is a special task force designed to explore possibilities of industrial diversification.

Other obstacles to private sector growth are limited entrepreneurial/managerial skills, lack of access to capital and crowding out of finance caused by government borrowing. Another important factor that cannot be ignored is HIV/AIDS which has led to high levels of absenteeism, huge medical and funeral costs, decreased productivity and a lack of continuity, to name just a few of the negative impacts to the private sector. However, these obstacles shall not obstruct further investments in the sector. A growing private sector is crucial for a sustainable pro-poor growth and future support should focus on policy issues, capacity building and the mitigation of HIV/AIDS, particularly in the business environment. This should be coupled with possible budget support, support to financial management and institutional reform.

2.7 International Training Programme 1999-2001

The Sida International Training Programmes are part of the overall development co-operation activities. Sida has sponsored a total number of eighty (80) courses over the past 4 years, and Zambia has been invited to almost all of them with 100% selection and 98% participation. The courses that Zambia has been invited to are in the areas of:

- a) Governance, Democracy and Human Rights,
- b) Social Services, Health, Education and Community Planning,
- c) Enabling Environment and Public Institutions and Services,
- d) Infrastructure, Telecommunications, Energy and Transport,
- e) Industrial Production, Management and Technology,
- f) Agricultural Production and Distribution and
- g) Environment, Land Use and Natural Resources Management

Zambian selection in the programmes has been as follows:

1999, 94 participants (24 women and 90 men)
2000, 62 participants (19 women and 43 men)
2001, 75 participants (19 women and 56 men)

In March 2000, a follow-up seminar for the participants in the 1998 and 1999-programmes was held at the embassy with a random target group of 25 participants. The outcome/recommendations were that Sida should hold the seminars in the participants' countries so that there could be more participation from the region, Swedish consultants should visit Zambia so that more Zambians could attend, some of the courses should be extended, a network of former participants should be formed, joint ventures between Zambia and Sweden should be promoted.

Quite a number of the recommendations have since been implemented. ITP representatives from Stockholm visited Zambia in November 2001 and met a number of former participants. Consultants such as “BICON International”- Strategic Insurance Management course, “≈F- International AB”- Public service Management Course, “SALA IDA AB”- Local Democracy course have been to Zambia and have held short seminars. In May-June 2002, Sweden Postal Management College held the first phase of the training programme “Universal Postal Services” in Lusaka for 25 participants coming from Zambia, Ghana, Eritrea and Malawi. In late June, an exchange programme was conducted in which two Swedish nationals came to Zambia to visit the Zambian Postal services. In August 2002, FOJO held a two-week-seminar “Training of trainers course in Lusaka for participants from Zambia, Malawi, Tanzania, South Africa, Mozambique, Angola and Mauritius.

In late October 2002, another follow-up seminar for former participants from the 2000 and 2001 programmes will be held in Lusaka with the theme “What is the way forward” with a target group of 25 participants.

The embassy in Lusaka has good communication networks with the Zambian government authorities, and the public at large, in regard to the International Training Programmes. In conclusion, the programmes have proven to be highly appreciated by the Zambians and should continue to be organised.

Annex 1

RESULT ANALYSIS – SUPPORT TO THE AGRICULTURAL SECTOR IN ZAMBIA 1999–2001

Basic Facts

A. Contributions: Support to the Agricultural Sector

Land Management

Land Management and conservation Farming – MSEK 45.53

Conservation Farming Unit MSEK – 4.35

Seeds and Processing

Smallholder Access to Processing, Extension and Seed – MSEK 3.75

Multiplication and Distribution of Planting Material: MSEK 9.28

Entrepreneurial Skills

Economic Expansion in Outlying Areas: MSEK 60.51

Support to Policy

Policy and Planning of the Ministry of Agriculture: MSEK 2.70

B. Total Disbursement to date: MSEK – 123.40

1. BACKGROUND INFORMATION

Sweden's long history of support to the Zambian agricultural sector dates as far back as 1964, giving it close to 40 years of cumulative experience in the sector. Over the years, the support has taken forms. In the 70s and 80s, the assistance targeted general rural development, through the once famous Integrated Rural Development Programs (IRDPs). Agricultural training institutions, farming systems research and human resource development received financial support from Sida. In the late 80s, support to land management and research in food crops took a centre stage. It was not until the mid-90ies that support for training in entrepreneurial skills commenced following government's policy of economic liberalisation. Practically all Sida support to projects have had poverty reduction as a major objective and most of the activities, at least indirectly, contribute to this objective. The rural orientation of the support also increases the relevance of interventions in poverty reduction as most of the people live in the rural areas.

Traditionally, Sida support to the sector has been channelled through the Ministry of Agriculture and Co-operatives (MAC), which was mandated to implement and to account for the resources. The key assumption behinds this arrangement and was to integrate the activities into the normal operations of the ministry thereby ensuring sustainability. However, during the implementation of the Country Strategy, (-1999 –2001), direct funding to NGOs and the Private Sector complemented the above approach.

1.2 Sector Performance

Despite Zambia possessing high potential to increase food production, to maximise derived incomes from the agricultural sector, and to effectively contribute to economic growth, this potential remains under utilised. Currently, only 14% of the total arable land of 42million hectares is utilised for agriculture purposes with mostly sub-optimally yielding crops. Several factors are cited for this unfortunate state: a) over the years, Zambia's economy was

traditionally driven by the mining sector with more than 90% of official export earning of approximately \$1 billion a year being derived from mineral export, b) over emphasis on maize production through subsidised inputs, including area where maize production is less suitable, c) recurrent droughts and floods in certain parts of the country, which could be mitigated by irrigation (as Zambia has 40% of the water sources in the Southern African region) d) cattle disease wiping out large stocks in the south, e) poor and erratic release of funds to support as efficient and functional extension and research systems, f) devastating effects of HIV/AIDS, g) unfavourable macro-economic environment, h) poorly paid and lowly motivated civil service professional resulting in high staff attrition and i) lack of credit facilities. There are major factors blamed for poor sector performance.

1.3 Policy Environment

The Country Strategy (1999 – 2001) was implemented under a rather hostile agricultural policy environment. Despite the government's incessant calls for economic liberalisation characterised by full and active participation of the private sector agricultural in service delivery, the government proved to be inconsistent in its policy implementation thus creating great variances between policy and practice. On paper, government encourages full private sector participation, yet in practice government went ahead to import, market and to distribute agricultural inputs at subsistence and relaxed terms of payment thereby undercutting the private sector initiative. The expansion of FRA mandate from its principle function of maintaining the national strategic food reserve to include the importation and marketing of inputs, was one painful example of how the government constantly diverted from its policy. In a liberalised economy, government's role was expected to be restricted to core functions of coordination, monitoring, evaluation, quality control and general provision of enabling policy environment. Government unorderedly and uncoordinated interventions in functions where the private sector has a comparative advantage scared the private sector away. Policy inconsistencies have been blamed on short sightedness by politicians who sought short-term political mileage rather than striving for long-term sector improvement. Resulting from the government abandoning its core functions, was the failure by MAC to effectively co-ordinate the more than 180 fragmented projects which led to duplication and lack of optimal resource utilisation. Independent evaluation concluded the MAC through the Agricultural Sector Investment Programme (ASIP) failed lamentably to achieve its intended objectives of co-ordination the sector.

1.4 Extension delivery System

The extension delivery system in Zambia is in a deplorable state. A study in 2001 revealed that close to 40% of the total agricultural camps were unmanned causing farmers to operate without technical support. Chronic poor government funding and high death rates of extension staff from HIV/AIDS related infections have contributed to almost paralysis of the extension system. Traditionally the T & V has been the functional mode of extension where the government extension agent delivered new technical messages. However, of late, the T & V model has proved inefficient and ineffective, mainly due to lack of visits by extension staff, lack of appropriate and updated technical and marketing messages are essential for a liberalised economy and the to-down nature of the methodology. In the last few years, however, there have emerged various alternatives of Participatory Extension, which seek to empower communities to identify, prioritise and attempt to solve own problems. This self-help approach marks a major shift from the conventional approach of dealing with farmers. Traditionally, farmers have been viewed as a group of passive listeners to be baptised with technical information delivered by the extension agent. However, in the participatory approach being advocated, farmers are viewed as partners whose contributions should be highly valued. This development calls for a change in attitude. The transition will take some time and has to a large extent not affected the extension provision to farmers. A large number of extension agents do not yet possess participatory technical skills. EEOA and LM & CF have

been instrumental in imparting this kind of knowledge to MAC extension staff. Some projects are experimenting with a separate mode of extension service provision, mainly through NGOs and the private sector. It is increasingly becoming clear that such modes of extension provision would be more effective and efficient in agricultural service delivery than using MAC staff who are lowly motivated. The questions being raised pertain to the sustainability this approach would be and as to whether the poor are able to pay for privatised extension services. It is clear though that poor farmers will be motivated to pay for good quality extension services than for low quality and inefficient extension services. At the moment, a better option seems to be the provision of grants communities to pay for their own extension services. The general feeling is that this approach will make the service provider answerable to the communities since they will pay for services.

1.5 The Draft National Agricultural Policy (NAP)

Currently, MAC operates under the guidance of a draft NAP expected to run from the year 2001 to 2010. In the NAP, overall agricultural policy, specific objectives and sector strategies are expressed as follows: the overall agricultural policy is to facilitate and support the development of a sustainable and competitive agricultural sector that assures national and household food security, and maximises the sector contribution to gross domestic product. The policy is expected to realise through five specific objectives namely 1) to ensure national and household food security through dependable annual production of adequate supplies of basic foodstuffs at competitive prices (food security), 2) to ensure that the current agricultural resources base is maintained and improved upon (sustainable natural utilisation), 3) to generate increased income through increase agricultural production and productivity (poverty reduction, increased incomes), 4) contribute to sustainable industrial development by providing locally produced agro-based raw materials (economic development, generation of employment) and 5) to increase agricultural exports, and thereby enhancing the sector's contribution to the national balance of payment (economic development and generation of employment). Following this list, the document then tabulates 12 sector strategies. It then defines and amplifies sub-sectors objectives giving detailed list of specific objectives and strategies.

The draft NAP does not give a clear picture of how specific objectives and sector strategies at policy level link up with ambitions and all-encompassing list of 55 "specific objectives" and 85 "strategies at sub-sector level". It is apparent that most of the sub-sector strategies simply conform to the ministry's technical department. There is an obvious omission in the NAP of the national-wide problem of HIV/AIDS. Overlooking a problem of such magnitude, which has impacted so negatively on agricultural productivity, is of great concern. Another key omission in reference to breeder's rights and royalties for crop varieties developed by individual seed companies. In a private sector driven economy, protection from technology piracy is of extreme importance if private initiative is to be encouraged. Ideally, the NAP should have come out clear on these two issues i.e. HIV and technology piracy.

1.6 Recent Developments

In recent months, the agricultural policy framework has become more focused. It is evident that government priorities are becoming more defined and refined with agriculture gaining a priority status. The presidential inaugural and parliamentary speeches and the trebling of the budgetary allocation to the sector underpinned this fact. The ACP document, which is a successor program to ASIP, seems to have incorporated many of the lessons learnt from ASIP implementation. In ACP, the role of MAC has now been reduced to core functions and insistence on basket funding has been eliminated giving donors a leeway to explore other channels of disbursing their funds. Other positive developments concern the re-orienting ACP away from MAC driven SWAP to a more flexible instrument and integrating ACP into PRSP. Further, the long and protracted conflict in agricultural policy formulation between emphasis

on commercialisation and one on poverty reduction has now been resolved. There is now increased emphasis on agricultural commercialisation and private sector driven agriculture.

While some are sceptical and consider pronouncements as business as usual, others are optimistic that this time around, there are obvious signs of serious attempts to turn the agricultural sector into the engine that will drive the economy of the country. With the changed political landscape, it is a wait and see situation.

2. ASSESSMENT

2.1 Relevance

There has been and continues to be ample justification for continued support to the agricultural sector considering that close to 98% of the rural population (majority of them are women) derives its livelihood from agricultural related activities. The agricultural sector provides employment and income to nearly 66% of the economically active group. The logical conclusion therefore, is that the development of the sector would contribute to improved food security and poverty reduction. It is also government's view that, besides improving household food security, a developed agricultural sector would impact positively on GDP and job creation for the rural masses. Having recognised this potential, the government has in its key documents (ACP, PRSP and the draft NAP) stated as objective, the following: a) food security through crop diversification and the strengthening of emergency preparedness, b) poverty reduction through effective use of improved techniques to maximise productivity per unit area and time, strengthening and facilitating service provision and the promotion of technologies adapted and appropriate for the resource poor farmers, c) environmental sustainability through promotion of environmental sound agricultural practices, and d) maximise sector contribution to economic growth. In achieving objectives a-d, it is anticipated that gender and HIV/AIDS would be effectively and sufficiently mainstreamed to ensure that those who fall in these categories are not marginalized.

The Swedish support to the sector during the Country Strategy (1999 – 2001) sought to achieve the following objective: 1) preservation of the natural resource base and sustainable agriculture through plant breeding and increased productivity using improved seed and soil techniques, 2) economic and social development through provision of support for economic development in outlying areas, 3) capacity and institutional building in the ASIP framework through support to planning, management and monitoring functions of MAC, 4) a focus on gender was considered logical, taking into account the contributions made by women who in a large measure bear most of the burden for agricultural work.

Considering the six Sida supported agricultural projects MDSP, SHAPES, CFU and LM & CF conform to objective (1) of the Country Strategy and to (a) and (b) (preservation of natural resource based and sustainable agriculture) under MACs sector objectives. EEOA on the other hand conforms to (2) in the Country Strategy and to (d) (maximising sector contribution to economic growth) under MACs sector objectives. PPB is in line with objective (3) under Country Strategy and is implied at sector level. All the three objectives under the Country Strategy were expected to streamline gender and HIV/AIDS and to directly or indirectly contribute to poverty reduction. The Country Strategy was to be implemented in an enabling policy environment promoted and championed by PPB.

Taking into account GRZ sector objectives and those of the Country Strategy (1999-2001), it is logical to conclude that all Sida supported projects have been relevant and in accordance with development policies and objectives of key priority areas for both Zambia and Sida.

3. RESULTS

3.1 Land Management and Conservation Farming (LM & CF)

3.1.1 Project Description

The LM & CF project aims at improving land management practices among small-scale farmers, thereby increasing agricultural production and productivity. During the present phase (1999-2002) there has been a major shift in approach from emphasis on control of run off and erosion through physical and biological barriers towards increased yields and prevention of run off and erosion through better tillage and crop husbandry practices.

More attention is also directed to the operations and methods of the extension services. Farmer based extension methods have been promoted and the Participatory Extension Approach (PEA) that has been adopted within MAC has proved to be an efficient method for improved participation and involvement of farmers and farmer groups.

3.1.2 Results

The project is considered highly relevant with a positive impact on poverty reduction and development of environmentally sustainable agriculture. The project has successfully established convincing demonstrations that have resulted in a two to three fold yield increase over conventional methods without much use of inorganic fertilisers. It has played significant role in the promotion of new conservation farming techniques now widely adopted and dependency on inorganic fertilisers has decreased in operational areas.

About a third of the 60 000 targeted households are reported to have adopted one or more of the techniques promoted by LM & CF. The major achievement is that CF techniques are gradually being adopted and farmer based extension systems are being introduced more widely by GRZ. In fact, Conservation Farming techniques are also specifically mentioned in the ACP as a viable and dependable method of promoting environmentally and sustainable agricultural growth.

The monitoring, evaluation and financial management of ASIP never functioned as envisaged which resulted in the project taking over these responsibilities. The District set-up in most cases allocated only a small proportion of the operational budget to the actual target group, the farmers at camp level. The project has through a farmer group based planning process, managed to progressively increase the proportion of funds utilised at farmer level to above 50% (excluding consultant fees).

LM & CF and its activities have been an integrated part of the MAC's extension system. This is desirable for sustainability purposes although there is doubt if the momentum can be maintained as Sida support ends in December 2002.

3.2 Conservation Farming Unit (CFU)

3.2.1 Project Description

In addition to the LM & CF objectives, the CFU aims at promoting farming techniques for small-scale farmers which maximise the use of rainfall and nutrients while spreading the seasonal labour demand. There are serious labour shortages emanating from the outbreak of animal diseases, which almost decimated the livestock population, and from the high incidence of HIV. In response to this challenge, CFU has been championing the use of techniques, which provide increased profits, reduce soil erosion and improve soil fertility. Additionally, they develop and promote complementary conservation farming techniques in all agro-

ecological regions of the country, such as the use of lime and integrated weed management and economical herbicide use among small-scale farmers. CFU also provided professional back up to other organisations, MAC extension include. The project has been successful in training individual farmers, farmers in out grower schemes such as cotton and parika, NGO's and interested groups in the appropriate use of conservation farming techniques. CFU operates under the auspices of the Zambia National Farming Union (ZNFU).

Both CFU and LMCF, are core components of the earlier Agricultural Sector Investment Programme, ASIP (1995 – 2001), under the land husbandry section of MAC.

3.2.2 Results

Adoption rates of different Conservation Farming techniques promoted by CFU have increased drastically in the last years. It is estimated that there are circa 50,000 farmers who have adopted various techniques during the year 2001/2002. This is circa 8% of the total number of small-scale farmers in Zambia. It is also estimated that a total of 3 million US\$ per year is the value of increased reduction through adoption of CF practices. This is calculated for maize production with 0.3 hectare per farmer. There are another 200000 potential future adopters out of a total of 700 000 small-scale farmers in Zambia. The impact of conservation farming techniques is considered positive in the short and medium terms. In the longer term, it conserves land and forest resources while improving utilisation of rainfall in increasing underground water resources by reducing soil erosion and run off. Techniques promoted by the project also have positive implications on HIV/AIDS afflicted communities as labour demand is reduced, yields are improved and high protein legume crops can be harvested early – in the traditional *hungry season*.

3.3 Multiplication and Distribution of Improves Seed and Planting Materials Project (MDSP)

3.3.1 Project Description.

Earlier Sida support to the Food Crops Research resulted in the release of new crop varieties for sorghum, pearl millet, finger millet, cassava and sweet potatoes. However, accessibility to improve seed of the listed crops by small-scale farmers was constrained by poor seed availability and distribution system. The Multiplication and Distribution of Improved Seed and Planting Materials Projects (MDSP) was thus conceived as a result of the need to improve production systems of small-scale farmers by promoting accessibility to improved seeds and planting materials of traditional crops.

3.3.2 Results

MDSP has successfully established a seed multiplication network from the research station down to the farmer through community seed multiplication approach. The formation of links between seed farmers with Zamseed and MAFF Research as sources of dependable source of foundation seed in a notable achievement by MDSP. In addition, the project has played a significant role in the promotion of crop diversification as a means to food security and income generation in the country. With respect to farina capacity building, the training provided to seed growers has resulted in improved knowledge in farming and entrepreneurial skills. Farmer awareness on use of quality seeds, gender sensitivity and governance issues have also increased. Concerning sustainability strategies, MDSP has aggressively pursued the formation of District Seed Associations, which will be key representatives of seed growers in their respective districts. Further, sustainability has been enhanced through the training of crop husbandry officers as licensed seed inspectors, which has resulted in the decentralisation of seed inspection and sampling. Another area of significant achievement has been the

construction and rehabilitation of satellite seed testing laboratories which has contributed to the efficiency in seed testing as the decentralised testing has reduced the costs of transportation of samples for testing and also reduced the waiting period before test results are provided. Extension staffs have been exposed to seed technology, which has improved their appreciation and understanding of seed issues. Seed quality is assured through active collaboration with the Seed Control and Certification Institute. Through MDSP support to SCCI, co-ordination of the seed sector has improved and country data on seed issues is readily available through a database created by SCCI.

3.4 Small Holders Access to Processing, Extension and Seed (SHAPES)

3.4.1 Project Description

SHAPES project seeks to provide small-scale farmers with improved seed through seed entrepreneurship, promotion of crop diversification through provision of seed and extension services. It also promotes improved food processing and storage through training and demonstration. The SHAPES project was not in the original planning but started in 2000, as a replacement to the planned Food Crop Seed Research Project that could not materialise.

3.4.2 Results

It is rather too early to conclude on the impact of SHAPES. However, the implementation of seed production, crop diversification and post-harvest components has started to show promising results. If funds will be available after 2002, it is estimated that with SHAPES active involvement, at least 20,000 small-scale farmers will have diversified food production. Further, it is estimated that close to 50% reduction in food shortage period by 2004 will have been achieved. The added value to the interventions adopted by the project lie in the food-processing component, which seeks to promote processing, and reduction in post harvest losses.

3.5 Economic Expansion in Outlying Areas (EEOA)

3.5.1 Project description

The overall objective of the project is to enable small holders and local business enterprises to take advantage of the new economic opportunities in a liberalised economy in general, and the agricultural sector in particular. Specifically, the project aims at improving living standards of the rural population through increased income in target district. The first phase of EEOA, (1995 – 1997) focused largely on participatory planning, facilitation and implementing procedures in addressing economic opportunities identified by district stakeholders. The present period (1998 – 2002) has been a period of intensive implementation of community compiled work plans in each target district. EEOA's activities five (5) main components: Facilitation, Rural Economic Expansion Facility (REEF), Business and Management Training and Financial Services and Extension Services.

3.5.2 Results

EEOA has trained rural households in outlying areas in business skills, which represent the new approach in Zambia. The project has within its period of operation adopted a process approach of actively involved beneficiaries, which has led to a very positive realisation of taking farming as a business. Short-term increase in incomes has been recorded. Rural infrastructures have been put in place with matching grant from communities and interest groups. Thousands of households have been exposed to awareness training on how to exploit economic opportunities. Hundreds of enterprises have been set up and associations have been

promoted through the stimulus of the training. MAC staff have been trained particularly extension in the facilitation methodology. This is expected to have a positive impact on long-term household incomes.

3.6 Support to Policy and Planning (PPB)

Total Budget to 2002: 5.0MSEK

Total Disbursed to Date: 2.70MSEK

3.6.1 Project Description

The support to PPB was targeted to building the capacity in the ASIP framework particularly on planning, management and monitoring functions of MAC (Ministry of Agriculture and Co-operatives). Specifically, the support to PPB was expected to improve the monitoring and evaluation of Sida supported projects. As a ministry wing, PPB was established to serve as a central support unit to enable the Permanent Secretary and the Minister maintain a co-ordinated and effective set of policies and programmes. The support was extended to facilitate the implementation of ASIP and the planning of a new sector investment programme, which is now in a late draft form, called “Agriculture Commercialisation Programme” – ACP.

3.6.2 Results

The support to PPB has not yielded intended results. In part this is due to serious problems faced by the branch in the area of staff retention but in a large measure due to political interference in policy implementation. The branch experienced a high turnover of experienced staff mainly due to low salaries and general poor conditions of service. The Financial Management Unit (FMU) on the other hand is not yet effective and has not functioned effectively to restore donor confidence. Recognising the pivotal role PPB plays in linking donor support in general and Sida interventions in particular, dialogue has been initiated to identify possible areas of support to enable PPB to perform its core functions in a more effective manner.

4. EFFECTS

4.1 Success Stories

Despite the constraints, the sector in general has made considerable progress in the area of crop diversification. As of 2000, cassava accounted for 13.6% and millet 17.9% of production and the area cultivated. The shift in the pattern of crop production is attributed to increased costs of maize production and recurrent droughts in the region. As a coping strategy, farmers are shifting to comparatively low input crops. The emergence of out-grower schemes is another success story. In the past, government controls in production and marketing, discouraged the emergence of agribusiness institutions. the out-grower schemes are now facilitating small-scale production of targeted products particularly cotton, parika, tobacco etc through provision of extension and credit services. According to Consultative Group Report (2000), a total of 180,000 small-scale farmers are actively involved in the production of the named crops. Another area where the sector has scored some success is in Non traditional Exports (NTE) with agricultural exports constituting of 69% of the total NTE in 2000 with an average yearly growth of 19%. This is a remarkable increase underpinning the significant role the sector can play in economic growth and improvement of balance of payment. There is improved communication and consultation following the emergence of such institutions as the Agricultural Consultative Forum (ACF), District Agricultural Committees (DACs) and the public – private sector partnership e.g. Golden Valley Agricultural Research Trust (GART) and the Cotton Development Trust.

4.2 Seed Multiplication

The creation of effective and efficient seed multiplication systems for the informal seed sector by various projects has significantly contributed to the population of crop diversification at national level. According to a study conducted by the Food Security Research Project (2000), the agricultural cropping patterns have undergone significant changes, showing a major shift from maize production to other crops mainly cassava and cotton. The shift has to a large extent been attributed to availability of seed for high yielding improved varieties of traditional crops, the elimination of direct government subsidies to maize production and the recurrent droughts in the region. In terms of nutritional energy production by smallholder farmers, (FARP, 2000) reports evidence of crop diversification with crops other than maize gaining importance and providing energy notably cassava, sweet potatoes, groundnuts, sorghum and millet. SHAPES and MDSP support to localised seed production and vigorous promotion of improved processing and storage techniques have created an effective demand and has led to the opening of the more avenues for the utilisation of traditional crops. Significant also, is the spread of certain traditional crops to southern region in particular cassava and cowpeas to areas where they were not traditionally grown. The overwhelming response has been compounded by recurrent droughts. Majority households in the south as a coping strategy have adopted cassava, which is a drought tolerant and low input crop.

4.3 Land Management Techniques

Increased use of land management techniques at national level has been reported. Besides, Sida supported projects promoting land management techniques, RELMA, World Vision International, CARE, World Lutheran Federation and CLUSA are also promoting conservation farming techniques. Because of their popularity and proven benefits for small-scale farmers, most of the support in various projects is tied to the use of conservation farming techniques. The multiplier effect of the techniques is rather difficult to quantify since the technology has spread beyond areas of project coverage. In part, the integration of LM & CF into the extension system of MAC has contributed to the wide spread of CF techniques. Because of derived benefits, conservation techniques have specifically been adopted as effective means for agricultural resource management and are being promoted in major sector and national documents namely: ACP and PRSP.

4.4 Entrepreneurial Skills

With respect to entrepreneurial skills, EEOA has been the national champion in the promotion and equipping farmers in outlying area with business skills. Their training has extended beyond their operational areas to include MAC staff. The facilitation cycle developed by the project is now adopted as a model and is used as training tool by a considerable number of projects notably CLUSA. EEOA staff is constantly used as resource persons in a large number of projects and institutions. The change of attitude of considering farming as a business is nationally attributed to EEOA and medium term household incomes have been reported in operational areas. The use of the Rural Economic Expansion Facility (REEF) that uses the local management (DAC-SEE) to construct rural infrastructure and only assisted with matching grants upon community contribution has proved a very effective tool of getting the community to work together.

5. CONCLUSION

The restricted geographical coverage of Sida supported projects limits their influence at national level. However, reported improved households food security and increased incomes in operational areas are testimony enough of the projects having achieved their intended objective. Caution should however, be taken not to infer too much from these results chiefly because the limited coverage of the projects could not have has pronounced influence at national level.

Given the changing political landscape, there appears to be more political commitment to seeing agriculture transformed into an efficient sector that will assure national food security and maximise derived incomes.

The proposed Agricultural Support Programme (ASP) represents a departure from traditional public sector support, which has characterised previous Sida interventions. Much Asp emphasis is on private sector and land authority development. The orientation is appropriate considering the stated government policies and also the need to improve skilled and market access by smallholder producers as a prerequisite for increased agricultural production and increased incomes. The positive experiences gained from EEOA, MDSP, SHAPES, LM & CF and CFU will provide a concrete foundation on which to further develop proved approached and skills.

However, the Policy and Planning Branch (PPB) still faces serious challenges as the agricultural policy framework comes into focus and further defined MACs core functions of coordination. Major challenges include the following: a) without SWAP, or basket funding, myriads of agricultural projects will emerge with varying sources of funding, approaches etc, giving rise to obvious dilemma of duplications, incompatibilities in approaches and lack of lesson harvesting and b) the integration of ACP into PRSP framework all the more highlights the importance of monitoring and evaluation functions for overall poverty reduction and the sector contribution to the achievement of this objective.

MATRIX – THE AGRICULTURE SECTOR

Support Decision and Time Period	Overall Sector Objective	Immediate Objective	Effects; Positive or Negative	Planned Outputs	Actual Outputs	Actual Costs	Comments
MDSP 1999 - 2001	Increased Food Security	Increased availability of seed and planting material of traditional crops to smallholders.	- Increased crop diversification. - Introduction of food crops to new areas. - Increased household food security in targeted areas. - Marketing problems arising from increased production. - Increased productivity as a result of using improved varieties.	- Increased output of marketable quantities of target crops. - Trained and efficient extension and smallholder farmers. - Established permanent root and tuber nurseries. - Expanded presence of SCCI through extended services and establishment of satellite labs.	- Efficient seed multiplication network established. - Increased crop diversification. - Decentralised seed testing facilities. - Trained extension staff in seed testing skills. - District Seed Associations formed.	9.28MSEK	District Seed Associations formed but still in their embryonic stage and need to develop. Sourcing of foundation seed for District Seed Association still a problem. The established links between research, extension has improved a two-way dialogue.
EEOA 1999- 2001	Increase incomes and employment from	Facilitate entrepreneurship and improve infrastructure,	Motivated and capable producers, processors and	Target group aware of economic opportunities and	Increase incomes from agricultural activities.	60.51MSEK	Access to credit is a serious problem in Zambia primarily

	agricultural activities.	managerial and financial conditions	traders; improved commercial infrastructure and improved access to credit	how to exploit them. • Improved economically focused infrastructure through community participation and ownership. • Improved business performance among selected entrepreneurs. • Improved access to lending by commercial financial institutions to entrepreneurs for viable projects to improve the financial management skills required by entrepreneurs. • Improved	• Increased awareness of economic opportunities. • Improved rural infrastructure. • Improved extension skilled through facilitation training. • Environmental problems arising from some economic activities e.g. dam construction, leaving barrow pits • Access to credit by smallholders is still a major constraint to increase productivity in		due to bad history of loan repayments. The facilitation cycle implemented by EEOA is a very powerful methodology in developing local capacity. However, it is an expensive model.
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					networks.	conservation.		
						Reduced labour burden on HIV/AIDS inflicted persons.		
Smallholder Access to Processing, Extension and Seed (SHAPES) 1999 - 2001	Increase food security	Promotion of improved processing and storage techniques.	- Less dependence on maize. - More diversified farming systems.	- Increased use of traditional crops. - Increased use of improved processing techniques.	- Improved household food security through crop diversification. - Increased incomes from agricultural activities. - Sustainable use of the environment.	3.73MSEK	Processing techniques have resulted in improved food availability due to less post harvest losses.	
Policy and Planning Branch (PPB)	Improved policy analysis, capability, improved planning and monitoring capabilities of ASIP sub-programmes.	Enhance staff proficiency in policy analysis and enhanced managerial capabilities.	The Support did not yield intended results.	Better policy analysis, better data bank output; better plans and monitoring reports.	Many of the expected outputs were not achieved primarily due to policy inconsistencies and political interference.	2.70MSEK	Government's core functions were not clearly adhered to resulting in dual roles of coordination, monitoring and evaluation on one hand and implementation on the other.	

MATRIX – DEMOCRATIC GOVERNANCE

Support, Decision and Time Period	Overall Sector Objective	Immediate Objective	Effects; positive and negative	Planned Outputs	Actual Outputs	Actual Costs	Comments
Sweden's Support to Democratic Governance, 2000-2002 (AFRA 155/00)	To promote democratic governance and a society where the State accepts its responsibility to respect, protect and provide all men, women and children their civil, political, economic, social and cultural rights.	(The 4 immediate or project objectives as stated in the Democratic Governance Strategy are listed below)	See below	(The planned project outputs as stated in the Democratic Governance Strategy are listed below under each of the 4 project objectives)	See below	See below	Sector objective as stated in Sweden's Support to Democratic Governance in Zambia, 2000-2002 approved by Sida/AFRA on 10 May, 2000.
-Local Governance Study, 2001 -MEF Local Democracy Development Project, 2000-01 -Kafue District Council, 2001 -Min of Agriculture, Farmer Group Empowerment Project, 2002	Same as above	Increased and broadened political participation	- Joint donor position paper on support to local governance based on the study - Good relationships between councillors taking part in training and their wards, initiation of various development projects in these district.	Increased possibility for individuals to participate in political matters that affect them by promotion of political and administrative decentralisation reform	- Local governance and decentralisation study. - Training of councillors in 11 local authorities, cooptors in 15 primary coopeartive societies and 17 NGOs in 5 districts.	SEK 2 500 000	
- EU Election Unit, 2001 - Party Polling Agent Project, 2001	Same as above	Same as above	-Increase of registered voters ⁱⁱ - Reduced risk of electoral fraud through effective	Increased voter participation by promotion of reform and activities aimed at	- Voter education manual in all 7 languages produced and distributed	SEK 7 900 000	

-Coalition 2001 - IFES Political Enfranchisement of Disabled, 2001 - Projects included in NGO programmes f ex FODEP, AFRONET, Women's Lobby Group, NGOCC, 2000-2002			monitoring - higher voter turnout ⁱⁱⁱ - Reduced maladministration and tension among political parties in some voting districts ^{iv}	the strengthening of long-term capacity for the conduct of free and fair elections	countrywide - voter education in all 150 constituencies - Election observation by FODEP and Coalition 2001 in 95% of the 5500 polling stations - Post election survey on voter responses conducted - 52,184 party polling agents put up in polling stations - Gender check-list for free and fair elections ^{produced}		
- Projects included in NGO programmes, f ex FODEP, AFRONET, Mindolo Ecumenical Foundation, Women's Lobby Group, NGOCC, 2000-2002	Same as above	Same as above	- Limited impact of party leader education on relationship between party leaders and general public ^v - Increase in number of women contesting parliamentary and local elections ^{vi}	Strengthened function of political parties as linkages between the citizens and the public organs by promotion of activities that improve their organisational structure and working conditions in	- Civiv education for political party leaders - countrywide - Parliamentary Forum to bring parliamentarians and civil socity together held in 2001 - Leadership training for 47 women from	SEK 1 800 000	

- Projects included in NGO programmes, f ex FODEP, Women's Lobby Group, Women for Change, Catholic Commission for Justice and Peace, Zambia Civic Education Association and others	Same as above	Same as above	- Improved quality of national civic education ^{vi} - Limited impact of some trainer of workshops, no machinery, channels and incentives to for trainers to train others ^{vii} - Increased number of women taking part in decision making at both household and community level. ^{ix}	Parliament and other organs	Increased political participation by support of civic education which focuses on the importance of participation and how to participate	different political parties in Western and Southern provinces - 650 WfC community workshops reaching out to over 195,000 people - 9 WfC provincial workshops for 263 chiefs and chieftainesses - 20 ZCEA civic education workshops in Kabwe and Serenje reaching 1,391 people etc, etc	SEK 4 000 000	
- Feasibility Study of establishment of Human Rights Institute, 2000 - Capacity Building for the Permanent Human Rights Commission, 2001 - Human Rights Institute (HURID), 2001-02	Same as above	Ensured equal access to justice		The judiciary and the Permanent Human Rights Commission developed into organs for positive change in the area of human rights and democratic development	- Report of feasibility study suggesting establishment of HURID. - HURID established in 2001. - HURID Memoranda of Understanding with the Judiciary,	SEK 1 900 000	No documented effects, final report of PHRC consultancy not finalised; first HURID narrative report not submitted.	

						the Police Training College and UNZA School of Law - 11 students entered HURID/Law School postgraduate diploma in 2001 - Inventory of PHRC's files		
- Paralegal Network Project, 2000-2002 - Legal Resources Foundation, 2000-2002 - Projects included in NGO programmes f ex Zambia Civic Education Association, 2000-2001, Young Women's Christian Association, 2000	Same as above	Same as above	Same as above	Increased access to legal redress in areas where the relevant NGOs are active.	Increased access to legal redress by communities and groups that are not otherwise able to afford legal service.	- 17,000 legal aid seekers assisted in 2001 by LRF on everyday cases - 429 cases handled in 2001 by the ZCEA Citizen's Advice Desks in Lusaka - Information and counselling services given in 2000 to 4000 clients passing through the YWCA Drop-in Centres	SEK 3 450 000	
- Study on Juvenile Justice Situation, 2000 - Study on the law teaching environment, 2001 - Min of Justice, State Report	Same as above	same as above	same as above	Improved capacity at Min of Legal Affairs to meet obligations to report to UN.	A better understanding of human rights on the part of justice administrators and intermediaries in order to improve the prospects of	- Report on situational analysis of Juvenile Justice, 2000 - Proposal on Juvenile Justice Pilot Project presented by Min	SEK 2 750 000	

Project on Convention against Torture, 1999-2000 - Min of Justice, State Report project on Covenant on Economic, Social and Cultural Rights, 2001-2002				enforcement of these rights by ordinary persons who cannot otherwise afford to seek legal redress	of Home Affairs. - Report on the law teaching environment, 2001 - Proposal on Law School development project presented by UNZA Law School - State Report under the Convention Against Torture presented to UN in 2000.		
- Institutional Capacity Strengthening of the Judiciary, 2001-2002 - LAZ Alternative Dispute Resolution Project, 2001-2002	Same as above	Same as above	Same as above	Reduced delays experienced in the subordinate courts and reduced costs of seeking legal redress	- Lusaka Magistrates Court complex under construction. - New rules and regulations enacted to facilitate court assistance in arbitrations, establishment of the Zambia Arbitrators Association, and the Zambia Centre for Dispute Resolution, 50 trained arbitrators.	SEK 5 200 000	No documented effects

- Project Identification Mission, 2000 - ZAMCOM Gender Training Manual, 2001-02 - Zambia Independent Media Association (ZIMA), 2000-2001	Same as above	Strengthened freedom and independence of the media	Mobilisation and pulling together of the independent media to fight against the injustices imposed on the press freedom in Zambia. ^x	Improvement of capacity and increased coverage of private, independent electronic as well as printed media	- Report on project identification mission, 2000. - 3 ZAMCOM workshops on the gender training manual held 2001-2002 - ZIMA book on community radio stations published, a number of lobbying actions for reform of media laws carried out, support to 3 court cases through the Media Legal Defence Fund, 4 cases handled by the Independent Media Council, 2001 etc	SEK 3 000 000	
- Transparency International, 2001-2002 - Integrity Foundation, 2001 - Projects included in AFRONET's Programme, 2000-2002	same as above	Strengthened accountability and transparency of public expenditure	Increased public awareness on issues of corruption. Improved and strengthened profile of anti-corruption NGOs, especially TI-Zambia ^{xi}	Decrease in the incidence of corruption	- Establishment of Transparency International-Zambia and Integrity Foundation. - TI's State of Corruption Report published and disseminated.	SEK 1 500 000	

Results of the Support to the Energy Sector in Zambia 1999-2001

Sector Objective <i>To contribute to a reliable, environmentally sound and cost efficient supply of electricity in Zambia and in the region.</i>					
Project	Project Objective	Effects	Expected Results	Results Achieved	Disbursements
Pilot Project on Providing Electricity Services using Photovoltaic Solar Systems Through Energy Service Companies (ESCOs) in Rural Areas of Zambia <u>Phase I</u> INEC/Infra 324/98: 4.8 MSEK 1998-2000 INEC/Infra 584/99: 2 MSEK 1998-2003 Amb 32/2001: 0.37 MSEK <u>Phase II</u> INEC/Infra 394/01: 6 MSEK 2001-2003 <i>Total: 13.17 MSEK</i>	Develop guidelines specifying required financial, institutional and managerial inputs for successful operation of rural based ESCOs.	Phase I of the project has created interest and awareness of solar PV technology and the energy service concept in the Eastern Province of Zambia. 100 electricity consumers buy solar generated power through ESCOs. The project has so far resulted in less support of the local PV supply industry than anticipated.	<u>Phase I (1998-2000)</u> 1. A replicable model for rural electrification with a revolving fund, and support to operation and maintenance of rural ESCOs 2. Four ESCOs in operation 3. 400 PV systems installed and in operation <u>Phase II (2001-2003)</u> Continuation of Phase I, with focus on technical, financial and operational support to ESCOs, and the framework for sustainable operation and expansion of the system.	<u>Phase I (1998-2000)</u> 1. The model is being developed. The ESCOs have received technical and business development training. A battery replacement fund has been established. 2. Three ESCOs established of which one is in full operation with 100 installed systems. The other two have commenced demonstration activities. 3. 400 systems have been procured, of which at least 100 have been installed. <u>Phase II (2001-2003)</u> Ongoing.	The implementation of the project has been delayed due to more lengthy procurement and delivery of systems than anticipated. The fourth planned ESCO was not established due to the owner's death and the weak competence of the available personnel. The issue of ownership of the PV systems has not yet been solved. The subsidy issue in relation to other energy consumers and other sectors will require further investigations.
Reference documents: - <i>Bedinningspromemoria 1998-04-20</i> - <i>Final Report Phase I, April 2001, SEI</i> - <i>Inception Report, November 2001, SEI</i>					

Project	Project Objective	Effects	Expected Results	Results Achieved	Disbursements	Comments
Support to Kafue Gorge Regional Training Centre, Phase III: Final Consolidation and Hand-Over Phase Phase III INEC/Infra 512/97: 9,201 MSEK 1997-1999	Increase the efficiency, competence and capacity of KGRTC as a regional body.		1. KGRTC established as an independent Business Unit under ZESCO staffed by regional personnel serving the hydropower industry and utilities in SADC and the Sub Sahara region. 2. Physical installations customised for training and conferences. 3. Training programmes based on a continuous needs analysis and feedback from the utilities and SADC. 4. Cost effective operation and income generating activities ensuring financial, technical and administrative sustainability. 5. Close liaison with the hydropower industry and training milieu regionally and internationally.	1. In 1997 the KGRTC was given its autonomy with a regional Board of Trustees in place. All management staff from the region. 2. Physical installations completed. The hostel and kitchen facilities have been expanded and the centre is now able to run at full capacity with more than 60 students or conference participants at any one time. A hydropower simulator has been installed, but in spite of various training activities KGRTC still lacks sufficient experience and knowledge in the administrative and business aspects of simulator operation. 3. The course program has been continuously revised and updated. The longer courses have been phased out and replaced by shorter and more specialised ones. 4. Through HRD programs and the achievement of ISO 9002 certification, KGRTC has established a professional		The project has been co-financed with NORAD, which has had the main responsibility for the implementation.

					organisation with the ability to operate on a sustainable basis without any major external assistance. Problems in recovering fees and other expenses has strained the cash flow situation. 5. A reference group with representatives SADC and utilities from other countries serve as a liaison between the centre and its customers. Twinning initiatives have proved difficult and were only partly successful during Phase III. Attempt to seek alliances with the hydropower industry in Scandinavia, France and Canada have not given expected results.		
Reference documents: - <i>Bedömningspromemoria 1997-06-18</i> - <i>Beviljningsdokument, NORAD</i> - <i>Project Document</i> - <i>Report on KCRTC 1996-2000, Rudolf Boy Rist, March 2001</i>							

Project	Project Objective	Effects	Expected Results	Results Achieved	Disbursements	Comments
Training of Technical and Support Staff at ZESCO National Control Centre (NCC) INEC/Infra 389/98: 3 MISEK 1998-1999	NCC staff can manage all normally occurring operational problems and have been trained in abnormal emergency situations.		1. 25 participants from ZESCO's management has attended informative seminar on NCC operations. 2. 70-80 operators and engineers trained in basic system operation. 3. 70-80 operators and engineers trained in basic safety regulations. 4. 50 operators trained in advanced system operation. 5. 7 engineers trained in SCADA system operation 6. 8 engineers trained in telecommunications. 7. 20 staff trained in protection and metering.	1. 10 acting managers of ZESCO attended the seminar. 2. 46 operators and engineers trained in basic system operation. 3. 2 operators and engineers trained in basic safety regulations. 4. 19 operators trained in advanced system operation. 5. 7 engineers trained in SCADA system operation. 6. 7 engineers trained in telecommunications. 7. 15 staff trained in protection and metering. In addition, 5 staff members received on-the-job training. The average results from diagnostic and final tests were well above approval level. Only a few, relatively old, participants did not pass the tests.		The project is completed.
Reference documents: - <i>Bedömningspromemoria 1998-05-12</i> - <i>Final Report, 2000-09-30, SvedPowerInternational</i>						

The following projects are components within the Power Sector Rehabilitation Programme (PRP), with the World Bank as leading donor					
Project	Project Objective	Effects	Expected Results	Results Achieved	Disbursement s
Establishment of an Environmental and Social Affairs Unit (ESU) within the Zambia Electricity Supply Corporation Limited (ZESCO) <u>Phase II</u> INEC/Infra 204/98 3.9 MSEK 1998-1999 INEC/Infra 265/98 INEC/Infra 931/99 0.765 MSEK –2000 <i>Total Phase II: 4.389 MSEK</i>	ZESCO's environmental performance shall be improved and transparent	ESU's operation is now main-streamed as part of ZESCO operations. ESU is consulted by both engineering and management staff, including the handling and management of various types of waste generated by various business units in ZESCO. Other organisations in the country, including the Environmental Council of Zambia, have recognised the ZESCO ESU. The unit has been invited to various workshops to present papers. The World Bank has recommended the Nigerian power utility to send a delegation to ZESCO to learn how ZESCO has developed its environmental unit and how environmental matters are handled. The Nigerian delegation visited ZESCO in August 2001.	<u>Phase II</u> 1. An effective Environmental Management System (EMS) in place 2. In-house capacity to perform environmental reviews and audits as an integral part of a functioning EMS 3. A developed Environmental Organisation in ZESCO 4. Enhanced capacity to manage, monitor and evaluate EIA processes within the ESU 5. Enhanced capacity for gender analysis	<u>Phase II</u> 1. EMS working document and the Corporate Environmental Policy approved and endorsed by ZESCO management. 2. Training performed. Kafue Gorge PS audited as part of the training. Some of the ESU staff now have the qualifications and competence required for conducting environmental audits and acting as internal environmental auditors. 3. EMS organisational structure in place; a draft Instruction on Structure and Responsibilities according to the EMS has been completed; a specific management representative has been designated the responsibility for the EMS; 140 staff members trained as Environmental Co-ordinators. 4. Theoretical and practical EIA skills training performed.	4.389 MSEK (100%)
The project has been finalised. The final report from the ESU was completed in October 2001.					

				5. Training in gender aspects have been integrated in all project components. Training in PRA methods with emphasis on gender training also performed.		
Reference documents: - <i>Bedömningspromemorior 1998-03-11</i> - <i>Phase I Final Report, 27 August 1997, ZESCO/SwedPower</i> - <i>Terms of Reference for Consultancy Services: Development and Training of the ESU, Phase II, 25 March 1998</i> - <i>Phase II Final Report (No 6), Project Closure Mission 29 Aug – 23 Sept 2000, 11 Oct 2000 (Revision 1, 25 Nov 2000; Revision 2, 21 Dec 2000), ZESCO/SwedPower</i> - <i>Final Report No 6, October 2001, ESU/ZESCO</i> - <i>Zambia Power Rehabilitation Project, Supervision Mission October 2001, Aide-Memoire, World Bank</i>						

Project	Project Objective	Effects	Expected Results	Results Achieved	Disbursements	Comments
Institutional Capacity Building of ZESCO INEC/Infra 565/98: 7.952 MSEK 2000-2003, (3 years, 2 phases) INEC/Infra 986/99: Approval of Contract INEC-01: 684/01 Approval of Phase I and start-up of Phase II <i>Total: 7.952 MSEK</i>	Improve the efficiency and capacity of ZESCO to become an economically viable company with satisfied customers.		<u>Phase I</u> Project Document and Plan of Operation for the implementation of the project formulated and approved by ZESCO's Board of Directors and by Sida. <u>Phase II</u> 1. Changes to the organisational structure implemented. 2. New financial management procedures and tools worked out. 3. ZESCO staff skills have improved. 4. Plan for commerciali- sation worked out.	<u>Phase I</u> Project Document and Plan of Operation completed and approved. <u>Phase II</u> Ongoing.		The project has been delayed due to extensive discussions regarding the project's role in the ZESCO privatisation process. The implementation of the project (Phase II) was initiated in early 2002.
Reference documents: - <i>Bedömningspromemoria 1998-04-11</i> - <i>Project Document, 26 April 2001</i> - <i>Plan of Operation, 26 April 2001</i>						

Project	Project Objective	Effects	Expected Results	Results Achieved	Disbursements	Comments
Institutional Building of the Energy Regulation Board (ERB) INEC/Infra 565/98: 16 MSEK 1998-2001	Make ERB a modern and efficient regulatory body with elaborated and approved rules and regulations	ERB has put itself in the driver's seat in the ongoing restructuring of the energy sector. The ERB has a clear and aggressive approach in promotion of renewable energy and extended accessibility of electricity which is noted far beyond the country's boarder. The number of complaints is increasing. In 2000, ERB received 28 complaints, of which 23 in the electricity sub-sector.	1. The licensing process approved and implemented 2. Rules for transmission and distribution fees established 3. Other regulation tools developed 4. Standards are reviewed and enforced 5. A policy for taking care of complaints is in place 6. Improved IT system 7. ERB's role clarified 8. ERB staff have adequate skills	1. No undertakings operate today without a licence issued by the ERB. Procedures for licensing development and implementation in place, but not formally established 2. Under development. (?) 3. Standards, licences, codes of practice and internal procedures have been developed. 4. A number of technical standards issued in the electricity and petroleum sectors. Various standards and codes of practice for solar PV systems also in place. Inspections and enforcement carried out. 5. Procedures for the process in place but not yet formally established. A brochure is published. Stakeholders' awareness of their rights and obligations has improved considerably. 6. IT-platform, web-site and software applications installed and running. 7. Major stakeholders accept the ERB as the sole		Project completed.

					regulator, but not all stakeholders are fully aware of ERB's role. Well established relations with official organisations have been developed.		
					8. Various types of training have contributed to substantial improvement of regulatory skills. The current sector restructuring and overseas training have improved knowledge about restructuring issues.		
Reference documents: - <i>Bedömningspromemoria 1998-04-11</i> - <i>Project Document, July 07, 1999, ERB/SWECO</i> - <i>Final Report, March 2001, SWECO</i> - <i>Sida Capacity Building Project, Result Analysis, ERB</i> - <i>ERB Annual Report 2000</i> - <i>Draft Project Document, Energy Regulation Assistance to the ERB, February 2002</i>							

Project	Project Objective	Effects	Expected Results	Results Achieved	Disbursements	Comments
Technical Assistance to the Rehabilitation of the Kafue Gorge Hydropower Station INEC/Infra 549/98; 14 MSEK 1998-2003	The project objective is increased availability of power production capacity of the Kafue Gorge Power Plant. The objective of the Swedish support is that the rehabilitation is performed in a timely and cost efficient manner and that the staff at the power plant is properly trained for the future operation and maintenance of the plant in a safe and cost-effective way.		1. Control and approval of contractors' documents performed. 2. Testings of equipment approved. 3. Supervision of installations performed. 4. Commissioning completed. 5. Staff adequately trained. 6. Problems during guarantee period solved. 7. The rehabilitation submitted to ZESCO. 8. Completion Report	The project is ongoing. One of four major contracts under supervision.		The project is co-financed with the World Bank within the Power Sector Rehabilitation Programme (PRP). The project is delayed as the procurement is still ongoing, due to much higher than estimated bid price of three major rehabilitation contracts. The four major contracts, which were supposed to be implemented in parallel, will now be performed in sequence, which has resulted in an extension of the project period.
Reference documents: - <i>Bedömningspromemoria 1998-06-12</i> - <i>Final Design Report, July 2001, ZESCO/SwedPower</i> - <i>Zambia Power Rehabilitation Project, Supervision Mission October 2001, Aide-Memoire, World Bank</i>						

SWEDISH SUPPORT TO PRIVATE SECTOR DEVELOPMENT IN ZAMBIA 1999–2001

Support, Decision and Time Period	Overall Sector Objective	Immediate Objective	Effects; Positive or Negative	Planned Outputs	Actual Outputs	Actual Costs	Comments
Microfinance							
Bank of Zambia 1. INEC/När-646/99 SEK 900,000 Project Period: 09/1999 – 03/2000 2. Embassy-35/01 SEK 7,000,000 Project Period: 06/ 2001 – 09/2003	To create a safe, sound, stable and efficient environment in which microfinance institutions (MFIs) can operate.	To build an awareness of the regulatory needs of the sector within the Bank of Zambia and to subsequently develop a suitable regulatory framework.	Positive: A potentially dynamic microfinance (MF) sector with viable and sustainable MFIs that offer various financial services and linkages to the formal financial sector Negative: The MF industry in Zambia may be too young and early regulation may stifle the growth and dynamism of the sector.	A baseline study to determine the regulatory needs of the sector. The development of a regulatory and supervisory system for the sector, the development of the capacity within the Bank of Zambia to implement the regulations, assistance to MFIs to understand and comply with the regulations.	An extensive field survey was undertaken and a long-term project proposal was developed for the actual development of the regulatory framework. On going.	INEC/När-646/99 refers to a pilot phase of funding. Embassy-35/01 refers to full project support, co-funded with approx. SEK 2,277,220 from USAID	INEC/När-646/99 refers to a pilot phase of support.
Association of Microfinance Institutions in Zambia (AMIZ) 1. INEC/När-1028/98 SEK 670,000 Project Period: 12/1998 – 11/1999	To promote best practices and advocacy within the MF industry.	To further develop a project proposal and clarify the role of AMIZ in relation to the overall sector objective.	Positive: A member based organisation created to promote the interests and the growth of the sector. Negative: The industry may have been too young for the creation a national	Establishment of a secretariat, preparation of a business plan that would <i>inter alia</i> clarify AMIZ's role, identify services to be offered and plan for sustainability.	The establishment of a lean secretariat with competent staff members, The preparation and adoption of a four year Business Plan with a clear mission and vision for AMIZ.	INEC/När-1028/98 refers to pilot phase of support. Embassy-154/00 explains surplus in disbursement	INEC/När-1028/98 refers to pilot phase of support.

2. Embassy-147/01 SEK 1,340,000 Project Period: 12/01 – 11/04	To strengthen the capacity of the MF sector	To support and upgrade the activities undertaken by AMIZ's member MFIs	umbrella association. Positive: In reaching its objectives, AMIZ acts as a coordinating body in the sector. Negative: The need to be sustainable means members must be able to pay for AMIZ's services which may exclude very young or small MFIs.	Efficient and professionally managed secretariat, improved capacity to meet operating expenses, national and regional networking, lobbying and advocacy, developing industry standards and best practices.	On going	Embassy-147/01 500,000 disbursed as of 31/01	Embassy-147/01 refers to long term support for the actual implementation of the Business Plan.
Pride Zambia 1. INEC/När-802/99 SEK 6,850,000 Project Period: 09/99 – 12/00	To introduce a more professional MFI into a young MF industry and increase competition.	To contribute to the establishment of a sustainable microfinance programme in Zambia	Positive: Increased competition, an MFI with a larger network across Africa and introduction of a market leader.	5 branches, 1,900 borrowers, active loan portfolio of US\$77,000, repayment rate of over 98%	5 branches, 2,575 clients, active loan portfolio of US\$111,120, repayment rate of 99%.	INEC/När-802/99 6,850,000	INEC/När-802/99 was a pilot project divided into SEK 5.05mn of grant funds and SEK 1.8mn of loan funds
Stop Gap Funding 2. INEC/När-125/01 SEK 2,600,000 Project Period: 01/01 – 06/01 3. INEC/När-534/01 SEK 3,400,000 Project Period	Supporting PZ's longer term development into a self-sufficient MFI	Establish PZ as a separate independent legal entity from Pride Africa.	Positive: Better chance for sustainability for independent country Prides. Negative: Long and complicated process of restructuring, often leading to conflicts	An operational board having discussed and approved a Business Plan, restructuring of the Pride network, a draft service agreement with Pride Management Services Limited (PMSL),	An independent PZ with its own locally recruited board. A final Business Plan 2002-2004 approved and submitted to Sida in February 2002. Service agreement	INEC/När-125/01 2,600,000 INEC/När-534/01 3,400,000	Further stop gap funding of SEK 2.5mn was provided under INEC/När 320/02 for Jan/02 – 06/02 while Sida continues

07/01 – 12/01				within the Pride 'family'.	transfer of loan agreement from PA to PZ, with Sida's approval.	with PMSL still under negotiation with the PZ board.		to discuss long term support.
Enterprise Development Programme – Zambia								
INEC/	To encourage the growth of private sector enterprises in Zambia	To support the growth of financially viable small and medium sized enterprises (SMEs) in Zambia.	Positive: An alternative source of much needed finance. Linkages with Swedish SMEs. Capacity building workshops for the participating SMEs. Negative: Bad debts, uncommitted companies to capacity building workshops, poor linkages with Sweden.	Provision of credit, advisory services, training and promotion of linkages with Swedish SMEs.	21 loans were disbursed and 22 SMEs participated in the management workshops.	INEC/ 16,700000 INEC/ 5,500,000	There are plans to evaluate EDP-Z during the latter part of 2002.	
Capital Markets Development								
INEC/Finans	Contribute to economic growth.	Support the development of a strong and efficient securities market.		Improving knowledge and technical skills of market players, in particular fund managers.	Studies of investment instruments, participation and hosting of a series of workshops and publications on policy and operational issues.	INEC/Finans 1,441,132		
Reform of Public Enterprise								

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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