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Sida Decentralised Evaluation

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Evaluation of the Zambian Governance Foundation (ZGF) Joint Financing Agreement

Final Report

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**Final Report
October 2015**

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Greenwell Mukwavi**

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Preface

This evaluation of the *Zambian Governance Foundation (ZGF) Joint Financing Agreement (JFA) II* was commissioned by the Embassy of Sweden in Zambia through Sida's Framework Agreement for Reviews and Evaluations with Indevelop (www.indevelop.se). The review was undertaken from May to September 2015 by an independent evaluation team consisting of:

- Greg Moran (Team Leader)
- Greenwell Mukwavi
- Orison Chaponda

Jessica Rothman managed the review process at Indevelop. Ian Christoplos provided the quality assurance. Pezo Mateo-Phiri managed the evaluation at the Embassy of Sweden in Zambia.

Abbreviations and Acronyms

BA	Business Area
CD	Capacity Development
CEO	Chief Executive Officer
CfP	Calls for Proposals
CP	Cooperating Partner
CSO	Civil Society Organisation
DfID	Department for International Development
EU	European Union
FBO	Faith based organisation
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GP	Grant Partner
ICT	Internet communication technology
IFRS	International Financial Reporting Standards
JFA	Joint Financing Agreement
M&E	Monitoring and Evaluation
MoU	Memorandum of Understanding
NGO	Non-governmental organisation
SAY	Social Accountability and You (website)
Sida	Swedish International Development Cooperation Agency
ToR	Terms of Reference
USD	United States Dollars
ZGF	Zambian Governance Foundation
ZMW	Zambian Kwacha

Executive Summary

Indevelop has been contracted to conduct an evaluation of the Zambian Governance Foundation (ZGF) under the second Joint Financing Agreement (JFA II). The purpose of the assignment is to assess the performance of the ZGF under the JFA II with a focus on the Foundation's core business areas, namely:¹

1. Grant Partner (GP) grants and contract management
2. GP capacity and organizational development
3. Learning and sharing from and with GPs
4. Growing the demand for social accountability
5. Technical and thematic training packages
6. Project and programme support

The evaluation covers the period covered by the Strategic Plan (2012-15) and considers the relevance, effectiveness, efficiency, impact and sustainability of ZGF as a funding and capacity development institution for civil society organizations (CSOs) engaged in the enhancement of good governance in Zambia. The evaluation also assesses the performance of the ZGF taking into account GP programmes (as far as possible), and considers the quality and the cost-effectiveness of these programmes and the ZGF as a funding modality.

Historical context

Some historical context is provided to understand how ZGF has evolved. ZGF was originally established as a pool fund (the Zambia Governance Fund) in 2009 under a Joint Financing Agreement (JFA) with various Cooperating Partners (CPs) to provide support to CSOs working in the area of governance policy. A second JFA (JFA II) was signed by GIZ, DFID and Irish Aid at the end of October 2012, with Sida joining in July 2013. It covers the period January 2013 to December 2015 with a budget of USD 15m. Early in its existence, ZGF sought legal status, which led to it being re-established as a non-profit company with its own Board and a change of name to the Zambian Governance Foundation. While these changes had no discernible impact at first, ZGF has since 2013 been operating increasingly as a company following a business plan approach rather than as a donor-supported pool fund working strictly to the objectives in the JFA. This change in approach has not been clearly understood by

¹ The ToR are attached as Annex A.

CPs although it has resulted in changes to the JFA itself and has had consequences that are explored and explained in the body of the report.

Relevance

Although Zambia has made significant progress in the area of governance, challenges remain both in the development and implementation of policy. As a result, ZGF's focus on governance policy is adjudged as relevant. Although legislation potentially restricts CSOs, they are largely able to operate free from excessive government control.

ZGF has developed a wide range of capacity development (CD) tools and employs a variety of methods including training, mentoring, toolkits, learning and sharing events, and making resources available on two websites – the ZGF website and the Social Accountability and You (SAY) website. CD is well linked to the needs of CSOs and covers thematic issues as well as skills required to run a successful CSO. GPs identify the CD support they require during the grant application process and it is thus highly relevant to their needs. However, recognising that ZGF has reasons for doing so, questions are raised as to whether it is necessary to maintain two websites when all of the information and forums might just as well be kept as one.

ZGF has developed a wide range of funding instruments designed to suit various types of CSOs with very different levels of experience in managing donor funded projects. In addition to encouraging the GPs to achieve policy change and improve implementation, the approach also creates an incentive for CPs since, the better they perform, the more access to ZGF funds they will be able to secure. ZGF has made a concerted, deliberate and proactive effort to reach out to all parts of the country, with projects conducted by grant partners (GPs) in 80 of the 103 districts. However, ZGF has moved away from the original approach to grant making - *calls for proposals* (CfP) that were open to all CSOs. Under the new approach, existing GPs may apply for repeat grants or to graduate to a higher level of grant, while those CSOs that have not yet received funding are limited to mini-Initiative grants, Rapid Response grants and Joint Policy Action Support grants, that are smaller and of shorter duration. The reasons for ZGF moving away from the labour intensive and time consuming CfP approach are well understood, but the current approach is not without problems, including that it discourages larger NGOs from applying when only small grants are available, and that it may not suit the needs of all CPs. Some ideas for how a more flexible stance could be taken are included in the body of the report.

A wide variety of governance issues have been addressed with JFA II funds. However, the non-thematic approach adopted by ZGF - whereby grants are awarded to CSOs working on any governance related issue rather than according to pre-determined themes - has meant that some key governance issues might not have been adequately addressed. Although there are solid arguments for a non-thematic approach (for example, that it allows CSOs to determine the major governance issues themselves based on the needs of their communities rather than 'following the money') this approach will also not suit CPs that want to fund a particular governance issue.

Most of the grants that have been awarded during the period under review (96) have been initiative support, which is understandable. However, few repeat grants have been awarded and few GPs have graduated to larger grants. Few Rapid Response, Joint Jolicy Action Support or mini-Initiative grants have been awarded either. This is problematic given the ZGF approach.

Grants and capacity development complement each other well, especially since GPs determine their own capacity needs (with the assistance of ZGF) during the grant application process and funds for CD are at least partly included in the grant. Capacity development also compliments the grants by providing critical training and support on both thematic areas and on issues directly related to managing grants (such as financial management and M&E).

With its experience and structure, ZGF has the potential to remain relevant to CPs supporting governance in Zambia, especially those who capacity development of CSOs as an end in itself when it comes to governance. However, to remain relevant to a wide variety of CPs, some flexibility will be required and a mixture of approaches is suggested in the report.

Efficiency

ZGF is assessed as efficient and clearly provides value for money for both CPs and GPs. The demand for ZGF grants is considerable, with 390 applications received during the period under review. A significant proportion of these were rejected 294, which amounts to 75%) but the rate of awards to applications has improved significantly since 2012. The demand for grants has decreased, which is obviously linked to the fact that CfPs are no longer held, although it is recognised that dropping CfPs has helped to make ZGF more efficient. Although changes have been made to the process of dealing with applications for smaller grants, these could be improved further since the process that CSOs have to go through remains essentially the same for all grants. Requiring those seeking repeat grants to go through the same process as their original application is also inefficient and impacts on continuity. While there are reasons for ZGF requiring this, some suggestions are included for how this can be improved.

ZGF has expended an average of 85% of its income per annum during the period under review despite the fact that IrishAid are no longer disbursing funds, leaving a total of ZMW 7M still to be expended that could have been used to provide further grants. While some of this may be expended if JFA funds can be used after the end of 2015, there is no certainty in this regard, which needs to be addressed. Appropriately, the majority of JFA II funds (89%) have been spent on grants and contract management (77%), and capacity development for GPs (12%). The percentage of the annual budget used for CD is very low (on average, 5% over the period under review) and such support is therefore efficient and provides value for money for both CSOs and CPs.

Since ZGF does not have sufficient internal training and mentoring capacity, most CD is contracted out to service providers. This in turn increases transaction costs for

CPs and some suggestions have been included for how this might be improved - either by hiring new staff or by training trainers from GPs to provide training to others. Recognising that working with GPs may not always be smooth sailing, further efforts in this area would both reduce costs and provide additional revenue stream for GPs, thereby increasing income and sustainability. ZGF has undertaken extensive institution building over the period under review that has clearly increased efficiency. This includes building and upgrading its financial management system (becoming IFRS compliant in the process), and developing sophisticated knowledge management, cloud-based document management, costing and automated time registration systems.

In response to specific comments to the draft report about the SAY website, the costs of setting up and maintaining this are considered. Although it does not cost a lot to maintain, it could be combined with the ZGF website to provide greater value for money.

The ‘pool’ or ‘basket’ fund model for CSO support is very much in line with the spirit of the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008). It both increases ownership and has the potential to reduce transaction costs for both CPs and CSOs. The fact that ZGF provides significant CD and M&E support also helps to ensure that costs are reduced and that CPs receive far greater value for money than if these services by contributing to a pool rather than paying for these separately. However, this only remains true if sufficient CPs contribute to the fund so that the costs are spread across these. The fact that only two CPs continue to actively contribute to the JFA and that it is unlikely that new partners could be found raises questions about whether or not a further JFA makes sense.

While ZGF has been generally efficient, a fraud by the then financial manager was discovered at the end of 2013 but that had been ongoing, undetected, since mid-2010. This colours the entire period under review and beyond – funds were lost during 2012 and 2013 that could have been used to support GPs, it led to significant distractions during 2014, and led IrishAid to decide to no longer disburse funds during in 2015. ZGF has responded well and have introduced numerous changes to ensure a repeat never occurs. ZGF was also able to use reserve funds at its disposal to largely mitigate the delays, but the fraud amounted to a ‘cost’ to CPs, ZGF and GPs and hampered efficiency during 2014 and early 2015 in particular.

Effectiveness

ZGF has been effective in delivering the outputs listed in both the Strategic and Business Plans. Although it has not met the targets for grants in either the Strategic or Business Plans, it has done well given that it has never had a full staff compliment, with 96 grants awarded during the period under review. It is questionable how realistic the targets were in this regard. Nonetheless, the fact that fewer grants have been awarded than was planned will be of some concern to CPs who expected more grants to be made. Changes to the approach to grant making and the limited understanding of these amongst CSOs could also negatively impact on effectiveness in the long run, since fewer new partners are being brought on board. In particular, it is of concern

that relatively few GPs have qualified for repeat grants or graduated to a higher grant, especially since these are limited to existing GPs.

ZGF has been very effective in capacity development and has introduced a variety of methods. It has developed and implemented a comprehensive M&E system that, while still under improvement, is already effective. Considerable support has been provided to GPs to develop and improve their own M&E systems as well and to improve their reporting against outputs, outcomes and impact. While the decision by IrishAid not to continue to disburse funds has not had a major impact on the awarding of grants, the increased burden that will soon fall on staff to manage the EU contract has the potential to negatively affect its ability to manage its workload. It also raises questions as to how ZGF will be able to manage a new JFA without considerably increasing its staff numbers (which is not currently planned).

Communication between ZGF and CPs and GPs around crucial issues such as the change in the grant-making strategy and the movement to a business model has been poor. Recognising that it is late in the day and the JFA II will soon come to an end, CPs in particular need to be brought on board and must be afforded an opportunity to determine the extent to which these changes still meet their own objectives. They should also be given the opportunity to agree to changes to the JFA. Needless to say, future changes of this magnitude need to be explicitly agreed to rather than relying on tacit agreement from CPs.

Impact and outcomes

ZGF makes its tools and resources available to all CSOs in Zambia (and beyond) via its publications and websites. The SAY website registered 198,563 page views during 2014, with 8,167 unique visitors. This is impressive given that the website was only launched in mid-2014 and suggests that a significant number of CSOs are accessing it. Based on the responses from GPs, these are used to increase their own capacity, for training and when engaging with communities. When it comes to external service providers, ZGF has provided limited CD support to these. Ambitions have been hampered by the fact that ZGF has never had a complete CD team in place. Concrete examples of how change processes have extended beyond the life of the grant and the ability of GPs to impact on higher-level policy are included in the report. Knowledge and awareness of ZGF's results and products amongst other CPs (USAID and Finland) was very good, as was it amongst the CSOs who were not grant partners. However, given the time limits for the mission, there was simply not time to consult other external stakeholders and so no real conclusion can be drawn.

When measured against the outcomes and indicators in the Strategic Plan, ZGF has made concerted efforts to reach out to affirmative action districts and nine mini-initiative grants have been awarded in the process. Most GPs successfully complete their programmes and projects and a significant number of policy engagement activities have been undertaken by GPs. The significant amount of CD support, coupled with stringent M&E, has led to better equipped GPs. With the support provided by ZGF, gender is clearly the issue that GPs find easiest to mainstream with 11 GPs re-

portedly having done so by end 2013 and a further 33 by end 2014. However, the non-thematic approach has meant there has never been a CfP for gender related projects and activities. As a result, the number of specific contracts for GPs or projects focused on gender is low - 6 out of the 111 grants awarded from 2009 to date). The direct impact of ZGF on gender policy is thus relatively low. There has been a steady increase in the number of GPs mainstreaming HIV/Aids during the period under review but ZGF does not appear to have been as successful in encouraging GPs to mainstream disability. There has been a decline in the number of Grant Partners producing policy implementation reports, from 32 in 2012, to 22 in 2013 and 20 in 2014.

With DfID and Danida not supporting JFA II and IrishAid having stopped disbursing funds, ZGF has not maintained the level of funding over time. Although ZGF reported that they have generally maintained a 90% retention rate, there was a fairly high turnover of staff during 2014 and additional senior staff have left during 2015. ZGF has responded well to lessons learned and has adapted its policies and approaches to match. Judging by the recently finalised risk register, it has also recognised that it faces a wide range of risks and has put in place methods to deal with these.

Measuring impact can be a challenge, especially since ZGF must of necessity rely on GPs themselves to measure and report this. To perform better in this area, ZGF has improved both its own M&E systems and tools and those used by GPs. The introduction of the outcomes report in 2013 is a significant step in this regard. However, its usefulness for CPs is reduced somewhat by the fact that the report follows the business plan rather than the Strategic Plan. This makes it difficult for CPs to follow and assess what impact their support is having.

It has also been suggested that the impact reporting of ZGF could be significantly strengthened by making results-oriented planning mandatory at the proposal stage as well as requiring results-based reports by the end of a project. This idea is supported and should be considered by ZGF going forward.

Given that the nature of ZGF has changed considerably, sustainability can be looked at by considering whether the approach in the JFA II has led to sustainable GPs, and also from the perspective of whether the ZGF itself is sustainable.

Capacity development provided to GPs has increased their capacity both to deliver results and to properly manage donor funds. This has made them more attractive to other CPs and helped to ensure that they remain sustainable once the JFA II comes to an end. At least three of the smaller organisations consulted reported that they are now better able to raise funds since they have been compelled to improve financial management systems and reporting, and the assistance provided during the application process has better equipped them to prepare proposals to other donors. As a result, other CPs are already benefitting from the work done by ZGF to build the capacity of CSOs in the country. However, further support could be provided to build the capacity of GPs to raise money, which would increase their prospects of financial sustainability. Although assistance provided during grant applications has built capacity to write funding proposals, there are other aspects of resource mobilisation than merely knowing how to complete an application – for example, how to identify po-

tential funders and complying with funding cycles. Some specialised training in resource mobilisation has been provided, but while it was reported that this included one or two examples of assistance to smaller CSOs, this has mainly targeted larger organisations. ZGF might therefore consider this as part of the training programme for GPs (either by developing a new module or incorporating it into an existing module) and/or developing a toolkit or guide to be placed on ZGF's websites.

Capacity development has also increased the level of respect GPs garner from policy makers and implementers, and, as a result of work done with JFA II grants, a number of GPs have become trusted partners of government. These work closely with Ministries such as Education, Land and Community Development, Social Welfare, Mother and Child Health in improving the implementation of policy.² These relationships will continue beyond the life of the JFA II and help to ensure that GPs remain sustainable in the future.

Sustainability

Capacity development provided to GPs has increased their capacity both to deliver results and to properly manage donor funds. This has made them more attractive to other CPs and helped to ensure that they remain sustainable once the JFA II comes to an end. However, further support could be provided to build the capacity of GPs to raise money, which would increase their prospects of financial sustainability. These relationships will continue beyond the life of the JFA II and help to ensure that GPs remain sustainable in the future. As an institution, ZGF has focused extensively on sustainability and has developed a variety of strategies to ensure that the institution becomes sustainable even if no future JFA is agreed. USAID and Finland also reported that they may consider working with ZGF in the future, which has the potential to allow ZGF to become sustainable and to continue to provide services to those CPs contributing to JFA II while sharing the costs to some degree. However, most CPs are risk averse and the fraud has clearly coloured their thinking. Implementation of recommendations in this regard will help to allay these fears, but it is probable that ZGF will have to operate successfully and free of any financial irregularity for some time before other CPs will commit to channelling large sums through them.

² Examples of GPs who mentioned this during consultations include the **Zambia Education and Development Advocacy Organisation**, **Platform for Social Protection in Zambia** and the **Mansa District Land Alliance**. Of course, while their success could never simply be attributed to a JFA grant (many CSOs receive funds from various sources and some have been working with government before receiving grants under the JFA), the support has certainly helped.

Recommendations

The following recommendations are included where relevant in the report. They have been ranked according to level of importance and a note has been added as to who should address them.

Rank	Recommendation	To be addressed by:
1.	Changes to the JFA need to be properly communicated, explained and explicitly agreed to by CPs before they are implemented by ZGF. With regard to changes already made, ZGF and CPs need to meet urgently to discuss the changes and to allow CPs to ensure that their needs and expectations are still being met.	ZGF and CPs
2.	CPs should immediately meet to determine what happens to grants that extend beyond 2015 and amend the JFA II to reflect their decision.	CPs
3.	CPs considering a further JFA need to ensure that ZGF has sufficient capacity to manage what is required given the increased workload once implementation of the EU contract, and any other contracts entered into by ZGF, begin. CPs will need to decide whether to increase funds under the new JFA for staffing, whether to reduce the number of grants to be awarded to suit the existing capacity, or to consider an alternative to using ZGF. As a result, it is recommended that a full capacity assessment be undertaken before any such decisions are made.	CPs
4.	To increase access to grants, ZGF should consider the following options: • New CSOs should be able to apply for initiative support grants in addition to the grants currently available to them. • Where only a few CSOs are specialised in a governance issue that a particular CP wishes to support, ZGF should consider introducing a restricted call for proposals process. • Research should be conducted into other methods of dealing with applications invited in an open application process so that ZGF is able to offer this as an option to all CPs.	ZGF
5.	ZGF should consider further simplifying procedures for smaller grants to increase efficiency and reduce the burden on staff.	ZGF
6.	ZGF should shorten the process for repeat grants in particular to enable GPs maintain momentum of the first grant. To ensure that GPs live up to their obligations to submit narrative and financial reports related to the first grant, the 2nd payment under the repeat grant should be	ZGF

	made conditional on the previous one being closed.	
7.	ZGF should guard against becoming overly prescriptive when it comes to the non-thematic approach and the way in which grants are awarded – businesses need to be flexible and to give customers what they want or they will simply go elsewhere.	ZGF
8.	ZGF needs to guard against taking on more work than it can handle with its current capacity unless new contracts include funds for additional staff.	ZGF
9.	ZGF should explore ways of increasing their CD capacity to reduce the need for and costs related to hiring external service providers, including whether or not the savings made would allow for salaries to be paid to new recruits. In addition, ZGF should consider training and hiring trainers from GPs, which would be less expensive and would provide these with an additional revenue stream.	ZGF
10.	To reduce distrust and uncertainty amongst GPs, to enhance transparency, and to share lessons learned during the process, ZGF needs to communicate how the fraud happened, what it means, and how it was addressed with GPs.	ZGF
11.	To increase ‘higher-level’ impact, ZGF should actively seek to raise awareness of the tools on its websites, both amongst GPs and amongst other CSOs working in the governance sector.	ZGF
12.	Although considerable effort and resources have been used to encourage CSOs in affirmative action areas to apply for grants, these efforts need to be extended to other parts of Zambia to encourage more applications if a future JFA is contemplated.	ZGF
13.	To comply with the JFA II and to make it easier for CPs to measure whether their expected impact and outcomes are being achieved, ZGF needs to report according to the outcomes and indicators in the Strategic Plan unless and until CPs expressly agree to the change.	ZGF
14.	To improve sustainability of CSOs, capacity development on resource mobilisation should be provided to all GPs – for example, by developing a new training module, incorporating it into an existing module, developing a toolkit, or including a guide to fundraising on their websites.	ZGF
15.	For future contracts, ZGF should consider making results-oriented planning mandatory at the proposal stage as well as requiring results-based reports by the end of a project.	ZGF

16.	Recognising that there are arguments in favour of two websites, ZGF should consider merging the SAY and ZGF sites into one.	ZGF
17.	A policy for learning and sharing events should be developed to ensure a common approach. In particular, it should determine who is invited to which type of event, how to decide whether the media should attend, the procedure to be followed, and how to follow up after an event.	ZGF
18.	Targets in any future JFA need to be carefully developed, based on both previous experience and future projections to ensure that they are realistic and achievable.	CPs (together with ZGF)
19.	If a future JFA is to be entered into, CPs should ensure that outcome indicators are measurable, that it is a clear that ZGF will need to report according to these, that monitoring systems and tools are amended to specifically collect these, and that all necessary data is recorded and reported on	CPs (together with ZGF)
20.	If a future JFA is agreed to, CPs wishing to fund a particular governance issue or issues through ZGF should consider earmarking funds or including specific requirements in their agreements with ZGF to ensure that their needs are met rather than simply following the current approach adopted by ZGF.	CPs
21.	CPs considering a future JFA with ZGF should be mindful of the requirements in the current JFA to support ZGF to raise funds from other sources and should begin the process of doing so without delay.	CPs

1 Background

1.1 BACKGROUND

Indevelop has been contracted to conduct an evaluation of the Zambian Governance Foundation (ZGF) under the second Joint Financing Agreement (JFA II). According to the terms of reference (ToR),³ the purpose of the assignment is to assess the performance of the ZGF under the JFA II with a focus on the Foundation's core business areas, namely:

1. Grant Partner (GP) grants and contract management
2. GP capacity and organizational development
3. Learning and sharing from and with GPs
4. Growing the demand for social accountability
5. Technical and thematic training packages
6. Project and programme support

Noting that the primary focus of the evaluation is to stimulate internal debate within ZGF for the purpose of institutional learning and improvement to its core business, the evaluation considers the relevance, effectiveness, efficiency, impact and sustainability of ZGF as a funding and capacity development institution for civil society organisations (CSOs) engaged in the enhancement of good governance in Zambia. The evaluation also assesses the performance of the ZGF taking into account its Grant Partners programmes (as far as possible), and considers the quality and the cost-effectiveness of these programmes and the ZGF as a funding modality.

1.2 TIME PERIOD COVERED BY THE EVALUATION

Although the terms of reference (ToR) refer to the period under review (2012 -15) as that falling under JFA II, JFA II only began in January 2013. On the other hand, the Strategic Plan covers the period January 2012 to end 2015, which raised questions regarding the actual period to be considered. This was clarified with the Reference Group established to guide the evaluation, who confirmed that the period under review is January 2012 to the end of the first quarter 2015 – that is, the period covered

³ The ToR are attached as Annex A.

by the Strategic Plan. The evaluation thus includes an assessment of activities under both JFA I and II, although the primary focus is on JFA II and the Strategic Plan.

1.3 METHODOLOGY

The assignment began with a brief home-based period for document review and inception reporting, following which the evaluation team travelled to Zambia to conduct a two week on-site mission in the period 31 May – 12 June 2015.⁴ During the mission, the team held numerous meetings with the Chief Executive Officer (CEO) and senior ZGF staff and met with the ZGF Board, Cooperating Partners to the JFA II (Sida, IrishAid and GIZ), and other CPs (EU, USAID and Finland). The team also met with various past and present grant partners (GPs) in Lusaka, as well as two that had unsuccessfully applied for grants, and travelled to Mansa, Ndola and Kabwe to meet with GPs in those and surrounding towns. A total of 10 Lusaka-based organisations and nine GPs in areas outside of Lusaka were consulted. Although this was slightly less than the targets set in the inception report (12 Lusaka-based GPs and 10 from outside of Lusaka), the sample is considered to be adequate.⁵

To ensure that as many voices as possible were heard, a brief questionnaire was circulated to 53 past and current GPs (excluding those that had been met with during the mission) on 15 June 2015, with a closing date set for 26 June. Two reminders were sent and the deadline extended to 1 July 2015, by which date 24 responses had been received - which is a fairly good response rate (45%) for surveys like this.⁶ The results of the survey are included in the body of the report where appropriate, while the overall results appear in graphic form in Annex D.

To address some of the comments made to the draft of this report, a mini-survey was conducted to determine the extent to which both GPs and CSOs that have not received support are aware and had used the resources on the two ZGF websites. The survey was sent to 10 non-grant partners (of which only two replied) and 68 previous and current GPs (including those visited during the mission). Fifteen of these responded and their responses have been included where relevant.

⁴ A list of documents consulted is attached as Annex B. The evaluation team was made up of Greg Moran (team leader), Orison Chaponda (regional expert) and Greenwell Mukwavi (national expert).

⁵ A list of those consulted is attached as Annex C.

⁶ 55% of respondents were Lusaka based, while 45% were from outside Lusaka. Interestingly, 63% of respondents were **not** currently receiving a grant.

1.4 HISTORICAL CONTEXT

To fully understand the nature of the ZGF – what it was and what it has become – some historical context is required.

The Zambia Governance Foundation (ZGF) was originally established as a pool fund (known as the Zambia Governance Fund) for support to civil society organisations (CSOs) working in the area of governance policy. It was established in 2009 under a Joint Financing Agreement (JFA) covering the period 2009-12 and with a budget of USD 12m provided by Sida, IrishAid, Danida, GIZ and DfID, while Finland and the EU were regarded as observers. A steering committee was established together with a secretariat contracted through an open international tender process.⁷ In other words, the pool fund followed a ‘traditional’ model and approach with which most readers will be familiar.

Early in its existence, ZGF sought to ensure it had a recognised legal status - partly because the consulting company that was awarded the service contract did not have offices or partner organisations in Zambia, which meant the Secretariat had no legal status. In July 2009, ZGF re-established itself as a non-profit company with its own Board made up of prominent Zambians and changed its name to the Zambia Governance Foundation.⁸ The steering committee ceased to exist, although CPs continued to provide oversight as members of a ‘Consultative Forum’. In many respects, these changes were largely cosmetic (although the cooperating partners had less control than under the traditional model) and ZGF continued to operate as a donor-funded pool fund. A no-cost extension of JFA I for the period up to 31 December 2012 was signed on 19 June 2012 and a Strategic Plan and logframe were prepared and adopted in 2012 to cover the period 2012-15. The consortium of management firms was also phased out with the secretariat being brought under the direct control of the Board (although GIZ continued to subsidise the CEO’s salary for some time thereafter as a consultant and continues to do so as the head of a local organisation). The secretariat also stopped referring to itself as such, preferring the term ‘management team’ – a subtle but important difference in that ZGF had begun to shift its thinking away from the traditional approach to donor supported pool funds.

The second JFA (JFA II) was signed by GIZ, DFID and Irish Aid at the end of October 2012, with Sida joining in July 2013, and covers the period January 2013 to De-

⁷ The contract was awarded to a consortium of management consulting firms, with Grontmij Carl Bro / DK as the lead firm, who provided and were responsible for the CEO and Secretariat staff.

⁸ The name ‘Foundation’ was chosen by ZGF and its Board in the belief that the term Foundation was more suitable given ZGF’s mandate and that it would help to ensure ZGF was seen as a support facility for civil society from the onset, rather than a fund which focuses on providing grants only.

cember 2015 with a budget of USD 15m.⁹ Although the JFA contains no logframe, it refers to and incorporates the 2012-15 Strategic Plan and logframe. During preparations for the signing of JFA II in 2012, the ZGF management requested that a new arrangement be included whereby they would be paid a management fee of 20% (in line with a clause in the JFA II that states: ‘ZGF will finance its direct and indirect company operational costs out of the basket fund. ZGF and CPs will develop a system of costing of ZGF services by end of March 2013’).¹⁰ When CPs raised concerns about this, GIZ suggested a system of billing according to hours worked by each staff member and provided a consultant to assist the management team to develop the system.¹¹ This led in turn to the development of a business plan in 2013 that, while it is similar to the Strategic Plan, it is not entirely the same. ZGF also began to see itself more as an independent company implementing a contract, rather than as a management unit or secretariat implementing a donor supported pool fund. In keeping with this, it began to actively seek additional contracts to the JFA. While it has been unsuccessful with some and is awaiting the decision on other contracts that it has tendered for, it has successfully won a few small contracts as well as a larger grant to provide future monitoring and evaluation of a European Union (EU) call for proposals.

In other words, ZGF is no longer the donor-funded project that was originally conceived. Instead, it aspires to be, and is actively seeking to become, a fully independent non-profit company, where the JFA II is only one of the projects that it implements. Although the changes might appear subtle at first, they are really changes to the JFA agreement and they have had consequences that are further explored in the report.

⁹ The reason why DfID pulled out of JFA II was reported by DfID to be that they decided to shift its resources to the new Zambia Accountability Programme (ZAP) (a programme supporting CSOs in Zambia), allowing them more control over the outcomes they deliver.

¹⁰ JFA II in fact includes the following clause: ‘ZGF will finance its direct and indirect company operational costs out of the basket fund. ZGF and CPs will develop a system of costing of ZGF services by end of March 2013.’

¹¹ The overall objective of this consultancy was to provide the basis for the ZGF Secretariat to submit a proposal to its Board of Directors and ZGF’s funders of a costing and financing system which clearly related to its internal operation, maintenance and investment cost with the volume of its different types of services in an efficient, effective, and transparent manner.

2 Relevance

Questions from the ToR dealt with in this section ¹²
To what extent do ZGF's funding instruments respond to the needs and potentials of Zambian advocacy CSOs (volumes, selection criteria, thematic and geographic orientations etc.)?
To what extent are ZGF's capacity development approaches appropriate to needs of the GPs? How is the demand for capacity development distributed among different topics? To what extent are the grant instruments and the capacity development approaches complementary to each other?
In which (thematic and geographic) areas has financial support been provided to GPs under the JFA II?
How have the grant resources been distributed between the different instruments and partners?
To what extent do the GPs find the grant and capacity development support of ZGF appropriate to respond to their needs?

In addition, the following issues are addressed:

- Review briefly the wider potentials and challenges of democratic governance in Zambia and of civil society engagement.
- Review briefly the continued relevance of the ZGF Programme in view of the above.

2.1 INTRODUCTION

Zambia is a peaceful country with a growing economy that has made significant progress in governance. Nonetheless, challenges remain both within the governance sector and in the capacity and ability of civil society to engage in democratic decision-making, policy development and implementation. As identified in ZGF's Theory of Change (developed partly in response to a recommendation in the 2011 Mid-Term Review):

- While economic growth has been steady with Zambia now regarded as a lower-middle income country, high levels of poverty and income inequality remain, especially in rural areas.

¹² As a general note, while all of the questions raised in the ToR have been addressed, some have been moved to fit under more appropriate headings than where they appeared in the ToR. Questions listed at the start of each chapter are thus not always under the same headings as in the ToR.

- Power is concentrated in the executive and especially the President despite Constitutional reviews. Parliament is weak, there has been little decentralisation, and power and decision-making processes are concentrated in Lusaka.
- Although numerous policies exist to improve governance and access to socio-economic rights and services, implementation is usually weak.
- Accountability mechanisms are in place – for example, Parliament, the Human Rights Commission, and the Anti-Corruption Commission – but they are not well known or very well resourced.
- Cultural values and norms make it difficult for people to question authority.
- Motivational allowances and incentives encourage civil servants and others to attend meetings, workshops and events rather than focusing on service-delivery.
- There is little donor harmonisation.
- Some Cooperation Partners (CPs) have pulled out of Zambia (notably Denmark) while others have reduced their levels of commitment.
- There is limited access to justice, especially for women, in either the formal or informal justice systems and legal aid is very limited.
- Access to information is limited, particularly in rural areas, and state run media tends to dominate. Policy relevant information is very hard to obtain.

To this list, GPs and ZGF staff consulted during the mission added weak electoral governance, high levels of corruption and limited accountability, human rights in the extractive industries, the environment, water and sanitation, health rights and access to health care. Zambia also experiences high levels of gender bias, unequal access to education and job-opportunities for women and girls, and domestic and gender-based violence. Customary law and practice also make it difficult for women to participate in governance and democratic decision-making.¹³

As a general rule civil society organisations (CSOs) in Zambia operate relatively freely despite legislation on the registration of NGOs, widely viewed as a means to exert control and limit the space for CSOs. Some examples of limitations by government of the right to freedom of association were reported, but the right to form and join CSOs is largely respected¹⁴. CSOs encounter other inhibiting factors that also affect their ability to influence the policy agenda, especially limited technical competence and lack of local financial resources. Access to funding from international

¹³ Examples include the payment of 'bride price', customary rules of inheritance, widow inheritance (where widows are 'inherited' by the family of their deceased spouse) and property-grabbing on the death of a husband.

¹⁴ Some examples of limits on freedom of association included restrictive interpretation and application of the Public Order Act (especially in 2013, when it came to meetings of opposition parties and Civil Society), while some members of CSOs have been threatened and harassed by government, including one who publicly challenged the recruitment process of the Zambian Police Force.

sources is good though. In addition to those supporting JFA II, various CPs such as USAID and Finland provide support to CSOs on a range of thematic areas. Those funding JFA II also provide funding to CSOs working in governance outside of the JFA, as do international organisations such as Comic Relief and the International Planned Parenthood Foundation. But while there are various funding opportunities, the absorption capacity of CSOs is reportedly very low, especially amongst smaller and newer organisations.

2.2 CAPACITY DEVELOPMENT

CSOs in Zambia make up a disparate group with very different knowledge and skills needs. To respond to these differing needs, ZGF jointly assesses the capacity and learning needs of each applicant together with the applicant themselves during the grant application process. Based on this, a capacity building plan is developed by the CSO that is obviously highly relevant to their particular needs.

2.2.1 Capacity development during the grant application process

A certain level of capacity development (CD) is provided even before the grant application process itself. Workshops and briefing sessions are opened to those who might be interested in applying. Significant assistance is also provided to all potentially successful applicants during the application process itself, all of which was regarded as highly relevant and helpful by all GPs consulted.¹⁵

Once grants have been approved, ZGF provides various forms of capacity development to its grant partners.

2.2.2 Training

The primary CD method is training, which includes training on issues of general importance provided to all organisations. As illustrated in Table 1, general topics include policy engagement, social accountability, monitoring and evaluation (M&E), and mainstreaming of crosscutting issues. Specific training is then provided on particular issues identified in GPs' CD plans – for example, strategic management and planning, board roles and responsibilities, organisational policies and financial management. The following training was provided by ZGF during the period under review.

¹⁵ These findings were supported by the survey, where 75% of respondents regarded the support provided during the application process as very helpful (54%) or quite helpful (21%).

Table 1 – training provided 2012-15

Topic	No. of workshops	No. of participants
Gender Mainstreaming	6	148
HIV/AIDS Mainstreaming	1	9
Learning and Sharing	11	439
Disability Mainstreaming	6	76
Board Roles and Responsibility Training	9	82
Introductory Workshop	5	80
Policy Engagement	9	193
Social Accountability Monitoring	4	83
Mini Initiative Proposal Writing Workshop	4	86
Social Accountability to Community Radio Stations by PANOS	2	37
EU Workshops	6	236
Financial Management Training	2	38
Sensitization Workshop	2	47
District Resource Persons' Induction Workshop	1	5
M & E Workshop	3	69
Service provider trainings	2	29
Muchinga Group Management Training	4	101
TOTAL	77	1758

The demand for capacity development training is fairly well distributed across the various topics, although notably few GPs have been reached when it comes to mainstreaming HIV/Aids. Altogether 1,758 participants have been reached (although a significant number – 236 – were in workshops for the EU rather than under the JFA). Some GPs whose grants have come to an end or who have been unsuccessful with applications are invited to attend training, which helps to ensure that the capacity of those outside of the JFA is built.

2.2.3 Mentoring

ZGF also provides mentoring and on-site technical assistance (referred to as ‘accompaniments’) to those GPs that included it in their capacity development plan developed during the application process.¹⁶ These services are obviously relevant and responsive to their needs and are rated very highly by the GPs consulted. Further mentoring and technical assistance is provided during M&E visits.

¹⁶ Accompaniments all involve more than 20 days per contract, with an average of 25 days over the 20 contracts awarded.

2.2.4 Toolkits and websites

Numerous toolkits have been prepared to build the capacity of CSOs.¹⁷ These are available in printed form and via the main ZGF website, thus making them available to all CSOs in the country, not just GPs. Key resources including policies and legislation are included on the ‘Social Accountability and You’ (SAY) website established by ZGF to assist all organisations working in the governance policy arena in Zambia and beyond.¹⁸ The website therefore provides useful resources linked to the core focus of the JFA II. Although only established in 2014, it seems to be fairly well known amongst GPs, although the response rate to the mini-survey conducted to assess this makes it difficult to be certain. Of the 15 past and current GPs who replied, 11 were aware of the site. Determining how well known the website is amongst CSOs that are not GPs is slightly more difficult, since the evaluation team was not specifically required to consult with non-grant partners, and neither of the CSOs that replied to the mini-survey were aware of the website.

Respondents who had used the tools on the SAY and ZGF websites were generally favourable and were used by partners during their own training programmes and community education.¹⁹ However, it is hard to determine why this website was developed separately to the general ZGF website and what purpose it serves that couldn’t be achieved by combining the two sites. The main reasons advanced by ZGF were:

- The SAY website was never meant to be a ZGF corporate website. It was meant to be a document repository to be used by CSOs interested in social accountability. If people would have to access the ZGF corporate website to access the documents / blogs / debates, the response would be lower than through an independently managed platform which is entirely focused on social accountability in Zambia.
- ZGF corporate communication is different from SAY communication.
- SAY enables an interactive dialogue through polls, discussion fora and linkage to social media platforms.
- Some individuals prefer accessing information that is not specifically linked to an organisation.

¹⁷ The following toolkits have been produced: gender mainstreaming in the workplace; gender mainstreaming in projects, programmes and policy engagement work; HIV and AIDS mainstreaming; monitoring and evaluation; policy engagement and influencing; disability mainstreaming; understanding board roles and responsibilities / organisational governance; building the evidence to inform policy / a guide to policy-relevant research; and, most recently, becoming an environmentally-friendly CSO.

¹⁸ www.say-zambia.org

¹⁹ Only one respondent was of the opinion that the SAY website itself was not user-friendly for those with limited computer skills.

- Combining the sites would water down efforts to create an independent platform for social accountability. This independence makes it attractive even though it is managed by ZGF.
- Information provided by organisations such as the UN campaign for the SDGs (The world we want) was communicated through an independently managed online platform, which also made it more attractive to users.

All of these arguments have merit. However, both the SAY and the ZGF sites already contain information that is of great importance to GPs and other CSOs in and outside of Zambia. Instead of requiring users to search two sites for information, all of the information would be in one place, making search easier and enhancing usability generally. At the same time, having one site would increase the profile of ZGF rather than scattering it across two sites. The ZGF's name appears already on the SAY website homepage, and so questions remain as to how independent the site is from ZGF. And it would probably be cheaper to run one site than two.

2.2.5 Learning and sharing

Ten learning and sharing events were held during the period under review. These bring GPs together to learn from each other (see Table 2 below) and also build capacity. Learning and sharing also takes place during on site visits where success stories from GPs are shared with those working in similar areas or facing similar challenges.

Table 2 – Learning and sharing events (including costs)

Year	Event	No of participants per event	Total cost per event (ZMW)	Average cost per participant (ZMW)
2012	Policy process monitoring event	84	117 494,00	1 398,74
	Constitutional Review event	39	41 138,00	1 054,82
2013	World Café event	43	85 664,49	1 992,20
	Allowance culture	No documentation		23 782,00
2014	Event on Community schools	26	28 447,00	1 094,12
	Event on community radio stations for SA	31	25 984,00	838,19
	Event on public participation in natural Resources	24	25 605,00	1 066,88
	Event on accountability in the health sector	21	26 155,00	1 245,48
	Land Rights event	26	40 330,00	1 551,15
	CSO media event	13	8 150,00	626,92
2015	Event on Electoral Governance	26	9 400,00	361,54

GPs who had attended such events all regarded them as highly relevant during interviews. This view was shared by CPs, all of which regard the events as both relevant

and useful for the context in which ZGF operates. In addition to providing an opportunity to share experiences, they also open opportunities for collaboration and networking among CSOs, which is essential for coordinated policy action. Possible areas for improvement suggested by GIZ in particular include:

- Agreeing who is invited to such events, and in particular, whether or not the media should be invited. This may need to be determined on a case-by-case basis, since the presence of the media at one event appears to have restricted CSOs from participating, while at another, it led to valuable exchanges of ideas.
- Clear "rules of the game" need to be agreed upon, but without limiting the "Open Space" character of these events.
- There needs to be consistent follow-ups of these events, which potentially leads to further action.

2.3 DISTRIBUTION OF GRANTS

ZGF has developed a range of grants designed to meet the needs of different CSOs:

- Institutional support grants. These are essentially core-funding and are intended for well-established organisations with a good policy track record and administrative systems robust enough to make the most of core funding. The maximum amount of the grant is ZMW 1,250,000 per annum for a period of one to three years.
- Earmarked institutional support grants. These are for one to three years and a maximum of ZMW 800,000 per annum and were introduced when it became clear that few CSOs would meet all of the requirements for institutional support grants.
- Initiative support grants, provided for a specific project. The grants are for a maximum of ZMW 600,000 in total and a minimum of 18 months. In 2012, ZGF began awarding repeat initiative support grants to those GPs that had managed their first grant well.
- Joint Policy Action Support grants. These grants are to encourage cooperation and joint projects and are provided to groups of CSOs with a joint programme related to policy change. Two types are provided:
 - Joint Policy Action Support I, for a maximum of ZMW 150,000 and for projects between one and six months.
 - Joint Policy Action Support II. These are for joint projects of between seven and 12 months, and for a maximum of ZMW 300,000.
- Rapid Response grants. These are provided to CSOs to respond to emerging and urgent policy issues and are for a maximum of ZMW 100,000 over one to 12 months.
- Mini-initiative grants. These are for smaller projects and were introduced during 2013 (with the first awarded in 2014) to provide limited assistance of up to ZMW 100,000 for up to 12 months. They specifically target small community based organisations and those provinces like Muchinga (where civil society is weak and from which few if any applications are received) and were designed

to build their capacity and experience in managing grants in the hope that they will be able to graduate to larger grants in future.

Up until mid-2013, grant making was based on calls for proposals (CfP), similar to the EU approach and including a similar two-stage process. These were open to all CSOs in Zambia provided they met the criteria and were working in a governance policy related area – from advocating for new or revised policies, or in monitoring or improving the implementation of policies. Given the high volume of applications received during each CfP²⁰, the fact that applications were often received from the same organisations each time, and the limited number of staff to deal with them, ZGF decided not to issue any further CfP after the third one in 2013. Instead, those GPs that have already received a grant are entitled to apply for a repeat grant of the same type or to ‘graduate’ to a larger grant of longer duration should they manage the original grant well and achieve its objectives. Those that have not previously received a grant from the ZGF may only apply for Joint Policy Action Support, Rapid Response or mini-Initiative grants.²¹ Once they have properly managed these and if they achieve the objectives, they too may apply to graduate to a ‘higher level’ grant.

The reasons for the decision not to continue away from the CfP are well understood. The process is labour intensive, time consuming, expensive and doesn’t necessarily lead to the best applications. But the change in approach does mean that new applicants are limited to small grants that may not be totally relevant to their needs. Larger and more established CSOs that are not yet GPs will be particularly reluctant to go through a lengthy process when only small grants are on offer. Furthermore, few existing GPs seemed to understand what this change meant during interviews and some seem to be waiting for the next CfP to apply for funds. If understanding amongst GPs is low, it can be expected that those not yet in the ZGF fold will be even less aware that they can apply for grants at all. This has the potential to act negatively on effectiveness and impact, especially if larger NGOs are inadvertently excluded from the process by the size of the grants available to them and the lengthy procedure required to access these. While not arguing for a return to the CfP process, other options exist that could be implemented that would be easier to manage, but that would also ensure that a wide variety of CSOs access funds rather than ZGF becoming somewhat of a ‘closed shop’, with only existing GPs accessing larger grants and only small organisations interested in applying for the small grants available to new organisations. For example, a restricted call for proposals could be considered in some cases, where only those CSOs specialised in a particular governance process are invited to apply. New

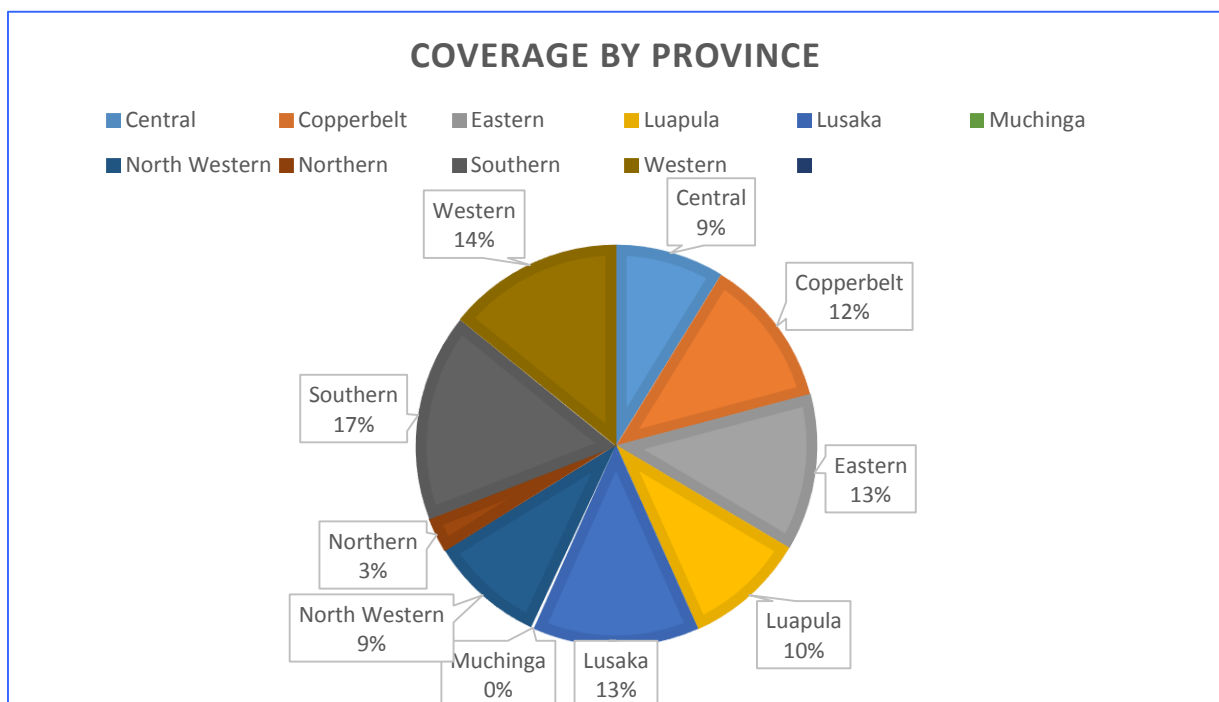
²⁰ See Table 3 on page 29

²¹ New GPs receiving Rapid Response or Joint Policy Action Support grants may also apply for a mini-Initiative grant to run consecutively with their other grant.

CSOs should also be able to apply for initiative support grants in addition to the grants currently available to them if they meet the criteria for these. And larger NGOs could also be required to include a ‘junior partner’ in their bids and to specifically build the capacity of the smaller organisation as a condition of the grant. Other options may well exist that ZGF should research and that would help to ensure that CPs who want to reach a broad spectrum of CSOs are not discouraged from making use of their services.

Of course, these suggestions require long-term commitment from CPs, but such commitment can only be expected if the model used by ZGF suits the purposes and needs of the CP in question.

To ensure that support is not concentrated in the capital (as often happens with similar funds), ZGF has made a concerted, deliberate and proactive effort to reach out to all parts of the country with 30 Lusaka-based GPs. Most of these also operate in districts outside Lusaka, but an additional 55 GPs from outside of Lusaka have received grants. Projects undertaken by these reach out into all provinces and 80 of the 103 districts in Zambia (as of July 2015), as illustrated in the following chart:²²



²² The number of districts has reportedly increased since July but it has not been possible to obtain the correct number since some of the changes are very recent.

Grants are not well distributed across the different instruments though, with most of those awarded since 2012 being initiative, repeat initiative or mini- initiative grants supporting specific projects (see Table 3).

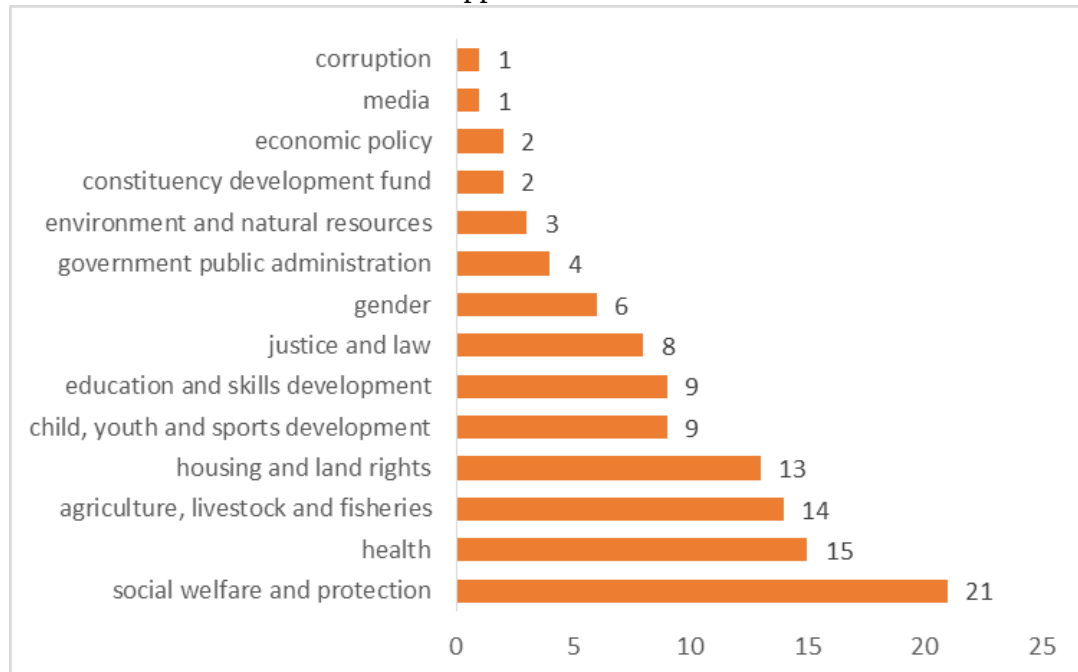
Table 3: Grants by type – applications and awards

Year	No. of applications received and grants awarded by type		
	Type of grant	Applications	Awards
2012 (2 nd CfP)	Initiative grants	198	32
	Repeat initiative	9	5
	Institutional support	Nil	3
	Earmarked Institutional Support	0	8
	Joint Policy Action Support I	1	Nil
	Joint Policy Action Support II	7	3
	Rapid Response	22	1
Totals 2012		237	52
2013 (3 rd CfP)	Initiative grants	Nil	8
	Mini- initiative	29	Nil
	Repeat initiative	15	2
	Institutional support	32	Nil
	Earmarked Institutional Support	1	Nil
	Joint Policy Action Support I	7	Nil
	Joint Policy Action Support II	4	4
	Rapid Response	17	1
Totals 2013		105	15
2014	Initiative grants	Nil	Nil
	Mini- initiative	Nil	8
	Repeat initiative	0	9
	Institutional support	Nil	Nil
	Earmarked Institutional Support	1	1
	Joint Policy Action Support I	4	2
	Joint Policy Action Support II	2	Nil
	Rapid Response	17	2
Totals 2014		24	16
2015 (to August)	Initiative grants	Nil	Nil
	Mini-initiative	1	1
	Repeat initiative	9	2
	Institutional support	Nil	Nil
	Earmarked Institutional Support	1	1
	Joint Policy Action Support I	2	Nil
	Joint Policy Action Support II	4	1
	Rapid Response	7	1
Totals 2015		24	13
Totals 2012-2015		390	96

This is to be expected, since only larger and more experienced organisations will qualify for institutional support or earmarked institutional support grants. Very few of these have been awarded, perhaps due to how strict the requirements are, and only one or two GPs have actually graduated to higher grants so far.²³ The fact that few rapid response, joint policy action support or mini-Initiative grants have been awarded is troubling, however, given that these are the only grants available to new CSOs.

As illustrated in the following graph, a wide variety of ‘themes’ have been covered by GPs:

ZGF has followed a non-thematic approach since the outset and no indication was



given that any CPs had objected to this or requested that particular issues be focused

²³ The criteria for graduation are fairly strict and are based on the following:

- Performance- Grant partner must have successfully implemented and closed a previous grant with ZGF and achieved most of the set milestones.
- Meet minimum eligibility criteria for the proposed grant. If a grant partner is to graduate from e.g. Mini-Initiative to Initiative support grant it must meet the minimum eligibility criteria for the Initiative support grant.
- Improvement in financial systems- Grant Partners whose Financial management systems developed into a new level e.g. from accounting to integration or from integration to sustainability.
- Risk rating- the scores on the risk rating must show signs of improvement and this is done through financial management assessment.
- CD Action plan- if there was a CD action plan in the previous grant, a grant partner must demonstrate that the actions set forth in the action plan have been completed.

on. This approach (where grants are available to any organisation working on a policy related issue rather than pre-determined issues or themes) leads to those issues prioritised by CSOs themselves being supported and thus these themes reflect the most pressing issues in the country from the perspective of CSOs and communities. Based on ZGF's experience, thematic calls tend to make CSOs 'follow the money' rather than responding to pressing needs in their communities, and they also don't play to an organisation's strengths. The non-thematic approach therefore helps to ensure that a wide variety of governance issues are addressed, which would not be the case if grants were limited to a small number of predetermined issues.

There is a lot of sense to these arguments and it is easy to see the advantages of such an approach. However, it should also be remembered that communities will invariably focus on the immediate socio-economic issues they face (welfare, social protection, education, health care and agriculture) rather than more abstract issues such as transparency, corruption and environmental governance. As a result, these higher-level governance issues are rarely identified and, it could be argued, CSOs need to be actively encouraged to focus on them.

ZGF is aware of this problem and, without deviating from the general non-thematic approach, a new strategy to address health rights and electoral governance in particular has been used (the latter in early stages). A meeting of CSOs and other players in health rights was convened to discuss the issue, hoping to encourage applications from organisations with a health rights focus. But while this helps to focus CSOs on an issue that is highly relevant but not well addressed - and is thus commendable - ZGF sees this as something out of the ordinary and don't yet have plans to replicate it for other key governance issues. The impact may also be limited if new organisations are restricted to smaller grants. Importantly, the non-thematic approach does also not suit all CPs, especially those that want or need to target a particular issue. This in turn might make ZGF less attractive to CPs unless it is prepared to adopt a more flexible approach.

Note: In many respects, it is hard to understand why ZGF staff were reluctant to agree during consultations to a thematic approach in some cases. In fact, ZGF has already agreed to assist the EU to implement its programme focused only on media development and access to justice. They have also shown that they have a model that could work, where some grants are available on a non-thematic basis, but where key governance issues can be addressed by encouraging CSOs focused on a particular issue to actively seek grants. Offering the same services to other GPs would increase ZGF's relevance, make them more attractive to CPs that want to focus on a particular issue, increase their sustainability, and ensure impact in critical areas.

Some CSOs consulted raised concerns that only faith-based organisations and larger NGOs receive funding, particularly when it comes to larger grants.²⁴ The statistics simply do not support the first concern with only a limited number of faith-based organisations having received ZGF grants. But there are at least some grounds for the assertion that the process favours more experienced and larger NGOs. ZGF has recognised this and introduced smaller grants to make funding more accessible to newer CSOs but in reality, it is always larger and better-resourced organisations that are more successful when it comes to raising funds.

2.4 ANALYSIS

ZGF provides capacity development provided to CSOs is in a multitude of forms, all of which are highly rated. The support is based on CD plans developed by CSOs and is thus highly relevant to their needs. To be responsive and relevant to both smaller and larger organisations, ZGF has developed a wide range of funding instruments designed to suit the needs of various types of CSOs. Allowing existing GPs to access repeat grants or to graduate to larger grants rewards organisations that have properly managed and implemented the first grants and have achieved their objectives and encourages them to be more effective in the policy arena. A broad range of thematic issues have been addressed and grants have been spread out across Zambia. As confirmed by the survey conducted, grants can generally be said to be relevant to the needs of Zambian CSOs and enable them to perform their key functions better.²⁵

Grants and capacity development complement each other well, especially since GPs determine their own capacity needs (with the assistance of ZGF) during the grant application process and funds for CD are at least partly included in the grant. Capacity development also compliments the grants by providing critical training and support on both thematic areas and on issues directly related to managing grants (such as financial management and M&E).

With its experience and structure, ZGF has the potential to remain relevant to CPs supporting governance in Zambia, especially those who consider capacity development of CSOs as an end in itself when it comes to governance. For example, CPs could make use of ZGF in one or more of the following ways:

²⁴ According to ZGF, the perception regarding faith based organisations may have been influenced by the number of Catholic/Caritas and other religious organisations that have been awarded grants.

²⁵ During the survey, 83% answered 'very relevant' and 17% 'quite relevant' to the question 'How relevant would you say the grant is to the work of your organisation – did it or does it allow you to perform your core functions better?'

Options for CPs to work with ZGF

- Contributing to a pool or basket to be administered by ZGF, either towards supporting governance generally or by earmarking funds for specific prioritised issues.
- Funding ZGF as a capacity building organisation to provide support to CSOs generally or those already contracted by the CP in question under another grant-making process.
- Contracting ZGF as a service provider to administer and manage their support to civil society.
- Contracting ZGF to perform specific tasks, such as conducting training prior to a call for proposals to be run by the CP itself.

However, the change in approach to grant making raises some concerns, especially if ZGF wants to attract other CPs to make use of its services. There is no doubt that the CfP method of grant making is labour intensive and time consuming. But while the movement away from this process may improve efficiency internally, only those already in the fold are able to access larger grants that create more potential for impact. In addition, the non-thematic approach has meant that some important governance issues may have been under-supported. Recognising that there is no panacea and that both the CfP and the current approaches have advantages and disadvantages, perhaps what is required is a rethink in approach or a mixture of approaches. Firstly, applicants should be allowed to apply at any time, as is currently the case. But new applicants should also be able to apply for initiative grants. This would continue to ensure that a wide range of governance issues are addressed depending on the needs of their communities, but also that larger CSOs that are not yet partners are able to access larger grants than are currently available to them.

2.5 RECOMMENDATIONS

- While recognising that there are arguments in favour of two websites, ZGF should consider merging the SAY and ZGF sites into one.
- A policy for learning and sharing events should be developed to ensure a common approach. In particular, it should determine who is invited to which type of event, how to decide whether the media should attend, the procedure to be followed, and how to follow up after an event.
- To increase access to grants, ZGF should consider the following options:
 - New CSOs should be able to apply for initiative support grants in addition to the grants currently available to them.
 - Where only a few CSOs are specialised in a governance issue that a particular CP wishes to support, ZGF should consider introducing a restricted call for proposals process.
 - Research should be conducted into other methods of dealing with applications invited in an open application process so that ZGF is able to offer this as an option to all CPs.
- To be attractive to a wide range of CPs, ZGF should be more flexible when it comes to their non-thematic approach.

- If a future JFA is agreed to, CPs wishing to fund a particular governance issue or issues through ZGF should consider earmarking funds or including specific requirements in their agreements with ZGF to ensure that their needs are met rather than simply following the current approach adopted by ZGF.

3 Efficiency

Specific questions from ToR - Efficiency
How does the demand for grants compare to the grants approved?
To what extent are the operational costs of ZGF's 6 business areas commensurate with the services provided?
How does ZGF's support to GPs compare to other modalities of donor support to CSOs in terms of effectiveness, efficiency, quality and sustainability as well as transaction cost to CSOs and donors?
To what extent does the pooling of donor resources in ZGF facilitate or hinder CSOs' access to resources?

3.1 INTRODUCTION

In addition to the questions listed above, the ToR specifically require the evaluation to 'review the efficiency of ZGF as a funding mechanism for CPs' support to the Zambian civil society (value for money)'.

3.2 APPLICATIONS VS AWARDS

The demand for ZGF grants is considerable, with 390 applications received during the period under review. A significant proportion of these were rejected (294, which amounts to 75%), as reflected in Table 3 on page 29. The demand for grants has decreased, which is obviously linked to the fact that CfPs are no longer held. It has previously been accepted that the CfP process places a burden on staff and is not efficient. Efficiency has also clearly improved once ZGF moved away from the CfP approach. But it is also clear that fewer CSOs that are not already GPs are applying, which limits fresh input and ideas.

GPs consulted also complained that the application process is slow and complicated and the financial requirements for the larger support grants make it difficult for newer organisations to succeed.²⁶ To some extent, this is supported by the data in Table 3,

²⁶ Although 25% of respondents in the survey had no challenges when dealing with ZGF, 29% of respondents rated delays in receiving funds as the biggest problem and 21% the application procedure.

with 75% of applications failing during the period under review. However, this figure is skewed by the number of rejections during the last CfP in 2013 and has shifted since then, with more than 50% of applications succeeding in 2014 and 2015. In addition, the process followed by ZGF is clearly designed to ensure only the best applications succeed and to limit the risk of misuse and mismanagement of donor funds by GPs. It has been successful in this regard, with most GPs completing their projects and only two examples of misuse of funds over the entire course of the programme (2009 to date). This in turn helps to ensure value for money for CPs.

The requirements for smaller grants are also less stringent than those for Institutional and Earmarked Institutional Support grants to make the process simpler for smaller and newer CSOs. And ZGF has also reduced the burden on staff by only requiring a single assessor to assess concept notes in Rapid Response and JPAS grants. And by including a capacity assessment of each potential GP as part of the application process, they obviate the need for regular and costly needs assessments of all CSOs in Zambia (as is done by other pool funds such as Uganda's Democratic Governance Facility). All of this helps to improve efficiency.

However, with slight modifications at times, the multi-stage application process remains essentially the same for all grants. This takes up a great deal of the staff's time and is not always warranted – particularly when it comes to the smaller grants where a one-stage process could also be considered. For example, applicants could provide a one-page summary together with the application to enable ZGF to determine quickly whether or not the full proposal needs to be read.

The process of awarding repeat grants also takes as long as the process for the initial grant, which impacts on continuity of the work of GPs. Although ZGF has tried to simplify this and allow GPs to apply for repeat grants during the current grant, this led to difficulties in closing out the original grant as it proved difficult to get GPs to submit reports and financial statements once the new funds were received. This is accepted, but efficiency could be improved by (a) simplifying the application process for repeat grants (since financial and other data is already available to ZGF) and (b) by making the 2nd payment under the repeat grant conditional on the previous grant being successfully closed.

Once a grant application has been approved, all of those consulted agreed that the flow of funds is good.²⁷

²⁷ According to responses in the online survey, release of funds is good with 88% receiving funds within three months (63%) or between three and six months (25%) from application.

3.3 INCOME, EXPENDITURE AND OPERATIONAL COSTS

As illustrated by Table 4, ZGF has expended an average of 85% of its income per annum during the period under review despite the fact that IrishAid are no longer disbursing funds, leaving a total of ZMW 7M still to be expended:

Table 4 – Income v expenditure 2012-15 (ZMW)

CP	2012	2013	2014	2015 - 31st August	Total contributions by CP
	ZMW	ZMW	ZMW	ZMW	ZMW
SIDA	5 071 851.00	24 962 797.00	23 668 386.52	-	53 703 034.52
Irish Aid	2 666 800.00	2 778 000.00	-	-	5 444 800.00
Total JFA Income	7 738 651.00	27 740 797.00	23 668 386.52	-	59,147 834.52
Expenditure	675 367.28	20 999 101.00	21 528 368.00	8 878 524.54	52 081 360.82
Balance					7 066 473.70

While the budget has been generally well managed, with no over expenditure in any given year, the data also shows that funds available for CSOs to work on governance are not being used. This in turn would suggest that more grants could have been awarded over the period under review, leading to greater impacts. However, considering the data also raises an interesting question– at which stage is ZGF expected to stop disbursing funds under JFA II? If they can continue to commit funds to support recent grantees whose contracts extend beyond end 2015 (some as far as 2018), then it is probable that expenditure could be improved considerably. However, if they are not able to continue to use JFA funds after the end of the JFA II agreement, then expenditure and efficiency will suffer in a final analysis. Since the JFA is unclear on this, the question was posed to both ZGF and Sida. ZGF's response was that they were uncertain while Sida queried why ZGF had made grants that extended after 2015, but noted that they were considering a no-cost extension to the JFA on the basis that the last disbursement has yet to be made. This is clearly an issue that could lead to massive dissatisfaction if GPs that have contracts to receive a certain amount of funding suddenly find that these funds no longer available to them. One solution would be to simply roll the funds over into a further JFA, but that is largely a decision CPs need to take internally. It needs to be discussed by CPs and agreement reached soon, since even the no-cost extension will not extend to 2018.

Appropriately, the majority of JFA II funds (89%) have been spent on grants and contract management (77%), and capacity development for GPs (12%), as illustrated in Table 5.

Table 5 – Expenditure per business area (ZMW)

Costs by Business Area	2012	2013	2014	2015	Total	Ratio
BA 1 -Grant Partner grants and contract management	15 231 869	12 077 743	14 871 040	6 530 786	42 180 652	77%
BA 2 -Grant Partner capacity and organisational development	3 118 253	1 463 957	1 870 783	887 850	6 452 993	12%
BA 3 -Learning and sharing	1 029 854	482 107	778 211	427 995	2 290 172	4%
BA 4 -Growing demand for Social accountability ²⁸	75 446	341 289	546 732	750 066	963 467	2%
BA 5 -Technical and Thematic training	-	4 745	2 253	2 885	6 998	0%
BA 6 -Project and programme management	269 392	581 558	1 849 103	816 741	2 700 053	5%
Total	19 724 8140	14 951 399	19 918 122	9 416 325	54 594 335	100%

Capacity development is a large part of the JFA II approach and is one of its major comparative advantages over other funding modalities that only provide financial support. Focusing on both grant making and CD also helps to reduce transaction costs for those CPs wanting to both provide funds. At least some of the costs for CD are included as part of the grant itself. Although most CD is still funded through ZGF's CD facility, CSOs benefit from being able to access CD without having to actually pay for the services out of their existing funds. ZGF also uses other means to keep CD costs down, such as inviting large groups of participants to attend training in Lusaka while smaller groups are trained closer to where they are based. As a result, the percentage of the annual budget used for CD is actually very low (on average, 5% over the period under review – see Table 6). Such support is therefore efficient and provides value for money for both CSOs and CPs.

Table 6 - CD costs as a % of annual budget

CD costs as a % of annual budget				
	2012	2013	2014	2015 (to August)
Actual cost (ZMW)	3,118,253	1,463,957	1,869,812	887,851
% of annual budget	9%	4%	6%	2%

²⁸ Although the figure of 2% appears low in this area, all of ZGF's work contributes to this to a great degree. It is generally reported in Annual Reports as either the work done by GPs themselves in involving communities, and particular activities in Muchinga in particular that were aimed at increasing awareness (such as radio programmes, learning and sharing activities with communities and distribution of public education materials. The Active Citizen Toolkit, while still under development, is also relevant in this regard.

Since ZGF does not have sufficient internal training and mentoring capacity, most CD is contracted out to service providers. This in turn increases transaction costs for CPs. ZGF is aware of this and have recently employed an Organisational Development Specialist to provide training and mentoring as well, but increased capacity in this area should be built to increase value for money. One of the ways to do this would be to employ more staff, using the savings made from contracting service providers to pay salaries instead, while those considering a further JFA might also allocate funds specifically to that area. Both of these should be considered if not already done so, but a more immediate solution might be to train a core team of trainers from GPs to provide training in their areas. Many of these have highly skilled and experienced trainers whose CSOs could be paid for their services.

In fact, a number of GPs raised this issue during discussions, and it was also suggested that they could assist in other CD activities, including developing toolkits and leading certain learning and sharing events. ZGF has tried this to some degree and provided three examples where GPs have been paid to assist other GPs. This is to be commended but, recognising that working with GPs may not always be smooth sailing, further efforts in this area would both reduce costs and provide additional revenue stream for GPs, thereby increasing income and sustainability.

Management costs are relatively high (on average, 21% of total costs during the period under review) but considerable assistance is provided during the application process (unlike other CSO support programmes), a great deal of capacity development is provided, and the grants are distributed across the country which increases the costs of monitoring and evaluation (M&E). As a result, for CPs who see the need for CD and extensive M&E, ZGF provides good value for money and the costs are reasonable under the circumstances.

In addition, ZGF has undertaken extensive institution building over the period under review that has clearly increased efficiency. This includes building and upgrading its financial management system (becoming IFRS compliant in the process), and developing sophisticated knowledge management, cloud-based document management, costing and automated time registration systems.

Finally, questions were asked in comments to the draft report on the costs and value for money of the SAY website, built with resources from JFA II. Once-off setup costs amounted to ZMW 77,585.45 including the cost of two interns for 15 months (ZMW 75,000) plus the running costs and a one-time fee of \$100 (ZMW 700) for the Word-Press theme. The average monthly running costs for SAY amount to ZMW 6292.22, broken down into:

- Technical (domain name registration, hosting fees and hard disk hosting) - \$269.35/annum (ZMW 1885.45).
- Staff costs ZMW 6135.10/month (average cost from June 2014 to March 2015).

Most of the costs of setting up and maintaining the SAY website are thus salary costs, which are kept to a minimum by using interns where possible. The site is not overly expensive to maintain and provides opportunities for public discussion that might otherwise not be available. However, given questions about its relevance raised in the previous chapter, it would appear that costs could be further minimised by combining this website with the general ZGF website, thus providing greater value for money (as previously recommended).

3.4 THE EFFICIENCY OF POOL FUNDS

The ‘pool’ or ‘basket’ fund model for CSO support is very much in line with the spirit of the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008). It both increases ownership and has the potential to reduce transaction costs for both CPs and CSOs. And the fact that ZGF provides significant CD and M&E support also helps to ensure that costs are reduced and that CPs receive far greater value for money than if these services by contributing to a pool rather than paying for these separately.

However, this only remains true if sufficient CPs contribute to the fund so that the costs are spread across these. IrishAid only remain in JFA II on an accompanying basis until December 2015, have not been disbursing funds since June 2015, and are unlikely to join a future JFA. In effect, only two of the original CPs remain actively to JFA II (as opposed to the five contributing to JFA I). With GIZ contributing primarily with technical assistance, the operational costs are borne mainly by Sida rather than shared. There are thus no major benefits to a pool fund *per se* under a future JFA unless new partners are found. The prospect of this seems unlikely however, since most CPs have already decided how they will support CSOs working in governance, while others such as USAID appear to be waiting to be sure that financial management has improved before considering channelling funds through ZGF.

When it comes to the question of whether or not the pooling of donor resources in ZGF facilitates or hinders CSOs’ access to resources, this has not been the case. Significant numbers of CSOs have been supported by ZGF, while a range of other CPs in Zambia support CSOs working on governance issues. Some ZGF GPs have also accessed funds from Sida, IrishAid and GIZ during the life of JFA II, and as a result, it is clear that numerous funding channels and opportunities continue to exist for CSOs, including those that have not been successful when applying to ZGF.

3.5 A NOTE ON THE FRAUD

A major fraud by the then financial manager was discovered at the end of 2013 that had been ongoing, undetected, since mid-2010. ZGF has responded well to the fraud and have implemented new systems and implemented almost all of the recommendations made by the forensic auditors.²⁹ Around ZMW 1.5m of the total ZMW 2.4m stolen has been recovered to date. But while the evaluation team has no desire to re-open old wounds in this regard, it must be noted that not only did the theft of money mean that significant funds that were intended to support CSOs were lost - considerable time and resources were also diverted away from grant making and management to deal with the fraud and the resultant fallout. CPs understandably refused to release funds during 2014, which meant that less funds were available and that some awards were delayed. IrishAid's decision not to make further disbursements after discovery of the fraud has also reduced the level of funds available. Understandably, criticism has been levelled at the current CEO regarding the fraud and the fact that it took so long to be uncovered. While there is some validity to such criticism, it should be remembered that the CEO is not a finance specialist, there was no internal auditor in place, and ZGF was regularly audited by a (supposedly) reputable auditing firm - Deloitte and Touche Zambia – that did not identify any problems until these were reported by a whistleblower.

While ZGF was able to use reserve funds at its disposal to largely mitigate the delays, the fraud amounted to a 'cost' to CPs, ZGF and GPs and, given the time and energy devoted to dealing with it, hampered efficiency during 2014 and early 2015 in particular.

3.6 ANALYSIS

ZGF is assessed as efficient and clearly provides value for money for both CPs and GPs. The bulk of the funds go to grants and capacity development, which is in line with the requirements of the JFA II. ZGF has introduced a new approach to funding that has clearly improved internal efficiency and reduced the burden created by the CfP process. At the same time, the level of thoroughness in screening of applications remains high and has helped to ensure that only those GPs that are able to absorb funds and complete the grant objectives are selected. Incidents of misuse of funds are also very low as a result. As a general rule, pool funds are a cost-effective means of disbursing funds to CSOs and although management costs are a little high, ZGF offers a viable and cost-effective channel for CPs, especially those that see capacity development of CSOs as important both in and of itself, and also as a way of making

²⁹ The copy of the aide memoire report in this regard is attached as Annex E.

sure that they use the funds provided most effectively. ZGF has also implemented many novel ideas for funds of this nature that have helped it to become more efficient over time. And while the fraud hampered efficiency during 2014 and meant that fewer funds were available for grants in the period 2010-13, ZGF responded well to these and has taken concrete steps to prevent a reoccurrence.

Although ZGF has introduced changes to make it easier for those applying for smaller grants, efficiency could be further improved by simplifying the internal procedure when it comes to these - especially since the intensive M&E provided during implementation is sufficiently robust to ensure that the grant is being used appropriately. Where newer and smaller organisations lack the required level of financial control, support to this could be included in the grant rather than trying to sort it all out before the grant is awarded.

Efficiency could particularly be improved when it comes to repeat grants where the process is the same when applying for the original and repeat grants. The number of grants awarded has also been declining over the period under review and is more or less static now that CfPs are not used, even though 15% of the current disbursements remain, with Sida still to make a final disbursement soon. Should the issue of what happens to these funds after the end of 2015 not be resolved soon, a potentially significant underspend is anticipated.

3.7 RECOMMENDATIONS

- ZGF should explore ways of increasing their CD capacity to reduce the need for and costs related to hiring external service providers, including whether or not the savings made would allow for salaries to be paid to new recruits. In addition, ZGF should consider training and hiring trainers from GPs, which would be less expensive and would provide these with an additional revenue stream.
- CPs should immediately meet to determine what happens to grants that extend beyond 2015 and amend the JFA II to reflect their decision.
- ZGF should consider further simplifying procedures for smaller grants to increase efficiency and reduce the burden on staff.
- ZGF should shorten the process for repeat grants in particular to enable GPs maintain momentum of the first grant. To ensure that GPs live up to their obligations to submit narrative and financial reports related to the first grant, the 2nd payment under the repeat grant should be made conditional on the previous one being closed.

4 Effectiveness

Questions from ToR dealt with in this section ³⁰
To what extent does ZGF assure the quality of the GPs' outputs?
How effective is ZGF's M&E system? How do the M&E results influence ZGF's strategic and management decisions?
How effective are ZGF's risk assessment and mitigation measures?
To what extent does ZGF ensure the quality of its service providers (facilitators, consultants)?
In which way can GPs influence ZGF's policies and strategies?
To what extent have the partnership principles of the JFA II been followed by both parties and produced the expected results?

Determining effectiveness requires an assessment of whether a project is delivering on the objectives in the relevant financing agreement and logframe. However, measuring the effectiveness of ZGF is complicated by the fact that ZGF has moved to a business plan approach with six core business areas. Although closely linked to the logframe in the Strategic Plan, these are not entirely the same and some of the indicators in the Strategic Plan have been revised or dropped (as dealt with further below). Nonetheless, the evaluation team has tried to make sense of this and to measure whether ZGF's implementation of JFA II meets the effectiveness criterion.

At the same time, it is noted that the ToR require an assessment of the performance of the ZGF under the JFA II with a focus on its core business areas. Although this amounts to a replication to some extent and is not a useful way to measure effectiveness, a brief overview of ZGF's performance against these business areas is provided.

³⁰ According to the ToR, numerous other questions were listed under the heading of effectiveness, while three further issues were to be considered in this section:

- Review the impact on GPs' capacity-building in terms of skills and capacity to influence and monitor government's policy and implementation.
- Review the impact on GPs' empowerment of poor and vulnerable Zambians to engage in policy development and to demand accountability.
- Review the impact on GPs in terms of their culture of learning and knowledge-sharing.

However, as was noted in the inception report, these questions relate more to 'outcomes' or 'impact' than effectiveness and are dealt with in the relevant chapter below.

4.1 EVALUATION AGAINST THE STRATEGIC PLAN

The Strategic Plan sets out three immediate outcomes towards achieving its medium-term outcome and strategic impact:

4.1.1 Immediate Outcome 1 – CSOs access to financial support to effectively engage at different stages of the policy cycle is improved

The key outputs listed under this outcome are:

- Decentralised outreach approach strengthened and operationalised.
- GP selection and graduation systems are strengthened taking into account the findings of the corruption vulnerability assessment and fiduciary risks concerns and the systems are implemented.
- Grant contracts developed and signed with GPs.
- Support tools for various grant schemes widely disseminated.

As illustrated Table 3 on page 29, 96 grants have been awarded during the period under review. This is below the targets in both the Strategic Plan³¹ and the reduced targets in the annual workplans based on the business plan (which set a target of 52 grants to be awarded annually for both 2014 and 2015). There has also been a marked drop-off in applications during 2014 and 2015, partly because CfP are no longer held. On the other hand, it is questionable how realistic the targets in either the Strategic and Business plans are given the level of funds available under the JFA II and ZGF's own internal capacity to manage a larger number of grants.

Numerous support tools, toolkits and the like have been prepared and disseminated, both in printed form and on the two ZGF websites. ZGF has also made a concerted effort to decentralise its approach and has expended a great deal of energy to reach out to 'affirmative action' areas (which ZGF defines as those where CSOs are smaller and from which few applications are received). The mini-initiative grant was introduced largely for this purpose and nine such grants have been awarded compared to the 30 applications received.

Although ZGF has largely been effective when it comes to awarding and managing grants during the period under review, relatively few organisations have qualified for repeat grants (18 out of 33 applications) or have graduated to a larger grant to date, which is significant now that CfP are no longer held. At least one GP that was previously a recipient of institutional support has gone backwards to an earmarked institutional support grant.

³¹ For an overview of progress in this area, see Annex F – Progress towards Immediate Outcome 1. The data in the Annex was all provided by ZGF staff.

The amount of time and energy required to deal with the fraud no doubt hampered effectiveness during 2014 (and 2015 to a lesser extent), while two other issues need to be considered at this point with regard to effectiveness:

- The decision by IrishAid to stop disbursing funds after the fraud was discovered has meant that approximately 10% of the total projected income for 2015 was lost to the programme. This reduced grant disbursements by approximately 7%, with an additional reduction of 3% on administration costs. Given that ZGF has not been able to disburse all of the funds it receives though, this would not appear to have been a major factor or reduced the number of grants awarded prior to or after the decision by IrishAid.
- The agreement between ZGF and the EU has placed an additional burden on ZGF's limited staff. According to ZGF, this has not yet impacted on their ability to award or manage grants under JFA II, but this is expected to change after October 2015, once grant contracts with CSOs are signed. ZGF staff will be required to undertake similar activities for these partners as for JFA II partners, including monitoring visits, learning visits, review of financial reports and CD activities. This will definitely stretch ZGF's capacity and can be expected to impact on effectiveness in managing JFA II grants unless further staff are brought on board.

4.1.2 Immediate outcome 2 – GPs' organisational capacities for effective policy engagement are increased

The outputs listed in the Strategic Plan for Immediate Outcome 2 are:

- Capacity development strategy based on recommendations of the mid-term review developed and disseminated (including MoU partner CD strategy, training, coaching and mentoring).
- Training programmes covering different areas of civil society needs are designed, materials developed and training sessions conducted.
- Coaching and mentoring approaches are elaborated and external and internal capacity builders (individuals or organisations) are trained.
- Demand driven external assistance for deepening policy analysis and other identified key themes provided to GPs.
- Good models of leadership practices, financial and other management systems disseminated.
- Tools for mainstreaming gender, HIV and AIDS and disabilities disseminated.
- Learning, information and knowledge sharing fora / platforms facilitated and good practice among GPs documented and disseminated.
- GPs' integrated M&E systems developed.
- Research and impact assessments in crucial policy areas commissioned and disseminated.

Progress towards these outputs has been compiled with the assistance of ZGF staff and is attached as Annex G. The following specific observations are made:

Capacity Development

As required by the Strategic Plan, a capacity development strategy has been produced to guide the support provided by ZGF. A wide variety of training programmes have been developed, with training, coaching and mentoring provided to all GPs (to varying degrees of course). Although the reliance on outside service providers is inefficient, the quality of services provided was rated very highly by all GPs. ZGF ensures the quality of these during the selection process (when applications are thoroughly vetted), by maintaining a database of suitably qualified and experienced service providers on which to draw, and requesting CD recipients to evaluate the service provided. These evaluations are taken seriously by ZGF and on at least one occasion a negative assessment has led to a service provider not being contracted for similar services in future.

Good models of leadership practices, financial and other management systems (such as M&E) have been developed and disseminated, as have tools for mainstreaming gender, HIV/Aids and disability (including on websites). Considerable training has also been provided on all of these issues. Various other toolkits have been prepared (see Chapter on Relevance) and shared on the ZGF websites. These were highly rated by all of those who had used them during the follow up survey conducted and are often used by them to conduct training and community workshops. As illustrated in Table 2 (page 25), 10 learning and sharing activities have been provided while additional learning and sharing is provided by the websites and newsletters and during on-site visits. Training and other capacity development provided by ZGF is very effective and was highly rated by all of those GPs visited and during the online survey (where all respondents rated it as very useful or quite useful).

Ensuring the quality of GP outputs

When it comes to assuring the quality of GP outputs, GPs are required to submit quarterly progress reports on both outputs and outcomes, linked to their workplans and logframes. At the end of each calendar year, GPs are required to send an annual report, emphasising changes at outcome level, and how these have contributed to their initiative's overall impact. They are also provided with a 'stories of change' template to highlight and comprehensively document specific cases of change (although this is still rarely used). So that GPs are able to monitor their own outputs and outcomes and properly report these, ZGF has provided extensive support to GPs to improve their M&E systems. New partners are provided with training in this regard at the outset and in addition:

- During 2012, 12 accompaniments were provided to assist GPs to improve their M&E systems. Capacity development service providers were engaged by ZGF to assist three; three had included capacity assessment in their grants towards

M&E; and four were supported by other CPs to improve their systems. In addition, 26 Grant Partners attended ZGF's M&E training workshops, from which they developed action plans of how they would integrate M&E into their organisations.³²

- Five partners were specifically assisted to develop their systems in 2013.³³
- Eight GPs were provided with assistance to develop their M&E systems during 2014.³⁴

ZGF's M&E system is already very thorough and includes regular on-site visits conducted by project and finance staff. Project staff often consult the GP's beneficiaries to assess how the project is progressing while finance staff conduct thorough financial assessments at the GP's offices. At the end of the visit, the team meets with senior staff to report back on their findings and discuss ways of addressing any problems. The team then submits a copy of their written report of the visit to the GP (although this is not done as quickly as the system requires since staff are usually too busy to meet the deadlines). The system is effective and was particularly appreciated by most GPs consulted. Although one or two complained that they take place too often and that they felt like they were being policed, this probably only reinforces the point of how thorough staff are during visits.

ZGF also conducts at least one learning visit each year to the GPs, during which they meet with GPs target beneficiaries and duty bearers in order to understand what impact changes they have seen as a result of GPs' interventions. CPs are invited to attend M&E and learning visits although only three (Danida, Sida and IrishAid) have ever taken up the offer for a total of four visits during the entire programme.

To improve reporting on outcomes, ZGF introduced a 'baseline' survey in 2011, which essentially requires GPs to report on changes and outcomes.

The current M&E system was designed in 2011 and two consultancies have recently been conducted to review the system and make recommendations. The first of these in 2014 was not regarded as very useful and only a few of the suggestions were adopted – for example, changing the name of the annual baseline questionnaire. A second study was commissioned in early 2015 that found the system had not been adapted to suit the ZGF Theory of Change. In response, and to improve their ability to monitor outcomes and impact, ZGF has developed a set of 8 impact spheres (in line with the ZGF Theory of Change):

³² 2012 Annual Report, page 19.

³³ 2013 Annual Report, page 9.

³⁴ 2014 Annual Report, page 12.

1. More capable and legitimate CSOs, CSO leaders and coalitions.
2. Increased availability of accurate and salient information and policy analysis.
3. More engaged, mobilized and active citizens.
4. Biter implemented and monitored policies.
5. Changes in pro-poor policies.
6. Civil servants more responsive to citizens.
7. Enlarged and more inclusive democratic spaces.
8. Media more engaged with social accountability.

An intern will also soon focus on around eight organisations to try to determine the impact that grants are making. It is anticipated that the new M&E strategy will see the baseline questionnaire amended to focus on the impact spheres to allow ZGF to demonstrate impact in quantifiable ways. ZGF will also be analysing newspaper articles and clippings that they have been keeping for a number of years to see if changes in policy or policy implementation can be determined on any issues that GPs have focused on.

Research

The research area remains one of the most underdeveloped despite efforts and has been ‘toned down’ in the business plan. To date, ZGF has commissioned research of the policy making process in 2012 (as part of the political economy analysis to inform the Theory of Change); an impact study into the work of GPs promoting Land rights (2013); an impact study into gender mainstreaming by GPs (2013-14); and a scoping study on the extent of health accountability in Zambia (2014 -15) as part of the effort to identify GPs focused on this issue. ZGF has been dissatisfied with the quality of the work produced in all cases and are considering how to make funding available for research, research grants or technical support to established research organisations to improve the quality of the results.

4.1.3 Immediate Outcome 3: Capacity of ZGF to deliver on its mandate to the expectations of various stakeholders enhanced

The outputs listed in the Strategic Plan for Immediate Outcome 3 are:

- Organisational structures (governance and management), staffing, management systems and relevant internal policies are developed and utilized.
- Networking and collaboration mechanisms with like-minded local, regional and international organisations (including government) are defined and elaborated.
- Corporate communication strategy developed, tested and put to use.
- Staff training and development strategy developed and implemented.
- Strategies for expansion of resource base initiated and put to test.
- M&E system revised and utilised.

Immediate Outcome 3 was expanded into Business Areas 6 – 9 in the Business Plan in 2013 and, since then, has been reported on according to the indicators set for these in the Business Plan’s logframe:

	Business plan and work plan outputs	Output indicators
BA 6: Project and programme support	6.1 Donors are adequately serviced	1. ZGF reports to CP's produced are timely and outcome focused (6.1) 2. Annual audits indicate no major issues (6.2) 3. Annual absorption capacity of non-grant funds being at least 80% (6.2)
	6.2 Programme activities adequately managed	
	6.3 ZGF organisational systems and tools developed	
BA 7: Corporate governance	7.1 Organisational structures, staffing, management systems and relevant internal policies developed and utilized	1. Staff climate survey indicates staff satisfaction (systems, internal policies, staff welfare, etc.) (7.1) 2. Governance framework (risk management, A&T, financial management etc.) is functional (7.1) 3. Knowledge Management System designed (7.1) 4. Staff performance appraisals show above average scores for each staff member (7.2) 5. Board performance appraised as very good (7.3)
	7.2 Staff development needs continuously identified and met	
	7.3 Board oversight function adequately fulfilled	
BA 8: Corporate sustainability and resource mobilisation	8.1 Networks and collaboration mechanisms with local, regional and international organisations developed	1. Strategic alliances established and maintained (8.1) 2. ZGF knowledge is available and accessible (8.2) 3. Funding volume sufficient to sustain ZGF's Business Plan (8.3)
	8.2 ZGF is adequately profiled as a CS support facility	
	8.3 The Business Plan adequately resourced	
BA 9: Corporate operations	9.1 Operational/running costs	
	9.2 Capital expenditure	

Although most of the outputs under Immediate Objective 3 have been incorporated into the business plan, sometimes with slightly different wording, the following are not currently specifically mentioned: corporate communication strategy developed, tested and put to use; strategies for expansion of resource base initiated and put to test; M&E system revised and utilised. This is somewhat strange since ZGF does have a corporate communication strategy; strategies for expanding the resource are clearly being developed; and the M&E system has been subjected to two reviews.

The fact that Immediate Outcome 3 is now reported on under business areas 6.3 (systems development) and 7 to 9 and not according to the outcome as set out in the Strategic Plan makes it more difficult to assess whether the objectives in the Strategic Plan are being met (both for the evaluation team and for CPs). The following can be determined, however, from interviews and discussions:

Organisational structures, systems and policies

ZGF has put considerable effort into developing itself as an organisation. Examples include:

- Developing a costing system and automated time registration.
- Two restructuring process.
- The development of an accountability and transparency framework (which includes accountability and transparency steps to follow in case of mismanagement of funds by GPs).
- The establishment of three sub-committees (Grants, Finance and Administration, and Audit and Risk).
- Putting in place a company lawyer and a company secretary.
- Introducing financial management systems for compliance with International Financial Reporting Standards (IFRS).
- Establishment of a knowledge management and cloud-based document management system.
- Establishing the SAY website as part of ZGF's knowledge management system.
- Developing information and communications technology (ICT) and an ICT policy.

All of these have helped ZGF to become a more effective organisation with modern systems and procedures. To specifically address financial management weaknesses identified during the forensic audit, ZGF has reviewed and strengthened its internal controls and revised its financial and procedures manual (approved by the Board).

Changes include:

- Segregation of duties in the finance function. For example, the origination, processing, approval and entering of financial transactions now done by distinct finance personnel. Finance staff are not mandated to confirm bank transactions and instructions, the Finance Manager does not enter transactions but only has administrative rights to post transactions after review, and all transactions are approved before entering into the accounting system.
- Monthly Financial Reports signed by all budget holders. All financial reports are also system generated and not excel based thereby reducing any chances of manipulation.
- Monthly bank reconciliations are prepared by the Accounts Assistant, checked by the Accountant, reviewed by the Finance Manager and approved by the CEO. All other balance sheet accounts are reconciled on a monthly basis and the asset register is now system generated.
- The shift to full compliance to IFRS, which includes inherent internal controls that prevent invoice duplication. In addition, all accounts are reconciled on a monthly basis and advances for staff travel are closely monitored.
- The establishment of an Internal Audit Function that has been in place since March 2014, providing a check on compliance and authenticity. The Internal auditor independently reports to the audit and risk committee of the board.
- A risk register is in place and regular risk register meetings are held for follow-ups and review. All assets are insured and other insurance policies covering personnel and fraud are actively in place.

ZGF conduct regular perception studies that allow GPs to share their views and also solicit views and opinions during on-site visits and other events. These are often tak-

en into account in developing policies and approaches – good examples being the development of the mini-Initiative grant to respond to the needs of smaller CSOs and a revision of the Rapid Response grant process where a one-person screening of the concept note was introduced). This is reflected in the results of the survey too, where 75% of respondents were of the opinion that they were consulted very or quite often and that their views were taken into account.

However, at least one critical ‘policy’ has been developed that ought to have been discussed with GPs in advance – the change in the approach to funding. ZGF would argue that it is a business and a business doesn’t allow its customers to discuss or input on its strategies, and that consultation on such issues is a ‘traditional’ donor approach to funding and not how a modern business operates. While that may be true, a successful business is one that listens to what its customers want and takes steps to provide services and products they need. In addition, ZGF manages donor funds and as a result, donor approaches remain relevant. Ultimately it is a matter of opinion as to how involved GPs should be in decisions that affect them, and the opinion of the evaluation team is that on key issues that directly affect them, GPs should be consulted before decisions are taken.

Networking and collaboration

ZGF has sought to network with similar organisations outside of Zambia and has developed partnerships with the Public Service Accountability Monitor at Rhodes University in South Africa, and SAIPAR (a Zambian institute linked to Cornell University that provides two interns / students who come to ZGF to conduct their own research). ZGF engages in regular contact and information sharing with similar CSO-support organisations that are themselves looking for ways to reduce dependence on donors: Tilitonse in Malawi and MASC in Mozambique (and less formally, STAR-Ghana). Given how limited ZGF’s staff capacity is and the fact that no one is specifically focused on this, the efforts in this regard are commendable. While some of this collaboration has generated small amounts of funds, the real benefits are less tangible and relate to experience sharing, learning from others, and increasing the status of ZGF internationally.

Corporate communication strategy / communication

Internal communication within ZGF is very good and Board meetings and meetings of senior staff are regularly held. However, with no staff dedicated to it, corporate communication is an area that ZGF readily acknowledge needs to be improved, particularly if they are going to compete for contracts with more experienced companies. Communication with CPs around the effect of the change to a business approach has been poor and significant confusion in this regard remains. In fairness, these changes were communicated during formal and informal meetings, in minutes of board meetings and various written reports, which of course raises questions as to why CPs did not ask what these meant if they were not sure. The uncertainty may also be partly attributable to the numerous personnel changes within CPs during ZGF’s existence. The effect of the changes is not well understood by all CPs, which brings into question whether they have agreed to what essentially amounts to variation of the JFA

contract.³⁵ Indicators in the original Strategic Plan have been changed or even deleted and since changes to the Strategic Plan are changes to the agreement between CPs and ZGF, agreement needs to be explicit rather than tacit.

In fact, the partnership principles in the JFA II require ZGF to ‘inform participating CPs in a timely manner on such diversification efforts and invite them to give their opinion’.³⁶ Failing to comply with these and ensure that CPs understood any changes in approach can therefore be seen as a failure by ZGF to comply with these principles as well. The relationship between ZGF and CPs (other than GIZ) was also reported to have become particularly adversarial during 2014 rather than a partnership approach to dealing with the fraud once discovered. It was also noted by at least one CP that IrishAid did not adequately perform its role as stipulated in principle 6 (CPs will co-ordinate their activities and contributions with ZGF through a Lead CP).

The legal set-up of ZGF further complicates the relationship between ZGF and the CPs, where there is a corporate Board rather than the more traditional steering committee. CPs are not members of the Board and, while they may be invited to meetings, receive minutes and comment on workplans and changes in strategy, they have formally invited to do so. Changes to reporting, with reports linked to the business plan rather than the Strategic Plan, also make it difficult for the CPs to determine whether their programme is on track. Joint annual reviews by CPs, GPs and ZGF mentioned in the JFA II have also never taken place (at times, by agreement between CPs and ZGF) although it is obviously too late in the life of the current JFA to recommend that these are instituted.

Generally, most GPs are satisfied with communication from and with ZGF and understanding of what the ZGF is, what it aims to achieve, and what CD support can be requested is very high (ZGF spend a considerable amount of effort in this regard).³⁷ However, communication in two critical areas has been poor: changes to the approach to funding (already dealt with) and in relation to the fraud. With regard to the latter, almost all of GPs consulted were unaware of the fraud (despite the fact that the perpetrator’s photograph was published in the media) or why funds were not released during 2014. Recognising that CSOs operate in a relatively hostile environment and that publicising the fraud opens ZGF to a danger of government interference, failing to disclose it to GPs indicates a lack of transparency. It has led to confusion and unhappiness amongst those consulted, many of whose applications were put on hold or de-

³⁵ As evidenced both during meetings and in the comments received to the draft report.

³⁶ JFA II, page 14.

³⁷ Almost all (96%) of respondents to the survey rated their understanding as very good (67%) or quite good (29%).

layed as a result of the fraud. Communicating what happened and what was learned would provide GPs with examples of good practice on how to prevent and deal with similar problems in their own organisations when and if they arise.

Staff training, development and retention

Very little has been done in this area, which is not surprising given the staff shortages and workload. Although ZGF management reported that staff retention is not a problem, it is noted that during 2014, six staff members left (three for non-performance, but of their own volition) while eight new members joined. Staff turnover was reported as a problem by at least three of the GPs consulted, who noted that it makes it difficult for them to communicate with ZGF when the people they have been dealing with are replaced by new staff. It has also impacted on the succession plan for the CEO, who has been in the position since the outset and who has expressed the desire to leave in the near future, partly to explore new opportunities, but also to ensure that ZGF is led by a Zambian and becomes a truly Zambian institution. Although a highly competent ‘second-in-command’ was being groomed to take over the position, she has recently left ZGF.

Strategies for expansion of resource base

This issue is central to ZGF but is better dealt with in the section on sustainability below.

Board performance

All of those consulted were of the opinion that the Board is made up of Zambians with high levels of relevant knowledge and experience. A code of conduct is in place and adhered to and the Board meets regularly. Various committees (Finance and Administration; Grants; Audit and Risk) have been established and are reportedly performing well.

Responding to risks, assumptions and lessons learned

Neither the JFA II nor the Strategic Plan identify any specific risks for ZGF (although a heading for this is included in the Strategic Plan). Financial risks were clearly not properly appreciated and measures to prevent the risk were weak and failed when put to the test. ZGF has responded well to these weaknesses though and has implemented almost all of the remedial action recommended during the forensic audit.³⁸ A risk register has now been produced to address both financial and non-financial risks including (but not limited to) risks of external consultants unduly influencing GPs to attract business; Board members unduly influencing staff; GPs bribing consultants to

³⁸ See the health check report attached as Annex E

produce favourable reports; reputational risks; and government interference. While comprehensive, it is too soon to determine how effective this will be.

Numerous assumptions are included in the Strategic Plan, including those linked to government control and continuing space for CSOs, and most of these still hold true. There is an assumption though that there will be continued commitment to the funding mechanism from existing and new CPs that has been called into question now that IrishAid is no longer disbursing funds (and are unlikely to support ZGF in future) and no new CPs have been brought on board.

4.2 BRIEF OVERVIEW OF EFFECTIVENESS COMPARED TO BUSINESS PLAN

The Business Plan covers all of ZGF's business and not just its management of the JFA II, but is linked to the Strategic Plan and the JFA II remains ZGF's primary business. The Business Plan lists six business areas (BA):

1. GP grants and contract management.
2. GP capacity and organizational development.
3. Learning and sharing from and with GPs.
4. Growing the demand for social accountability.
5. Technical and thematic training packages.
6. Project and programme support.

Since its adoption in 2013, workplans have been produced according to the plan and Annual Reports report against the various BAs rather than the outcomes in the Strategic Plan. Two logframes have been developed, the first for the period 2013-14 and the second covering the period 2015 'onwards'. Each includes numerous output and outcome indicators, some of which are based on or adapted from those in the Strategic Plan while others are new.

When compared to the business plan, it is clear that most work has focused on BA 1 (grants and contract management), BA 2 (GP capacity and organisational development), BA 5 (technical and thematic training packages), and BA 6 (project and programme support) and ZGF has been effective in all of these areas. There have been 10 learning and sharing events and activities, including meetings, the newsletter and websites (BA 3). BA 4 (growing the demand for social accountability) is not clearly defined in the business plan, but the 'outputs' in the logframe are 'decentralised outreach strengthened and implemented'; 'systems and tools to foster social accountability practices beyond ZGF GPs developed'; and 'communications activities undertaken to change attitudes of public and duty bearers beyond our Grant Partners'. It would appear that the main work done in this area has been the development of affirmative action initiatives in under-represented provinces and districts (including the investment of significant time and effort in reaching out to Muchinga province) and the

websites that include tools and resources aimed at all CSOs in the country and beyond.

4.3 ANALYSIS

ZGF has been effective in delivering the outputs listed in both the Strategic and Business Plans. Although it has not met the targets for grants in either the Strategic or Business Plans, it has done well in this regard given that it has never had a full staff compliment, with 96 grants awarded during the period under review. It is questionable how realistic the targets were in this regard. Nonetheless, the fact that fewer grants have been awarded than was planned will be of some concern to CPs who expected more grants to be made. Changes to the approach to grant making and the limited understanding of these amongst CSOs could also negatively impact on effectiveness in the long run, since fewer new partners are being brought on board. In particular, it is of concern that relatively few GPs have qualified for repeat grants or to graduate to a higher grant, especially since these are limited to existing GPs.

ZGF has been very effective in capacity development and has introduced a variety of methods in this regard, all of which are effective. Considerable support has been provided to GPs to develop and improve their own M&E systems as well and to improve their reporting against outputs, outcomes and impact. While the decision by IrishAid not to continue to disburse funds has not had a major impact on the awarding of grants, the increased burden that will soon fall on staff to manage the EU contract has the potential to negatively affect its ability to manage its workload. It also raises questions as to how ZGF will be able to manage a new JFA without considerably increasing its staff compliment (which is not currently planned).

Communication between ZGF and CPs and GPs around crucial issues such as the change in grant-making strategy and the movement to a business model has been poor. Recognising that it is late in the day and the JFA II will soon come to an end, CPs in particular need to be brought on board and must be afforded an opportunity to determine the extent to which these changes still meet their own objectives. They should also be given the opportunity to expressly agree to changes to the JFA. Needless to say, future changes of this magnitude need to be expressly agreed to rather than relying on tacit agreement from CPs.

4.4 RECOMMENDATIONS

- Changes to the JFA need to be properly communicated, explained and explicitly agreed to by CPs before they are implemented by ZGF. With regard to changes already made, ZGF and CPs need to meet urgently to discuss the changes and to allow CPs to ensure that their needs and expectations are still being met.
- ZGF needs to guard against taking on more work than it can handle with its current capacity unless new contracts include funds for additional staff.

- CPs considering a further JFA need to ensure that ZGF has sufficient capacity to manage what is required given the increased workload once implementation of the EU contract and any other contracts entered into by ZGF begin. CPs will need to decide whether to increase funds under the new JFA for staffing, whether to reduce the number of grants to be awarded to suit the existing capacity, or to consider an alternative to using ZGF. As a result, it is recommended that a full capacity assessment be undertaken before any such decisions are made.
- Targets in any future JFA need to be carefully developed, based on both previous experience and future projections to ensure that they are realistic and achievable.
- To reduce distrust and uncertainty amongst GPs, to enhance transparency, and to share lessons learned during the process, ZGF needs to communicate how the fraud happened, what it means, and how it was addressed with GPs.

5 Impact and outcomes

5.1 INTRODUCTION

The ToR for the evaluation specify to measure so-called ‘higher level impact’, as is done in the first section of this chapter. However, many of the questions in the ToR belong better in a section on outcomes and impact and so the following questions are addressed in this Chapter as well.

Questions from ToR dealt with in this section
To what extent did the GPs achieve the objectives defined in the grant agreements?
To what extent did the capacity development interventions with GPs strengthen their capacities (review the impact on GPs’ capacity-building in terms of skills and capacity to influence and monitor government’s policy and implementation)? In which specific capacity aspects did these effects mainly occur?
To what extent do ZGF’s instruments, tools and approaches promote the mainstreaming of gender as well as of the needs of people living with HIV/AIDS and/or disabilities? To what extent did the grant-funded projects mainstream gender, HIV/AIDS, disabilities? To what extent did the capacity development measures with GPs achieve better mainstreaming in these organisations?
Review the impact on GPs’ empowerment of poor and vulnerable Zambians to engage in policy development and to demand accountability.
Review the impact on GPs in terms of their culture of learning and knowledge-sharing.

5.2 ‘HIGHER-LEVEL’ IMPACT

The ToR include the following issues to be considered in relation to ‘higher-level’ impact:

- To what extent are ZGF’s capacity development tools and services available to and being used by non-GPs?
- To what extent does ZGF contribute to the capacity development of Zambian facilitators and consultants?
- To what extent has the (financial and/or capacity development) support to GPs led to change processes beyond the scope and duration of the grant agreements?
- To what extent has the support to GPs led to governmental policy changes?
- To what extent are the direct results/products of ZGF’s support to GPs known to external stakeholders?

ZGF makes its tools and resources available to all CSOs in Zambia (and beyond) via its publications and websites. Although it is difficult to determine whether these are being accessed and used by CSOs that are not grant partners (especially since only two such CSOs responded to the mini-survey on this issue), the SAY website regis-

tered 198,563 page views during 2014, with 8,167 unique visitors. This is impressive given that the website was only launched in mid-2014 and suggests that a significant number of CSOs are accessing it. Based on the responses from GPs, these are used to increase their own capacity, for training and when engaging with communities.

When it comes to external service providers, ZGF has provided limited CD support to these. For example, the CD Manager trained the pre-selected service providers on coaching in 2012 and a selected group of consultants was trained on disability equality by an international disability equality trainer in 2013. Ambitions in this regard have been hampered by the fact that ZGF has never had a complete CD team in place.

Given that many GPs are still in the process of implementing their grants, measuring the extent to which support to GPs has led to change processes beyond the scope and duration of the grant agreements is difficult, but two concrete examples of how change processes have extended beyond the life of the grant were provided by ZGF:

Two examples of change processes continuing:

As a result of policy engagement training provided and the work done under an initiative grant, **Restless Development** in Kabwe developed "Tikambe" (Let's Talk) - a model for young people to engage duty bearers and advocate for their full involvement in decision making structures and processes at different levels.

Kawambwa District Farmers Association had an initiative grant to increase women's representation in local development structures (in line with the national gender policy). By the end of the initiative, the local council had achieved the 30% threshold for women representation. The impact of this continues to be felt long after grant and include the opening up of village ward committees to women representatives. This in turn has led to several projects to respond to women's needs in the 10 wards of Kawambwa district.

According to ZGF annual reports, 83 policy issues raised by GPs were discussed and/or followed up by government during 2013 and 88 in 2014, ranging from a local council providing road signs and humps in strategic points to ease mobility for people with disabilities to ensuring that civil society input was taken into account in the formation of the National Agricultural Policy. Additional examples of the ability of GPs to impact on higher-level policy are included in the text box below:

Examples of ‘higher-level’ impact on policy

Mansa District Land Alliance (one of the first CSOs to receive support from ZGF) reported that it had collected ideas from its constituency that led government to improve its land reform policy (although this took place before the period under review), while the **Age Justice consortium, funded with a JPAS grant, appears to be making headway with** regards to policy for women prisoners and their children. A number of other GPs (such as **Treatment Advocacy and Literacy Campaign**) have also contributed to the new national HIV/Aids policy under development but since it has yet to be finalised, it is hard to say whether or not their contributions have had any impact. It should also be noted that when talking about impact on policy, those focusing on national policy are by nature almost always the larger organisations with broad funding basis and so it is difficult to state categorically that all impact in this regard can be attributed to the JFA.

According to the 2013 Annual (Outcomes) Report, GPs were also reportedly able to influence the Department of Social Welfare in Chibombo district to follow up on the preparation of statistics (part of the planning and budgeting process). Health centre staff houses at Chinkhome rural health centre were completed whilst Caritas Chipata reported that the Katete District Council responded by constructing a modern bus station and formulated a District Development Strategic Plan in Chipata.

Even relatively simple activities can empower communities to influence policy, as was shown by the Jubilee Centre in Ndola (consulted during the in-country mission). The Centre works with Community Schools and advises them on the rules related to these. Based on this sensitisation, schools in the area have been able to input into Government plans to revise the operational guidelines for these.

In addition to the gender impact study in 2013, an assessment of the work of six Initiative Support GPs was conducted in the same year. This confirmed and documented a number of the achievements made by Land Alliance organisations supported by ZGF to sensitise communities about their right to land; advocate for land tenure security and introduce sustainable means of resolving land disputes. The rights of women and other vulnerable people were also improved through an innovation called Land Holding Certificates.

Impact in relation to land

The **Impact study into the work of GPs promoting Land rights (2013)** was based on an analysis of the work of various land alliances receiving initiative support grants and while not highly regarded by ZGF, does find impressive achievements. Although the report concludes that it is too soon to determine impact and that there were no real baselines against which to measure, it did find that all GPs interviewed confirmed that achievements had been made that would not have been possible without the financial and CD support provided by ZGF. GPs working on issues related to land met with during the current evaluation (such as the **Kawambwa District Farmers Association** and the **Mansa District Land Alliance**) were also able to point to impact particularly in the areas of customary land and land allocation and registration generally.

Knowledge and awareness of ZGF's results and products amongst other CPs (USAID and Finland) was very good, as was it amongst the CSOs who were not grant partners. However, given the time limits for the mission, there was simply not time to consult other external stakeholders and so no real conclusion can be drawn.

5.3 IMMEDIATE OUTCOME 1

The Strategic Plan includes the following indicators for Immediate Outcome 1 (CSOs access to financial support to effectively engage at different stages of the policy cycle is improved), each with their own baselines and targets:

- Number of GPs located and working in Affirmative Action districts
- Number of GPs graduating and / or receiving repeat grants
- Number of applicants that demonstrate work at different stages of the policy cycle beyond agenda setting (cumulative)
- Number of new grant contracts awarded (cumulative)
- Number of successfully completed projects or programmes
- % of GPs that perceive ZGF support as being very good

With the assistance of ZGF's senior management, the evaluation team has sought to measure progress against these indicators and milestones and targets (as reflected in Annex F – Progress towards Immediate Outcome 1).

As can be seen from the Annex, ZGF has struggled to meet the targets in the Strategic Plan when it comes to the number of GPs located and working in affirmative action districts and although 30 of these have been found, only nine of the mini-Initiative grants developed for this purpose have been awarded. Nevertheless, recognising that many of those approached in these areas had limited, if any, experience in applying for grants, progress has been made towards achieving the outcome.

As already mentioned, the number of those managing to secure repeat grants or to graduate to a larger grant is low while the number of awards has also decreased from a high of 52 during 2012 to 16 during 2014 and 13 during 2015 to date.

Most GPs successfully complete their programmes and projects. According to the 2013 annual reports, a total of 20 contracts came to an end that year while only one grant was suspended. When it comes to the ability of GPs to influence pro-poor policies, 55 GPs were able to do so to some degree (an increase from 37 the previous year). The following are specifically highlighted:

Examples of success - 2013

The following are included in the Annual Outcomes report at page 9:

- Luapula Foundation successfully influenced Mwense District Council to enact a by-law that seeks to protect girls from early marriage.
- FOSUP was able to develop a database that enables citizens, local authorities and other stakeholders to track progress on Constituency Development Funds (CDF) projects in communities in Chibombo and Kaoma.
- NZP+ Katete had successfully influenced the scaling up of ART service provision to rural parts of the district with increased access to CD4 count services and other essential equipment.
- RFDP made progress in bringing about change in social norms in Lundazi communities (evidenced by the Chief's appointment of women to sit on village councils and in one instance a woman being appointed as a village headperson).
- The Teaching Profession Act to which ZANEC had been providing input was enacted.

Thirteen of the 15 grants contracts that were due to end in 2014 were successfully completed with only two unsuccessfully concluded. Nine contracts have been successfully closed during 2015 to date.

Some 370 policy engagement activities were undertaken by GPs in 2013 and 122 in 2014. Although the figures show a drop in engagements during 2014, a mix of high level policy dialogues with relevant Ministry and government department officials and consultative meetings with stakeholders were held during both 2013 and 2014. These are mainly conducted by institutional and earmarked institutional GPs, understandably given that these are the better-established CSOs.³⁹ In addition, GPs held public hearings, stakeholder and community consultative meetings, baseline dissemination meetings, advocacy training for different stakeholders, review meetings to discuss specific policies, and presentations of position papers.

³⁹ Specific examples cited in the 2014 report were ZCSMBA on the Micro Small and Medium Enterprises (MSME) policy, ZANEC on the early childhood education policy, and JCTR on the launch of the sustainable agriculture policy brief.

All of the GPs consulted during the mission and during the survey rated the level of support provided by ZGF as very good. This is borne out by the results of surveys conducted by ZGF and reported in their annual reports.⁴⁰

5.4 IMMEDIATE OUTCOME 2

The Strategic Plan contains the following indicators for outcome 2 (GPs' organisational capacities for effective policy engagement are increased) as reflected in Annex G:

- Number of GPs demonstrating community involvement (and ensuring gender is considered)
- Number of GPs that influence policy using evidence based methods
- GPs maintain Low Risk or improve financial management scores
- Number of GPs accessing rapid response and Joint Policy Action Support grants
- Number of GPs taking up ZGF recommendations after monitoring visits
- Number of GPs with functional M&E systems at organisational level
- Number of GPs effectively mainstreaming gender, HIV and AIDS and disability internally and externally
- Number of GPs producing policy implementation reports.

When compared to Annex G, ZGF has struggled to meet the milestones set in the Strategic Plan. Measuring this is difficult since some of the indicators in the logframe have been dropped or altered in the business plan and relevant data is no longer kept.⁴¹ However, the indicators in the logframe are not very closely linked to the outputs in the plan itself and measuring too closely against them would mask some of the best work that ZGF has done in building the capacity of GPs.

33 GPs demonstrated community involvement during 2012 and 26 during 2013. According to the annual reports, a further 22 were able to do so during 2014, including on land rights, economic, social and cultural rights, gender, rights of persons with disability, HIV and AIDS, entrepreneurship, social protection, health and reproductive rights and education. A total of 110,457 participants were reached during these activities. When it comes to their ability to influence policy using evidence based

⁴⁰ During 2012, only a general positive perception was recorded in the 2013 report. According to the annual reports, during both 2013 and 2014, 94% of Grant Partners reported being either very satisfied or satisfied with ZGF's support to them.

⁴¹ Examples include 'Number of GPs demonstrating community involvement (and ensuring gender is considered)' (changed in the business plan); 'Number of GPs that influence policy using evidence based methods' (changed in the business plan); 'Number of GPs taking up ZGF recommendations after monitoring visits' (dropped in the business plan).

methods, the figures provided for 2012 are cumulative and so it is difficult to determine how many took place during the year, but from 2013 all were reportedly doing so to some extent.

ZGF has provided specific support to some GPs to improve their M&E systems and the number of GPs with functional M&E systems at organisational level stood at 25 (51%). The figures provided are cumulative and so it is difficult to determine how many were directly targeted during 2012, but an additional 11 GPs were supported to develop their M&E systems bringing the total to 36 in 2013. Tailored support was provided through 70 monitoring and 16 learning visits as well as two workshops for new partners. A further six were reported to have developed their systems with ZGF support during 2014, bringing the cumulative system to 42.

The following figures are provided in annual reports for how many GPs maintain Low Risk or improve their financial management scores:

Table 7 - Grant Partners maintain 'low risk' or improve financial management scores

2012	2013	2014
• 12 INI grants • 7 INS grants	• 17 out of 30 INI grants • 3 out of 3 INS grants • 1 out of 8 Ear INS • 2 out of 3 JPAS grants	• 16 out of 20 INI grants • 3 out of 3 INS grants • 7 out of 8 Ear INS • 4 out of 5 JPAS grants • 2 out of 2 Mini-INI grants

Such figures clearly show that financial management CD and extensive financial monitoring during on-site visits is increasing the skills and abilities of GPs to manage funds, which in turn ensures that funds provided are actually benefiting communities rather than just the GPs themselves.

ZGF has not met its targets when it comes to the number of GPs accessing rapid response and Joint Policy Action Support grants. As a result, fewer new partners are being brought on board, which limits the overall impact of the support provided under JFA II. It is unclear how this could be addressed before a decision is made as to whether ZGF can contract CSOs beyond 2015, and if so, for how long thereafter.

Although 13 GPs reportedly took up ZGF recommendations after monitoring visits during 2012, this indicator was dropped and no further data is available.

With the support provided by ZGF, gender is clearly the issue that GPs find easiest to mainstream with 11 GPs reportedly having done so by end 2013 and a further 33 by end 2014. Almost all GPs consulted were also able to show some focus on gender during consultations, including developing organisational gender policies, conducting staff training and community sensitisation. The following specific achievements are noted in the 2013 annual report by way of example:

Specific achievements in gender – 2013

- Luapula Foundation through its policy engagement work facilitated the council's initiative in Mwense to introduce a by-law that prohibited early marriages. Girls in Mwense district were able to claim their rights to education as they were taken back to school through the re-entry policy. A total of 290 girls who had dropped out of school returned to primary school and 64 to secondary school in the period April to June 2013.
- AAH-I collaborated with one of the health centres in Kawambwa district to set up guidelines for the community concerning maternal health with specific focus on improved delivery for expectant mothers at the health centre.
- RFDP's initiated Village Women Networks (VWNs) were empowered to effectively participate in monitoring service delivery in both the health and education sectors through their increased participation in Neighbourhood Committees. The composition of traditional structures in Chieftainess Kazembe's area in Lundazi has changed to accommodate women who have been granted the right to sit in the traditional court and ten women leaders of the VWN have been granted permission to meet and liaise with the Chieftainess on developmental issues, especially those affecting women.
- New laws have been enacted such as the Anti-Gender Based Violence Act as a result of lobbying and advocacy amongst Grant Partners such as NGOCC.
- FOSUP influenced changes to gender conscious implementation of CDF in the districts they are working.
- Using an initiative support grant awarded under the second CfP, the Kawambwa District Farmers Association conducted a baseline study that showed only 3% participation by women in the Area Development Committee. As a result of work done with the grant, that percentage now stands at 42%.

Internally, ZGF has ensured that staffing is gender balanced – 16 staff members are women and 11 men, while four of the six senior managers are women. Neither the Strategic Plan nor the business plan require ZGF to focus on gender as a theme, other than by assisting GPs to mainstream gender. All of the GPs consulted were able to point to examples of how gender has been mainstreamed, which is borne out by the 'Impact study into gender mainstreaming by GPs (2014)', which found that ZGF tools and training 'has improved the quality of their interventions, made them better able to articulate gender inequalities and better able to yield positive outcomes for the poor and vulnerable in society'. The study also found evidence that GPs were able to make submissions to policy reviews of the National Gender Policy, the National Constitution making process and contributing to changes in by-laws. On the other hand, the report notes that the grant provided to these GPs were for a maximum of two years and that long-standing gender inequalities cannot be overcome in such a short period but there have been changes in Board composition and organisational make-up and culture that suggest gender is being mainstreamed.

However, the non-thematic approach has meant there has never been a CfP for gender related projects and activities. As a result, the number of specific contracts for GPs or projects focused on gender is low - 6 out of the 111 grants awarded from 2009 to date). The direct impact of ZGF on gender policy is thus relatively low.

There has been a steady increase in the number of GPs mainstreaming HIV/Aids during the period under review. According to annual reports, 6 GPs reported that they had effectively mainstreamed HIV/Aids during 2012. A further 17 were reported to have done so in 2013, which increased considerably in 2014, with 31 GPs reportedly having successfully mainstreamed HIV/Aids. ZGF's work in this area has clearly led to concrete outcomes. However, ZGF does not appear to have been as successful in encouraging GPs to mainstream disability. According to the 2013 report, only five GPs reported having done so by 2013 (one more than the four reported during 2012). As a result of considerable effort during 2013, this figure increased significantly in 2014, with 27 GPs reporting having been successful in this regard.⁴² However, despite these efforts, very few of those consulted were able to show what they had done in this area (other than the one or two that already had a focus on disability).

There has been a decline in the number of Grant Partners producing policy implementation reports, from 32 in 2012, to 22 in 2013 and 20 in 2014. The most common policy documents have been position papers and policy briefs. However, both reports note that it remains difficult to ascertain the quality of these reports and the extent to which these reports are effectively used to enhance their policy influencing interventions.

5.5 IMMEDIATE OUTCOME 3

The Strategic Plan lists the following indicators, each with its own baselines and milestones for immediate outcome 3 (Capacity of ZGF to deliver on its mandate to the expectations of various stakeholders enhanced):

- Funding volume maintained or increased.
- ZGF has a 90% staff retention rate.
- GPs' perception of ZGF support.⁴³
- Staff performance appraisals show above average scores for each staff member.
- Board consistently meets the requirements of the Board Code of Conduct.
- ZGFs' response to identified risks, assumptions and to lessons learnt.

⁴² Efforts from late 2013 included a training of trainers in disability equality for 12 participants (service providers and GPs), where three participants were approved as trainers. One trainer from Caritas Zambia went on to facilitate training for Caritas Zambia and several dioceses in Northern Zambia. To date, ZGF has conducted five regional workshops in disability with GPs (Eastern, Central, Lusaka, Luapula and Southern provinces) with a total of 76 participants (equivalent to 38 GPs trained).

⁴³ This indicator replicates the indicator under Outcome 1 – ' % of GPs that perceive ZGF support as being very good' – and is dealt with in Section 5.3.

As already noted, most of the indicators under this outcome have been moved into and changed by the business plan and data is not kept according to them. Based on evidence gathered during the mission and annual reports, the following can be ascertained.

With DfID and Danida not supporting JFA II and IrishAid having stopped disbursing funds, ZGF has not maintained the level of funding over time. Additional funds have of course been sourced from the contract with the EU, but these can obviously not be used for JFA activities.

Although ZGF reported that they have generally maintained a 90% retention rate, there was a fairly high turnover of staff during 2014 and additional senior staff have left during 2015. While this is a common problem for CSOs whose training of staff makes them attractive to both other civil society organisations and the private sector, it can be expected to have an impact on ZGF's ability to deliver on its mandate. The evaluation team was not required to provide solutions for staff retention, but this is an area on which ZGF will need to focus.

Staff retention analysis (2014 -2015)

Period	Total number employees	Resignations	Recruited	Retention percentage %
January – March 2014	24	2	6	91
April – June 2014	23	3	0	86
July – September 2014	21	1	0	95
October – December 2014	20	1	1	95
January – March 2015	23	1	5	95
April – June 2015	27	0	4	100
July – September 2015	27	4	0	85
Average percentage				92

Staff performance appraisals are conducted twice per annum – mid-year and end of year. According to figures in Annual Reports, staff regularly score above average (3.1 out of 4 in both 2013 and 2014). The Board reportedly meets the requirements of its Code of Conduct.

ZGF has responded well to lessons learned and has adapted its policies and approaches to match. Judging by the recently finalised risk register, it has also recognised that it faces a wide range of risks and has put in place methods to deal with these.

5.6 ADDITIONAL EVIDENCE OF IMPACT

Although neither are included in the Strategic Plan, the following indicators in the Business Plan provide additional evidence of impact:

According to the 2013 annual reports, 140 communities, GPs and CSOs are directly working with, claiming their rights and engaging in policy with a further 91 reported in 2014. The following examples are provided:

- Compensation for land rights violations (displacements) in Kankoyo (Mufulira).
- Involvement of young people in community decision making in Mukonchi (Kabwe).
- Community input into the FISP reforms in Manyemunyemu (Kazungula).
- Delays in enacting the 1999 Draft Forest Act in Chibwika (Kabompo).
- Demanding access to improved water supply and various environmental, solid waste management, environmental degradation, and pollution issues.

By 2012, ZGF had recorded 550 media inputs initiated by Grant Partners and CSOs. An additional 734 were recorded in 2013 and 563 in 2014. Articles covered issues such as health, agriculture, gender, governance, economy and development, access to information, the constitution-making progress, and education. The most commonly used media were radio (national and/ or community), newspapers and television.

5.7 ANALYSIS

ZGF has achieved well against most of the outcome indicators in the Strategic Plan and there is evidence that the support provided is having an impact on policy development and implementation generally. Measuring impact can be a challenge, especially since ZGF must of necessity rely on GPs themselves to measure and report this. To perform better in this area, ZGF has improved both its own M&E systems and tools and those used by GPs. The introduction of the outcomes report in 2013 is a significant step in this regard. The data is well presented and clearly shows how outcomes are being achieved. However, its usefulness for CPs is reduced somewhat by the fact that the report follows the business plan rather than the Strategic Plan. This makes it difficult for CPs to follow and assess what impact their support is having.

It has also been suggested that the impact reporting of ZGF could be significantly strengthened by making results-oriented planning mandatory at the proposal stage as well as requiring results-based reports by the end of a project. This idea is supported and should be considered by ZGF going forward.

Recommendations for how existing grants could achieve greater impact are as follows:

5.8 RECOMMENDATIONS

- To increase ‘higher-level’ impact, ZGF should actively seek to raise awareness of the tools on its websites, both amongst GPs and amongst other CSOs working in the governance sector.
- Although considerable effort and resources have been used to encourage CSOs in affirmative action areas to apply for grants, these efforts need to be extended to other parts of Zambia to encourage more applications if a future JFA is contemplated.
- To comply with the JFA II and to make it easier for CPs to measure whether their expected impact and outcomes are being achieved, ZGF needs to report according to the outcomes and indicators in the Strategic Plan unless and until CPs expressly agree to the change.
- For future contracts, ZGF should consider making results-oriented planning mandatory at the proposal stage as well as requiring results-based reports by the end of a project.
- If a future JFA is to be entered into, CPs should ensure that outcome indicators are measurable, that it is clear that ZGF will need to report according to these, that monitoring systems and tools are amended to specifically collect these, and that all necessary data is recorded and reported on.

6 Sustainability

6.1 INTRODUCTION

The ToR require the evaluation team to:

- Review the impact of ZGF in terms of sustainability for Grant Partners.
- Review the long-term sustainability of the Programme in terms of availability of national resources necessary/required to continue the efforts begun by the Programme, once CPs' assistance terminates.

The following specific questions are also included in the ToR that are better assessed here:

- To what extent have these effects (of capacity development) been sustainable?
- To what extent is the financial stability and sustainability of ZGF assured?

6.2 ANALYSIS

Given that the nature of ZGF has changed considerably, sustainability can be looked at by considering whether the approach in the JFA II has led to sustainable GPs, and also from the perspective of whether the ZGF itself is sustainable.

Capacity development provided to GPs has increased their capacity both to deliver results and to properly manage donor funds. This has made them more attractive to other CPs and helped to ensure that they remain sustainable once the JFA II comes to an end. At least three of the smaller organisations consulted reported that they are now better able to raise funds since they have been compelled to improve financial management systems and reporting, and the assistance provided during the application process has better equipped them to prepare proposals to other donors. As a result, other CPs are already benefitting from the work done by ZGF to build the capacity of CSOs in the country. However, further support could be provided to build the capacity of GPs to raise money, which would increase their prospects of financial sustainability. Although assistance provided during grant applications has built capacity to write funding proposals, there are other aspects of resource mobilisation than merely knowing how to complete an application – for example, how to identify potential funders and complying with funding cycles. Some specialised training in resource mobilisation has been provided, but while it was reported that this included one or two examples of assistance to smaller CSOs, this has mainly targeted larger organisations. ZGF might therefore consider this as part of the training programme for GPs (either by developing a new module or incorporating it into an existing module) and/or developing a toolkit or guide to be placed on ZGF's websites.

Capacity development has also increased the level of respect GPs garner from policy makers and implementers and, as a result of work done with JFA II grants, a number of GPs have become trusted partners of government. These work closely with Ministries such as Education, Land and Community Development, Social Welfare, Mother and Child Health in improving the implementation of policy.⁴⁴ These relationships will continue beyond the life of the JFA II and help to ensure that GPs remain sustainable in the future.

As an institution, ZGF has focused extensively on sustainability and has developed a variety of strategies to ensure that the institution becomes sustainable even if no future JFA is agreed. These include buying their office building, putting funds into interest-bearing fixed deposit accounts, charging for the time each staff member spends on a programme, applying for and securing contracts as a service provider, and working with volunteers, interns and other experts. Some strategies have yet to be tried (such as crowd funding and seeking funds from private sources), largely because of limited capacity and overstretched staff, while bids have been submitted that have come close to success but have not yet come to fruition. USAID and Finland also reported that they may consider working with ZGF in future, which has the potential to allow ZGF to become sustainable and to continue to provide services to those CPs contributing to JFA II while sharing the costs to some degree. However, most CPs are risk averse and the fraud has clearly coloured their thinking. While those consulted agree that ZGF performs admirably when it comes to capacity development and managing grants, there is a level of trepidation when it comes to financial management. Implementation of recommendations in this regard will help to allay these fears, but it is probable that ZGF will have to operate successfully and free of any financial irregularity for some time before other CPs will commit to channelling large sums through them. It is also noted that, in terms of the partnership principles in the JFA II, CPs have an obligation to support ZGF in its fundraising efforts, which is not really being done.

Finally, while there may be valid reasons for the approach to grant-making followed by ZGF (both the non-thematic approach and the change from calls for proposals) this might not suit the needs of all CPs who might want to target a greater number of CSOs and who might want to focus on only one issue. A greater degree of flexibility with these might be required if ZGF hopes to be attractive to a wide range of CPs.

⁴⁴ Examples of GPs who mentioned this during consultations include the **Zambia Education and Development Advocacy Organisation**, **Platform for Social Protection in Zambia** and the **Mansa District Land Alliance**. Of course, while their success could never simply be attributed to a JFA grant (many CSOs receive funds from various sources and some have been working with government before receiving grants under the JFA), the support has certainly helped.

6.3 RECOMMENDATIONS

- ZGF should guard against becoming overly prescriptive when it comes to the non-thematic approach and the way in which grants are awarded – businesses need to be flexible and to give customers what they want or they will simply go elsewhere.
- To improve sustainability of CSOs, capacity development on resource mobilisation should be provided to all GPs – for example, by developing a new training module, incorporating it into an existing module, developing a toolkit, or including a guide to fundraising on their websites.
- CPs considering a future JFA with ZGF should be mindful of the requirements in the current JFA to support ZGF to raise funds from other sources and should begin the process of doing so without delay.

7 Concluding remarks

Although it may not have met all of the targets set in the Strategic Plan and its log-frame, ZGF has provided and successfully managed a number of grants in the period under evaluation. The targets set in the Strategic Plan were perhaps over-ambitious given the limited funds available to ZGF, the fact that ZGF has never had a full staff compliment, and the fact that the grant-making, monitoring and evaluation, and capacity development processes are time consuming and labour intensive.

The approach under both JFA I and II of focusing on capacity development and not just grant making is laudable and has led to sustainable CSOs even if no future JFA materialises. ZGF uses a variety of methods and approaches to CD, which are relevant, innovative, highly appreciated, and clearly improving the capacity of GPs. Nonetheless, questions remain as to whether or not some key governance issues are being missed by the non-thematic approach, and whether or not access to larger grants by new CSOs is being restricted by the change in the approach to funding. CPs considering a new JFA or working with ZGF in other ways will need to consider this when deciding how to make best use of the services ZGF has to offer.

ZGF's shift to a more business-oriented approach has the potential to ensure that it becomes a sustainable Zambian institution capable of meeting a variety of needs of CPs wishing to support civil society and governance in Zambia. Although managing the pool fund created by JFA II remains its core business, it has taken steps to widen its sources of income so that it is no longer solely dependent on the funds from the JFA. Of course the fraud has dented its credibility especially to those CPs that are more risk averse, but ZGF has responded to the financial irregularities well and has implemented almost all of the recommendations made in this regard. Although CPs supporting CSOs have already made decisions about how to do so and are not contemplating channelling funds through ZGF at present, ZGF offers a variety of useful options to CPs wishing to support CSOs working on governance in Zambia.

Annex A – Terms of Reference

Date: March, 2015

Case number: UF2013/10269

1. Background

The Zambian Governance Foundation (ZGF) started operations in January 2009 to set up a pooled funding mechanism with the aim of supporting the work of civil society organisations in Zambia. The rationale for establishing ZGF was, amongst others, to lower transaction costs for both Cooperating Partners and civil society organisations, broaden the base for funding requests as well as to facilitate the networking between organisations. In addition, the aim was to strengthen the institutional capacity and autonomy of civil society organisations to engage actively in policy processes and undertake advocacy on behalf of the poor and socially excluded people in the Zambian society.

The Fund's core team - in place since January 2009 - was selected through international competitive bidding launched by DANIDA on behalf of five other bilateral donor agencies. The contract was awarded to a consortium of European based management consulting firms, Grontmij Carl Bro A/S (Denmark) in collaboration with Maxwell Stamp (UK). Grontmij Carl Bro A/S (Denmark) was the lead firm. Due to national legal operational requirements, it was subsequently decided to establish an institution under which ZGF could operate. The Zambian Governance Foundation was officially established and registered as a non-profit company limited by guarantee on 29th July 2009. The first Joint Financing Agreement signed by DFID, SIDA, DANIDA, GIZ and Irish Aid amounting to USD 12 million was signed on 9th December 2009.

All ZGF staff were directly employed by the consortium until Dec 2011. ZGF management, however, was accountable to the Board of Directors from the onset, as agreed in a Memorandum of Understanding between the Consortium and the ZGF Board. The consortium handed over the management of ZGF staff to the Board of Directors in January 2012. Only the CEO remained under the payroll of the consortium until end of 2012 and was given a ZGF employment contract in January 2013.

The MoU stipulated the management of the basket fund. Two Board members (later other substitutes were added in case of their absence) were selected to be signatories to the basket fund which served as a holding account from which funds were drawn for ZGF programmes. Any withdrawal from the basket fund was initiated by ZGF management with prior approval by the signatories of the basket fund (designated Board members). Formal consultative meetings are held between ZGF and Cooperating Partners three times a year.

A mid-term evaluation of JFA I was conducted in early 2011. The review team considered the review as "timely" but "too soon", because ZGF had only been sub-granting for ten months and hence the time was not considered adequate to measure the impact of ZGF grant partners. Nonetheless, the review team recommended a second phase of ZGF.

A no cost extension of the Joint Financing Agreement for the period up to 31st December 2012 was signed on 19th June 2012. The second Joint Financing Agreement was signed by GIZ, DFID and Irish Aid at the end of October 2012, with SIDA joining in July 2013. The funding volume under the same agreement amounted to roughly USD 15 million.

Towards the end of 2011, ZGF underwent a transformation process which resulted in a new Strategic Plan for the period 2012-2015 coupled with the redesign of the Foundation's structure. ZGF formulated its own HR procedures, including job descriptions, a salary scheme, employment contract and placed existing staff in the new ZGF structure. The new structure provided for a Finance, HR and Administration function and clearly separated the grants management function from the finance function. These changes marked the end of Phase I of ZGF. As of January 2012, the Strategic Plan 2012-2015, and annual work plan and budgets, are the main reference documents on which funding is solicited.

Following these significant structural changes, ZGF has continued with gradual changes in its form, governance structure, management systems and processes while staying focused on its objectives. Since 2012, ZGF has continued with transforming the organisation, as manifested in the restructuring of ZGF, the introduction of business planning and costing system, the shift towards accrual based accounting and the associated configuration of ZGF's financial management software, the move towards IFRS compliance, the institutionalisation of the internal audit function and the establishment of an organisation wide knowledge management and ICT system.

In October 2013 the ZGF discovered that a senior member of staff was involved in fraudulent activities and the organization lost some funds. ZGF carried out its own internal investigative procedures and the matter was reported to the police. The case is now being investigated by the Drug Enforcement Commission ("DEC"), with an indication that the funds will be recovered and ploughed back into the organization. CPs in the JFA II also undertook a systems and forensic audit in 2014. The objectives of the forensic review were to determine the nature, cause and quantification of improprieties that occurred, to the extent possible, in respect of the financial years ended 31 December 2010, 2011, 2012 and 2013. Reports will be availed to the Consultants for further information.

ZGF has the goal of promoting improved governance with a focus on government accountability and responsiveness to the poor and vulnerable sections of society. ZGF's medium term outcome is Grant Partners' effective engagement with government to influence pro-poor policy processes. Its immediate outcomes are as follows:

- CSOs' access to financial support to effectively engage government at different stages of the policy cycle is improved
- Grant Partners' organisational capacities for effective policy engagement are increased
- Capacity of ZGF to deliver on its mandate to the expectations of various stakeholders enhanced

Since its inception, ZGF has given out 102 grants to civil society organisations working in different areas of governance. The grant partners range from small community based organisations to regional and national organisations. The ZGF grant partners are currently working in 26 districts spread around Zambia.

The JFA II is coming to an end in December, 2015 hence the need for an evaluation to assess the performance of ZGF as a funding modality and the impact of its work, through the grant partners, has had in Zambia. This evaluation is important to providing a reflection on the achievements and challenges and/or weaknesses in ZGF in order to contribute to ZGF's growth and future direction. The period under review shall be the JFA II, starting from 2012 to the 1st quarter to 2015. Cooperating partners also intend to use the evaluation for making decisions and learning lessons on such a funding modality.

Evaation Purpose and objective

The evaluation will assess the performance of the Zambian Governance Foundation (ZGF) under the JFA II (2013-2015) with a focus on the Foundation's core business areas, namely:

7. Grant Partner (GP) grants and contract management;
8. GP capacity and organizational development

9. Learning and sharing from and with GPs
10. Growing the demand for social accountability
11. Technical and thematic training packages
12. Project and programme support

It will consider the relevance, effectiveness, efficiency, impact and sustainability of ZGF as a funding and capacity development institution for civil society organizations (CSOs) engaged in the enhancement of good governance in Zambia.

Sope and Delimitations

The evaluation will assess the performance of the Zambian Governance Foundation under the JFA II taking into account its Grant Partners work (hereinafter GP-Programmes). It will consider the quality and the cost-effectiveness of the GP-Programmes and the ZGF as a funding modality.

The assessment will include, but not be limited to the following aspects:

RELEVANCE

1. Review briefly the wider potentials and challenges of democratic governance in Zambia and of civil society engagement
2. Review briefly the continued relevance of the ZGF Programme in view of the above.

EFFECTIVENESS

3. Review the impact on Grant Partners' capacity-building in terms of skills and capacity to influence and monitor GRZ policy and implementation.
4. Review the impact on Grant Partners' empowerment of poor and vulnerable Zambians to engage in policy development and to demand accountability.
5. Review the impact on Grant Partners in terms of their culture of learning and knowledge-sharing.

EFFICIENCY

6. Review the efficiency of ZGF as a funding mechanism for CPs' support to the Zambian civil society (value for money).

SUSTAINABILITY

7. Review the impact of ZGF in terms of sustainability for Grant Partners
8. Review the long-term sustainability of the Programme in terms of availability of national resources necessary/required to continue the efforts begun by the Programme, once CPs' assistance terminates;

Organisation, Management and Stakeholders

The Embassy of Sweden shall be responsible for the management of the Contract including all administration issues related to the evaluation.

The Evaluation team will coordinate directly with ZGF with regular reporting to the Embassy and the JFAII partners as well as the EU during the planning, evaluation and report writing. The Embassy of Sweden's primary point of contact will be the National Programme Officer for Governance and Human Rights.

To safeguard independence, the JFA II cooperating partners and the EU will play an ongoing advisory role and at a minimum reviewing the choice of the stakeholders to interview. The

Embassy will reserve the right to contact the evaluation team independently for a progress update at any point during the evaluation period.

In line with Sida's standard approach, this evaluation will be carried out in a spirit of partnership and participation.⁴⁵ The JFA II CPs, EU and ZGF will be given the opportunity to comment on the inception and draft reports before final reports are submitted; ensuring reports are as accurate, relevant and useful as possible. The Embassy will provide a management response for the evaluation, per Sida's standard evaluation protocol.

Bidders will be expected to explicitly address how they intend to maintain objectivity and independence while conducting this evaluation. Bidders should also propose project quality performance measures that will be finalized and agreed upon before the start of the contract and refined during the inception phase if needed. Examples include measurements of the extent to which the evaluation meets ethical standards, as well as feasibility, relevancy and accuracy.

Evaluation Questions and Criteria

The proposed evaluation questions are indicated below:

RELEVANCE

1. To what extent do ZGF's funding instruments respond to the needs and potentials of Zambian advocacy CSOs (volumes, selection criteria, thematic and geographic orientations etc.)?
2. In which (thematic and geographic) areas has financial support been provided to GPs under the JFA II?
3. How have the grant resources been distributed between the different instruments and partners?
4. To what extent do the GPs find the grant and capacity development support of ZGF appropriate to respond to their needs?

EFFECTIVENESS

5. To what extent are ZGF's capacity development approaches appropriate to needs of the GPs? How is the demand for capacity development distributed among different topics?
6. To what extent are the grant instruments and the capacity development approaches complementary to each other?
7. To what extent do ZGF's instruments, tools and approaches promote the mainstreaming of gender as well as of the needs of people living with HIV/AIDS and/or disabilities?
8. To what extent does ZGF assure the quality of the GPs' outputs?

⁴⁵ Sida, 2007. Sida Evaluation Manual – Looking Back, Moving Forward. 2nd Revised Edition.
http://www.sida.se/globalassets/publications/import/pdf/en/looking-back-moving-forward_2561.pdf.

9. How effective is ZGF's M&E system? How do the M&E results influence ZGF's strategic and management decisions?
10. How effective are ZGF's risk assessment and mitigation measures?
11. To what extent does ZGF ensure the quality of its service providers (facilitators, consultants)?
12. In which way can GPs influence ZGF's policies and strategies?
13. To what extent have the partnership principles of the JFA II been followed by both parties and produced the expected results?
14. To what extent did the GPs achieve the objectives defined in the grant agreements?
15. To what extent did the capacity development interventions with GPs strengthen their capacities? To what extent have these effects been sustainable? In which specific capacity aspects did these effects mainly occur?
16. To what extent did the grant-funded projects mainstream gender, HIV/AIDS, disabilities? To what extent did the capacity development measures with GPs achieve better mainstreaming in these organisations?

EFFICIENCY

17. How does the demand for grants compare to the grants approved?
18. To what extent are the operational costs of ZGF's 6 business areas commensurate with the services provided?
19. How does ZGF's support to GPs compare to other modalities of donor support to CSOs in terms of effectiveness, efficiency, quality and sustainability as well as transaction cost to CSOs and donors?
20. To what extent does the pooling of donor resources in ZGF facilitate or hinder CSOs' access to resources?

SUSTAINABILITY

21. To what extent is the financial stability and sustainability of ZGF assured?

REVIEW OF HIGHER-LEVEL IMPACT

The term "higher-level impact" refers to such effects outside ZGF's direct area of influence or mandate. In view of the complex impact chains, it is clear that only plausible indications for such impacts can be derived from the analyses carried out.

- To what extent are ZGF's capacity development tools and services available to and being used by non-GPs?
- To what extent does ZGF contribute to the capacity development of Zambian facilitators and consultants?
- To what extent has the (financial and/or capacity development) support to GPs led to change processes beyond the scope and duration of the grant agreements?
- To what extent has the support to GPs led to governmental policy changes?
- To what extent are the direct results/products of ZGF's support to GPs known to external stakeholders?

The Final report should include a section of Conclusions, Recommendations and Lessons learned, based on their findings and responses to the questions of the Assignment, as above.

Approach and Methodology

The evaluation bid should include a detailed methodology for the assignment which will allow for the triangulation of information, especially the review of pertinent literature as well as

interviews and focus group discussions with ZGF, GPs, CSOs which are not GPs, donors, government agencies etc. The bid should include a detailed description of the data sources, methods and rationale for additional data that need to be collected, illustrating understanding of how to best approach sensitive and confidential areas of work. The data collection and evaluation must conform to the quality standards of OECD Development Assistance Committee (DAC). Given that ZGF grant partners work all over the country, the evaluators are expected to travel to a reasonable number of program areas. The final methodology may be refined and agreed during the inception phase.

Time Schedule

The evaluation is expected to take place in May (preferably) or at the latest in June, 2015. The maximum number of working days is approximately 30 working days including 2 weeks of in-country travel. The Consultant should provide an overall time and workplan which should include significant delivery dates for an inception report, field visits and other planned meetings.

Reporting and Communication

As Sweden is providing the funds for the evaluation, the Embassy of Sweden will procure the services and manage the contract with the consultant. Decisions regarding the contract e.g. formal approval of deliverables are hence made by the Embassy of Sweden. Reporting and communication should however be done with the cooperating partners who are part of the JFA II (Sweden, GIZ and Irish Aid); the European Union who are also contributors to ZGF but not part of the JFA; and ZGF Board and management, hereinafter referred to as the reference group. The consultant shall meet with the reference group for an inception meeting to further understand the assignment. The reference group shall assist the consultant, in coming up with names of people to interview. The Consultant shall consult the reference group through the Swedish Embassy and ZGF, on matters which require discussion on content.

Resources

The Evaluation should propose a budget. This should cover professional fees, travel and other expenses or reimbursables for the inception phase, field visits and reporting phases, as well as meetings.

Evaluation Team Qualification

The team should comprise more than one consultant. An International development expert with proven record of undertaking similar works in the region. To include on the team a member with expertise in institutional, organizational development, systems and procedures and M&E. Also to include a local consultant with experience in governance and civil society participation in Zambia. All Evaluators must be proficient in spoken and written English and should not have any interest in ZGF's activities.

In particular the team leader should have the following profile or similar:

Team Leader

a) Qualification and skills

Master's degree in Organizational development, Business administration, Political science or related social science field.

b) General professional experience

A minimum of 10 years relevant professional experience in development programmes in developing countries (minimum 3 years in Africa), notably in monitoring and evaluating donor funded programmes in developing countries, and with the following expertise:

- Demonstrated experience in working on projects in the area of democratic governance.
- Expertise in problem analysis, stakeholder's analysis and institutional/capacity assessment
- A thorough knowledge of evaluation techniques
- Experience in conducting evaluations in democratic governance
- Ability to interpret performance results of programs and analyse the implications of such results in the country context;
- Strong understanding of Zambian civil society dynamics;
- Demonstrated experience in leading missions
- At least 5 years' experience in management of project teams and managing organisational behaviour
- Strong interpersonal skills, diplomacy and tact to effectively communicate with all concerned stakeholders and professionals from diverse cultural and professional backgrounds; and
- Strong professional oral communication and writing skills, including the development of reports, oral presentations, and technical/persuasive documents.

Expert 2 and 3**a) Qualification and skills**

- Bachelor's degree in Development studies, Project management, organisational development, Business Administration or any related social science field. A post graduate qualification will be an added advantage.

b) Professional experience

- Minimum 7 years professional experience in programme evaluations of governance sector programmes.
- Minimum 3 years of experience in advising/implementing/ developing monitoring and evaluation programmes of civil society organisations.
- Experience with development and design of large scale civil society programmes.
- Very strong analytical skills, with expert knowledge of common statistical software packages (e.g. SPSS, SAS, STATA, EPI Info)
- Excellent writing skills and the ability to document clearly and succinctly for internal and external audience.
- Extensive knowledge of the Zambian governance sector

c) Language competencies

- Must have good written and spoken English

References

- ZGF mid-term review (April 2011)
- ZGF Strategic Plan 2012 – 2015
- ZGF Theory of Change
- The CD Strategy

Annex B – Documents reviewed

- Action plan in response to donor auditors' recommendations in the Governance and Management Systems Audit Report as of 21st April 2015
- Annual Report 2012; Zambia Governance Foundation (ZGF).
- Annual Report 2013; Zambia Governance Foundation (ZGF)
- Annual Report 2014; Zambia Governance Foundation (ZGF)
- Assessment of the Local Courts done as part of the EU local governance programme.
- Report on Organisational Analysis Programme.
- EU National Indicative Programme (2014-2020).
- Finance Agreement
- Mid-Term Evaluation Inception report, Indevelop, 2015
- Memorandum of Understanding between Grontmij. 2009: Carl Bro A/S (GMCB) and the Zambia Governance Foundation (Company limited by guarantee)
- Mid Term Review of the Zambia Governance Foundation, 2011. The IDL Group.
- Revised Organisation Structure, 2014.
- The updated Country Governance Profile, 2012
- The report of capacity gap assessment conducted by the TCU.
- USAID: Fostering Accountability And Transparency In Zambia, Request For Concept Notes, 2015
- USAID: The 2013 CSO Sustainability Index for Sub-Saharan Africa
- Wonani, Charlotte: Evaluation of ZGF Grant Partners' policy engagement work on promoting gender equality and women's empowerment, 2014
- ZGF Annual Report, 2012
- ZGF Annual Report 2013
- ZGF Annual Report on outcomes for the period January to December 2013
- ZGF Annual Report 2014
- ZGF Annual Report on outcomes for the period January to December 2014
- Zambia Governance Foundation, Articles of Association, 2011
- ZGF Audit Report 2011
- ZGF Audit Report 2012
- Zambia Governance Foundation, 2013; Business Plan, 2013-2015
- Zambia Governance Foundation 2012: Corporate Communication Strategy 2012-2015.
- ZGF Costing System (Zero Draft), 2013
- ZGF Costing System and Business Planning Report, 2013
- Zambia Governance Foundation; 2011, Strategy for 2012 – 2015
- Zambia Governance Foundation, 2012: Code of Conduct for Board of Directors.
- Zambia Governance Foundation, 2012, Board Charter
- Zambia Governance Foundation Terms of Reference for the Board of Directors, 2009.

- Zambia Governance Foundation; Report on Organisational Analysis and Design, 2015
- ZGF: Mapping of CP Governance-Related Support to State and Nonstate Actors – 2014
- ZGF: Action plan in response to donor auditors’ recommendations in the Governance and Management Systems Audit Report as of 21st April 2015
- ZGF Theory of Change, 2014

Annex C – People interviewed

Name	Gender	Organisation	Job title
Beatrice Mwiya Grillo	F	ZGF	Board Chair
Reuben Lupupa Lifuka	M	ZGF	Board Member (Immediate former Chairman)
Chisoni Mwanza	M	ZGF	Board Member
Hobby Kaputa	M	ZGF	Board Member
Justina Moonga	F	ZGF	Board Member
David Wiking	M	Embassy of Sweden	Head of Cooperation
Pezo Mateo-Phiri	F	Embassy of Sweden	NPO - Governance
Patrick McManus	M	Embassy of Ireland	Head of Development Co-operation
Patricia Malasha	F	Embassy of Ireland	Policy & Strategy Adviser
Milimo Mwiba	F	Embassy of Ireland	Programme Manager
Thantwe Kwenda	M	Embassy of Ireland	Audit & Risk Advisor
Milena Tmava	F	GIZ	Governance Advisor
Kafja Tuehre	F	GIZ	Intern
Pieta Seppänen	F	Finish Embassy	
James McNAUTY	M	EU	M&E
Loraine Mupeta	F	EU	Programme Manager
Greg Saili	M	USAID	Civil Society Specialist
Jenny Neville	F	USAID	Democracy and Governance Officer
Barbara Nöst	F	ZGF	Chief Executive Officer
Chilufya Chileshe	F	ZGF	Programme -Team Leader
John Daka	M	ZGF	Grant Team - Leader
Christine Leiser	F	ZGF	Team Leader – Capacity Development
Jack Kalipenta	M	ZGF	Organisation Development Specialist
George Hamusunga	M	ZGF	Programme Specialist
Sydney Mwansa	M	ZGF	Programme Specialist
Chishala Siame	F	ZGF	Programme Specialist/ICT
Likumbi Kapihya	F	ZGF	Programme Specialist /New Initiatives, Research and Development

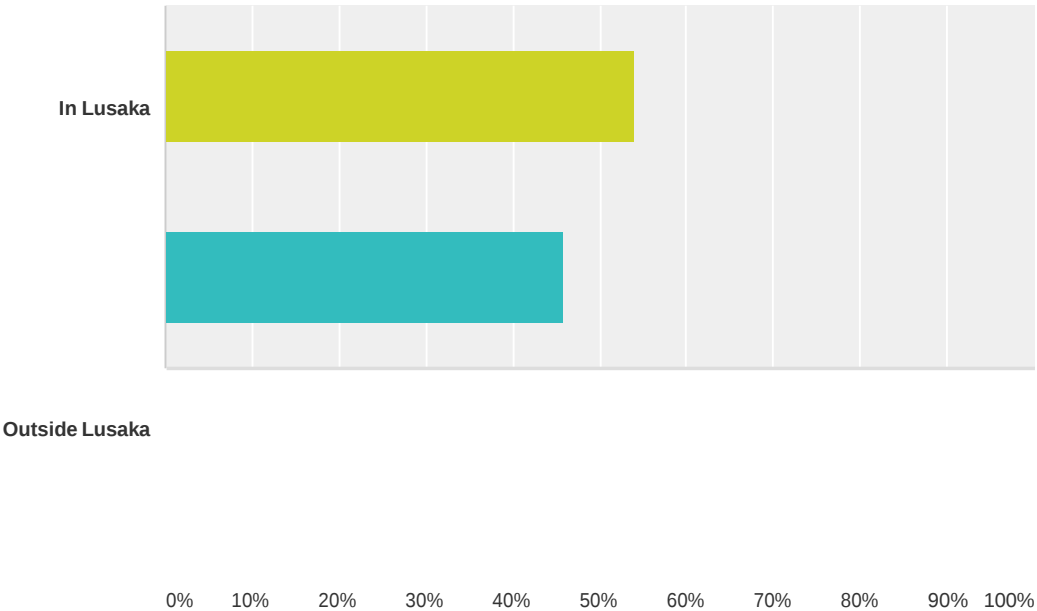
Addessy Phiri	F	ZGF	Programme Specialist/Grants
Ms Ruth Mulondiwa	F	ZGF	Programme Specialist/Grants
Chimfwembe Bwalya	M	ZGF	Finance Manager
Rachael Mwila	F	ZGF	Programme Assistant
Eugene Kabilika	M	Caritas	Head of Peace & Programs
Jeffrey Zulu	M	Luapula Foundation	Executive Director
Margrie Kalaba	F	Luapula Foundation	Assistant Accountant
Charles Wapalwena	M	Kawambwa District Farmers Association	CEO
Mwela Katuta	F	Kawambwa District Farmers Association	Programme Officer
Barron Mutale	M	Kawambwa District Farmers Association	Accountant
Tyson Kalaba	M	Mansa District Land Alliance	Programme Coordinator
Austin C. Kayanda	M	MISA Zambia	National Director
Brian Chanakila	F	MISA Zambia	Finance & Admin. Officer
Chilufya Kasanda	F	TALC	Coordinator – Particular Project
Clever Chilende	M	TALC	M&E Officer
Edgar Hamdulu	M	TALC	Finances Officer
Patrick K. Nshindano	M	CSPR	Executive Director
Makani Mzyece	M	CSPR	Programs Manager
Christabel Ngoma	F	CSPR	Finance Manager
Engwase B. Mwale	F	NGOCC	Executive Director
Nelson Kunsensio Mwale	M	NGOCC	M&E Specialist
Maureen Zulu	F	NGOCC	Gender & Policy Analyst
Madube Pasi Siyauya	F	NGOCC	Head of Communication & Advocacy
Mukuku Mwale	F	NGOCC	Finance & Admin. Manager
Nelson Ncube	M	PPHP	Country Coordinator
Melanie Chirwa	F	PPHP	Community Programmes Coordinator
Lawrence Temfwe	M	Jubilee Centre	Executive Director
Christopher Bwalya	M	Jubilee Centre	Church and Community Mobilization Manager
Namo Chuma	M	Environment Africa	Country Director, Zambia

McDonald Chipenzi	M	FODEP	Executive Director
Charles Mwambo	M	Samaritan Strategy Foundation of Zambia	Executive Director
Phillimon Phiri	M	Age Justice	Executive Director
Alan Kangwa	M	Age Justice	Accountant
Grace Phiri	F	Age Justice	
Nelly Muwowo	F	Samaritan Strategy Foundation	Child and Youth Care Officer
Daphilic Kiziba	F	AROLE	Officer
Malanda Happy	M	ZEDAO	Co-ordinator
Juston Simwanza	M	ZEDAO	Programme Officer
Jane Ngulube	F	ZEDAO	Accounts Officer
Wilson Nkhata	M	ZEDAO	Advocacy Officer
Nelson Siame	M	ZEDAO	Gender & HIV Officer
Nick Mwela	F	Restless Development	Finance Manager
Chanda Nkhoma	M	Restless Development	Programme Manager
Ruth Kabugo	F	Restless Development	Head of Operations
Edward Sakala	M	PAN	National Coordinator
Sylvester Katontoka	M	Mental Health Users Network of Zambia	National Coordinator
Mutale Wakunuma	F	Platform for Social Protection Zambia (PSP)	Executive Director

Annex D – Survey results

Q1 Where is your organisation based (head offices)?

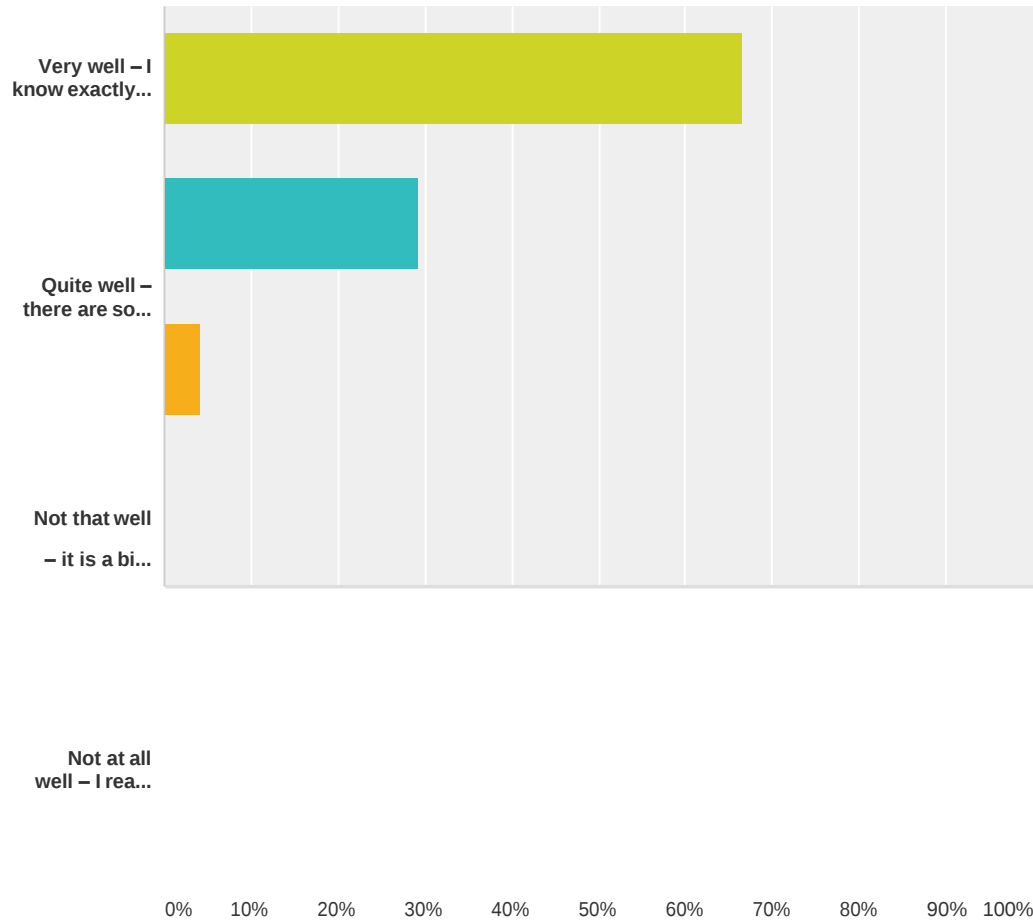
Answered: 24 Skipped: 0



Answer Choices	Responses	
In Lusaka	54.17%	13
Outside Lusaka	45.83%	11
Total		24

Q2 How well would you say you understand what the ZGF is and why it was set up?

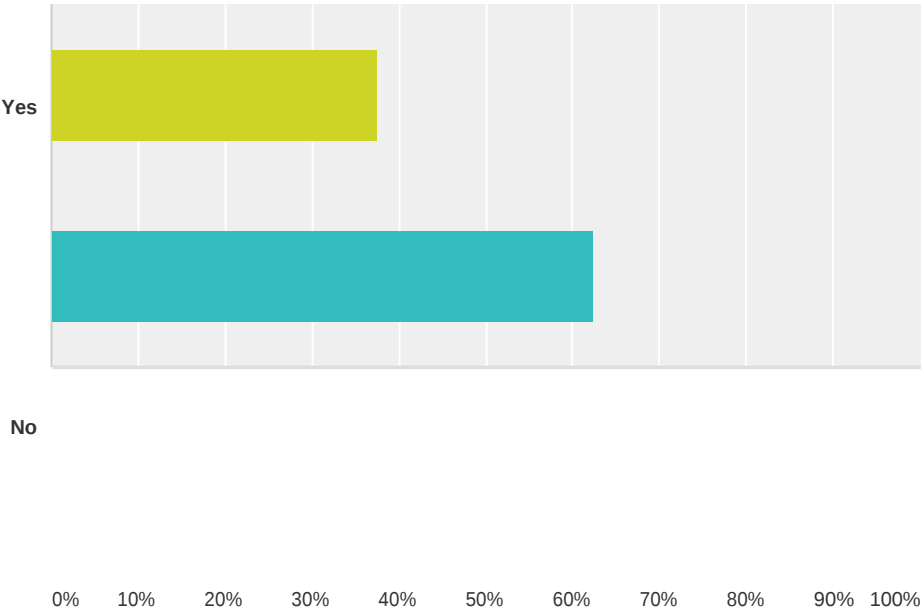
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Answer Choices	Responses	
Very well – I know exactly what the ZGF is and why it was set up.	66.67%	16
Quite well – there are some things I don't understand.	29.17%	7
Not that well – it is a bit confusing tome.	4.17%	1
Not at all well – I really don't know what the ZGF is or why it was set up	0.00%	0
Total		24

Q3 Are you currently receiving a grant or grants from ZGF?

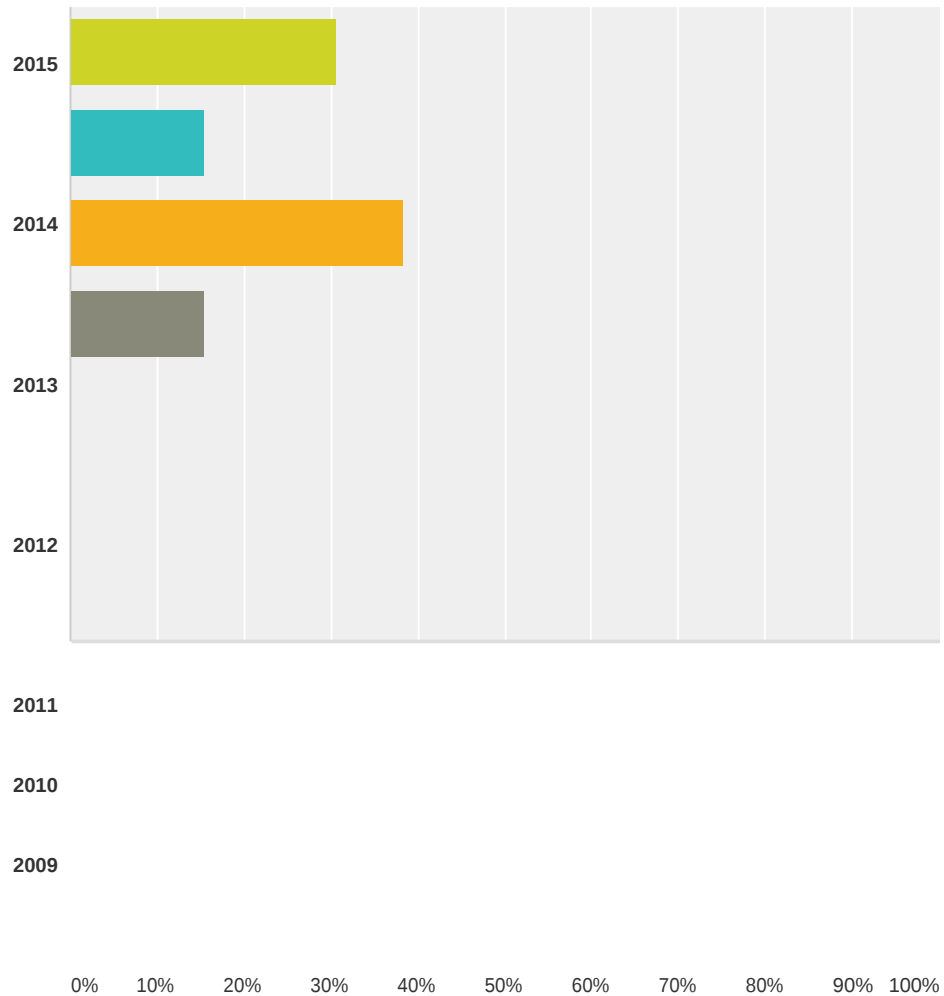
Answered: 24 Skipped: 0



Answer Choices	Responses	
Yes	37.50%	9
No	62.50%	15
Total		24

Q4 (You don't need to answer this question if you answered 'yes' to question 3). If you answered 'no' to question 3, when did your grant come to an end?

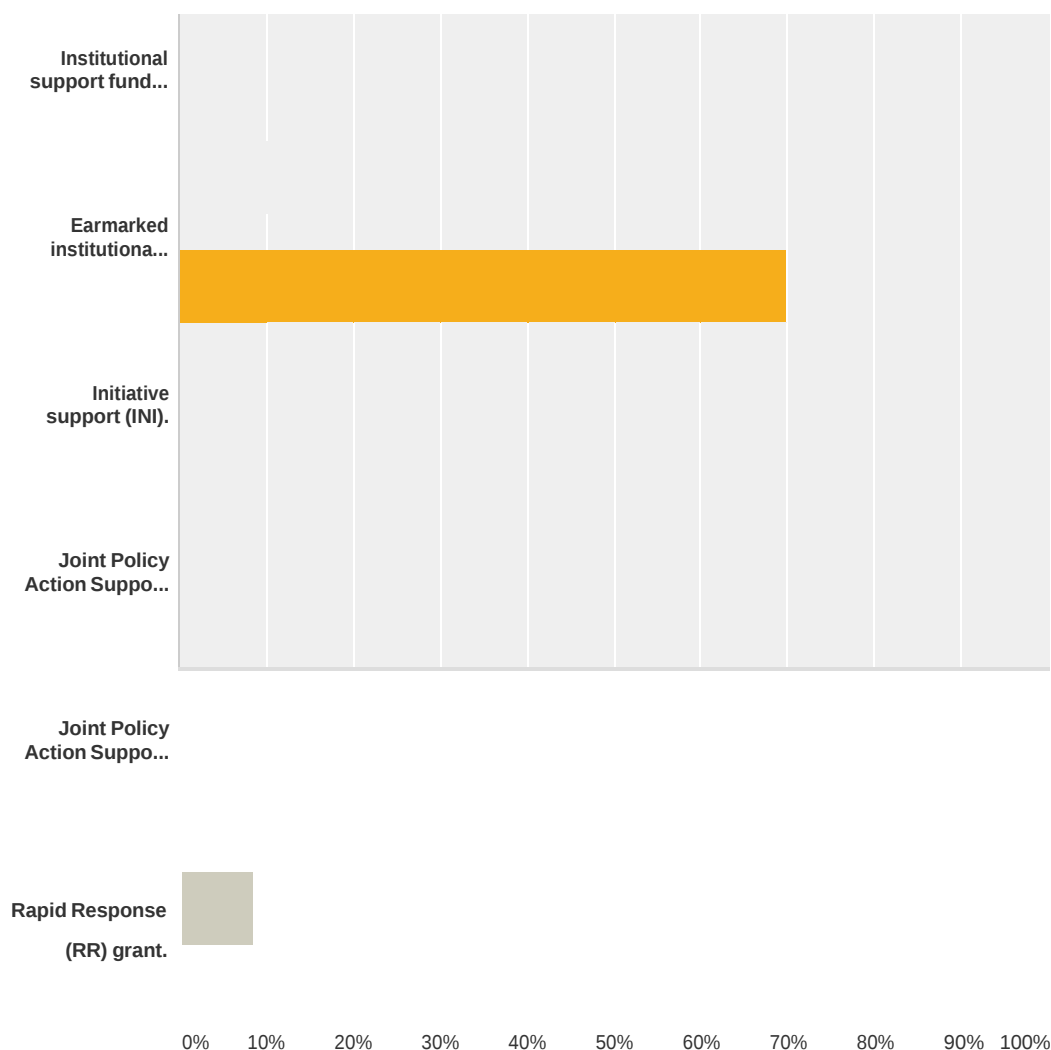
Answered: 13 Skipped: 11



Answer Choices	Responses	
2015	30.77%	4
2014	38.46%	5
2013	15.38%	2
2012	15.38%	2
2011	0.00%	0
2010	0.00%	0
2009	0.00%	0
Total		13

Q5 What type of grant do you or did you receive (latest grant)?

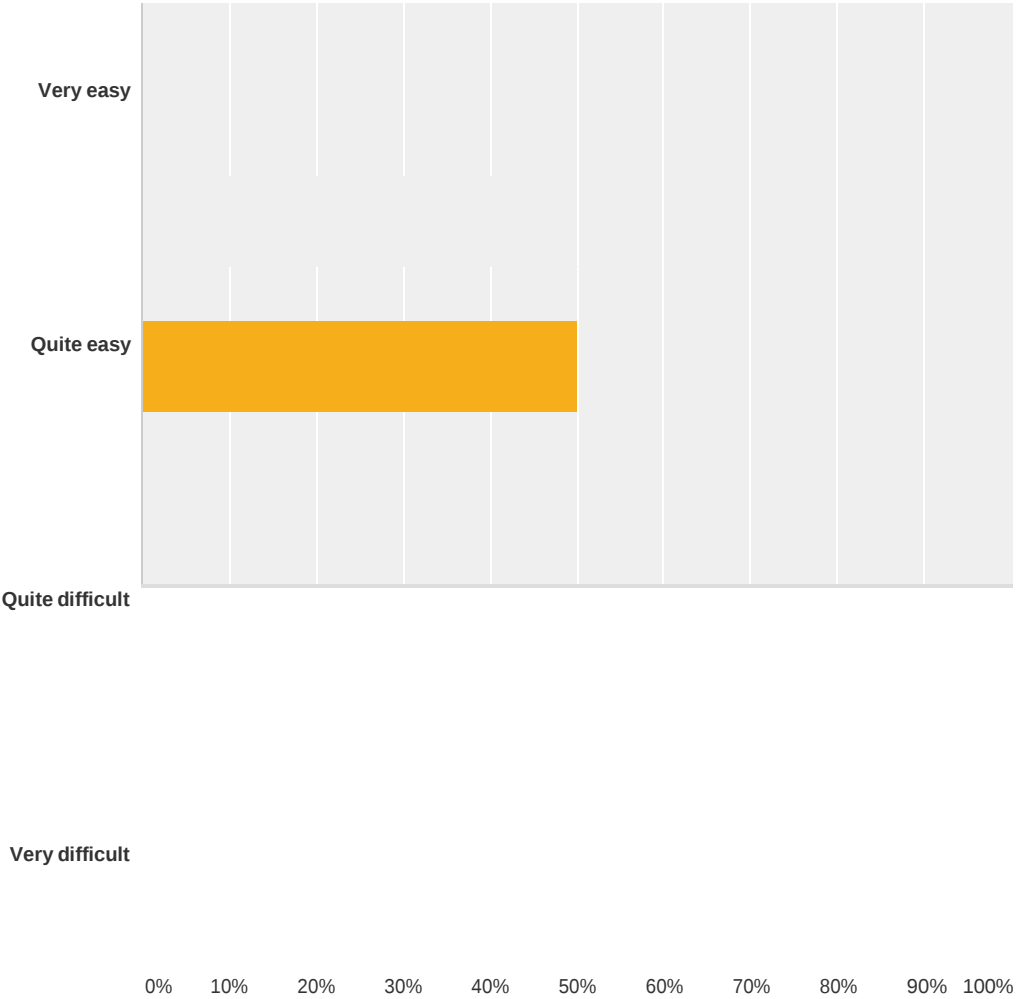
Answered: 24 Skipped: 0



Answer Choices	Responses	
Institutional support funding / core funding (INS).	0.00%	0
Earmarked institutional support (EARINS).	12.50%	3
Initiative support (INI).	70.83%	17
Joint Policy Action Support I (JPAS I) grant.	8.33%	2
Joint Policy Action Support II (JPAS II) grants.	0.00%	0
Rapid Response (RR) grant.	8.33%	2
Total		24

Q6 How easy or hard was the application process related to the latest grant you received?

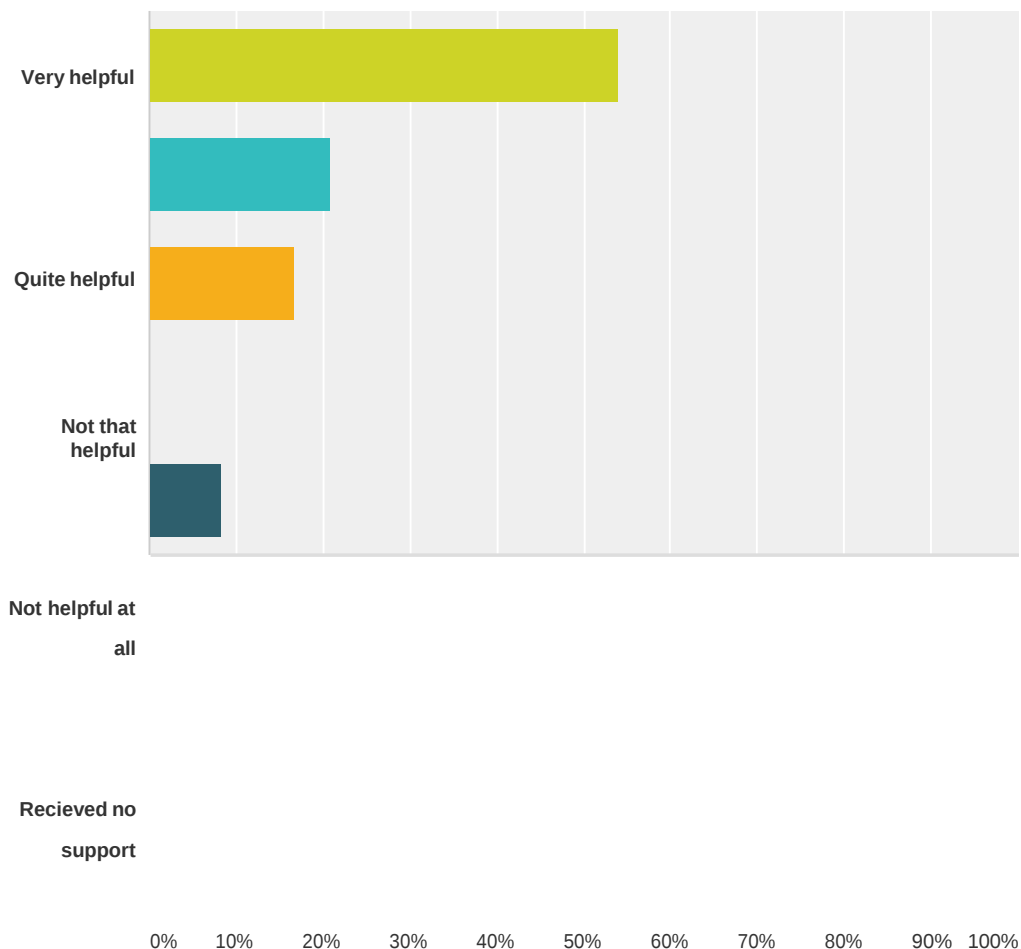
Answered: 24 Skipped: 0



Answer Choices	Responses	
Very easy	4.17%	1
Quite easy	45.83%	11
Quite difficult	50.00%	12
Very difficult	0.00%	0
Total		24

Q7 Did you get any support from ZGF in preparing a proposal? If yes, how do you rate the support?

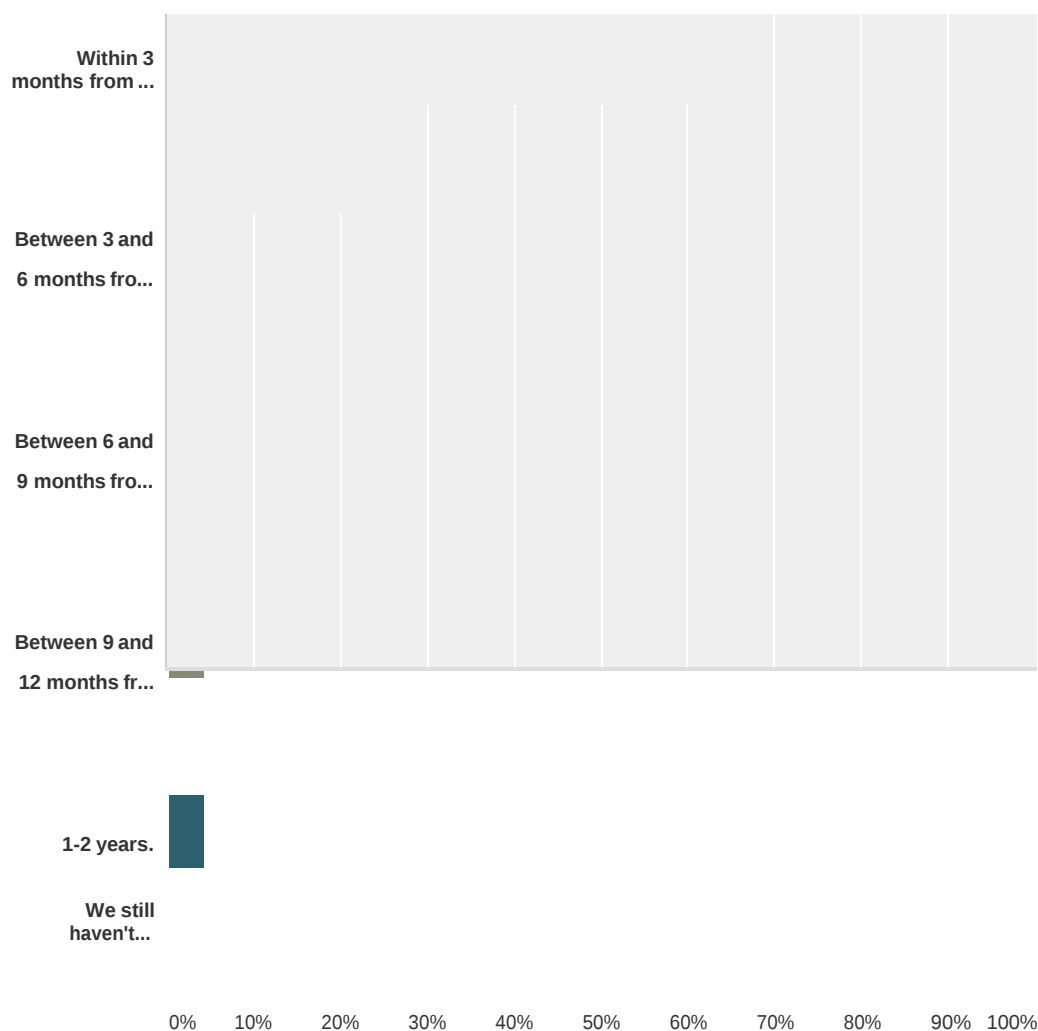
Answered: 24 Skipped: 0



Answer Choices	Responses	
Very helpful	54.17%	13
Quite helpful	20.83%	5
Not that helpful	16.67%	4
Not helpful at all	0.00%	0
Recieved no support	8.33%	2
Total		24

Q8 How long did it take for the funds to be released to your organisation?

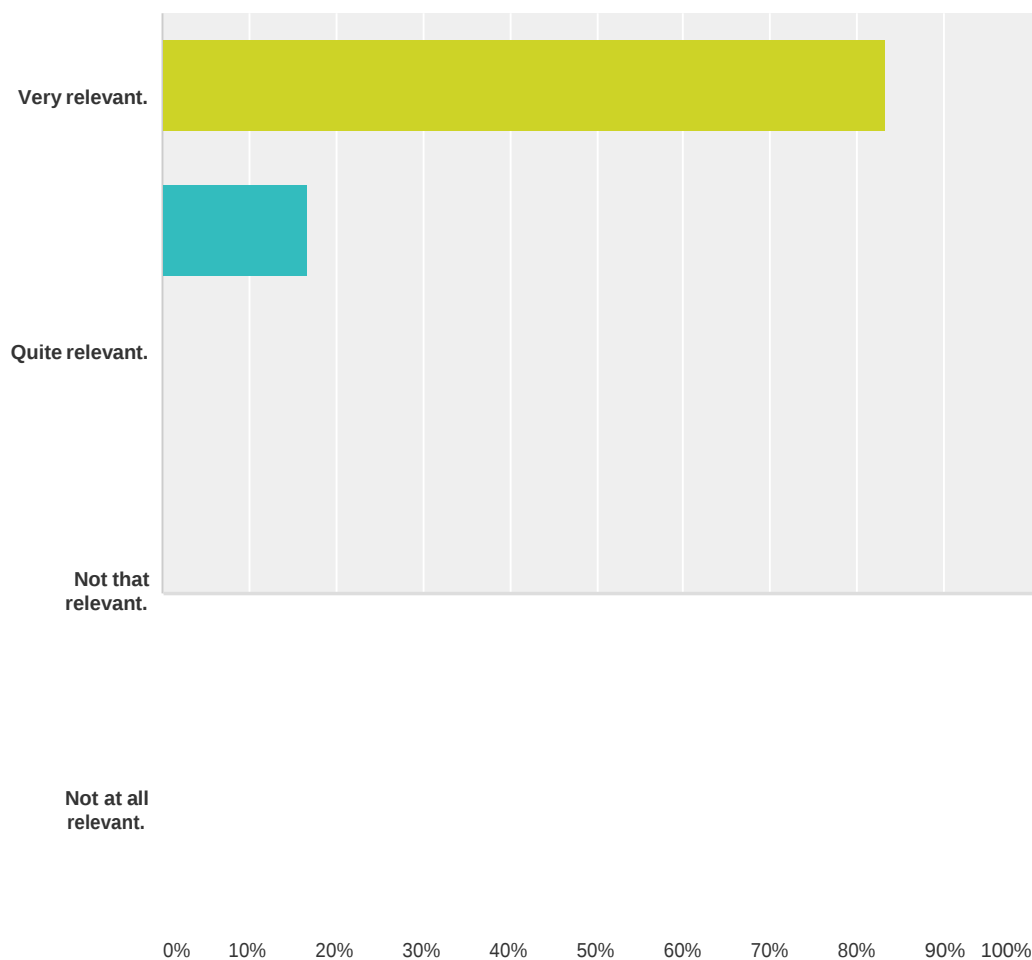
Answered: 24 Skipped: 0



Answer Choices	Responses	
Within 3 months from the date we applied.	62.50%	15
Between 3 and 6 months from the date we applied.	25.00%	6
Between 6 and 9 months from the date we applied.	4.17%	1
Between 9 and 12 months from the date we applied.	4.17%	1
1-2 years.	4.17%	1
We still haven't received it.	0.00%	0
Total		24

Q9 How relevant would you say the grant is to the work of your organisation – did it or does it allow you to perform your core functions better?

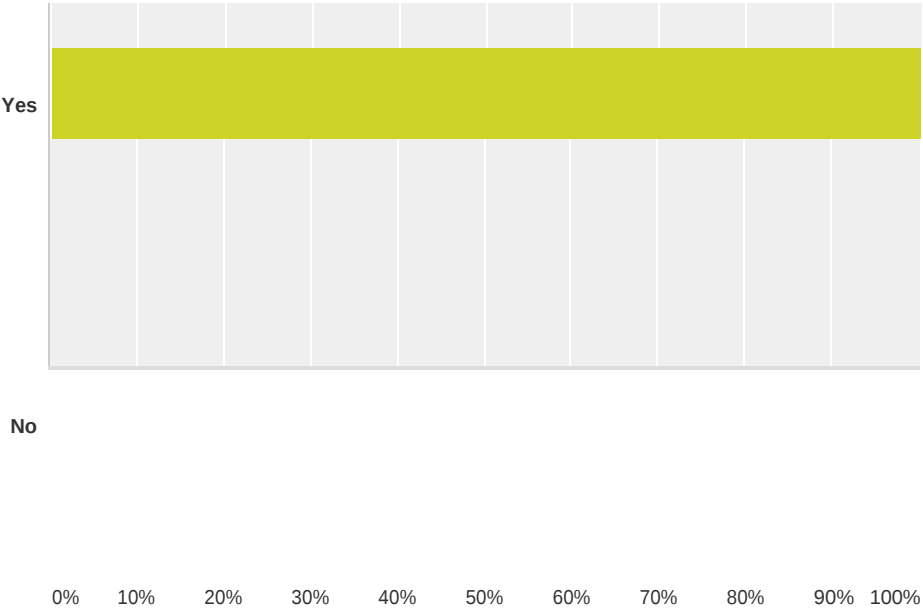
Answered: 24 Skipped: 0



Answer Choices	Responses	
Very relevant.	83.33%	20
Quite relevant.	16.67%	4
Not that relevant.	0.00%	0
Not at all relevant.	0.00%	0
Total		24

Q10 Does your organisation receive support from other cooperating partners (donors)?

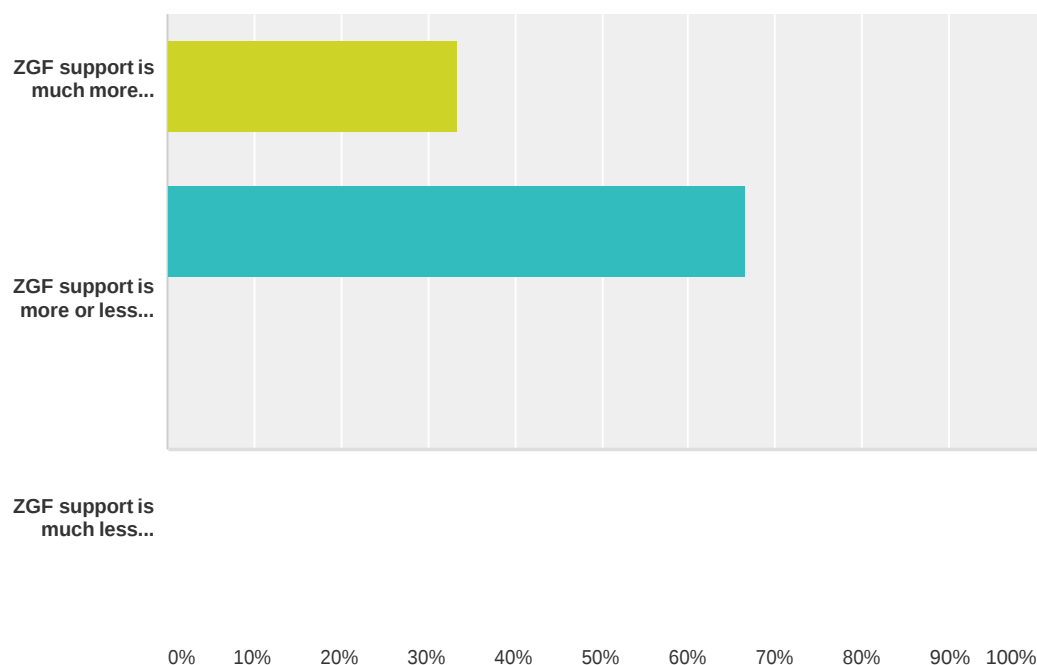
Answered: 24 Skipped: 0



Answer Choices	Responses	
Yes	100.00%	24
No	0.00%	0
Total		24

**Q11 (You don't need to answer this question if you answered 'no' to question 10).
If you answered 'yes' to question 10,
how would you rate the support you receive
from ZGF compared to the support you receive from others?**

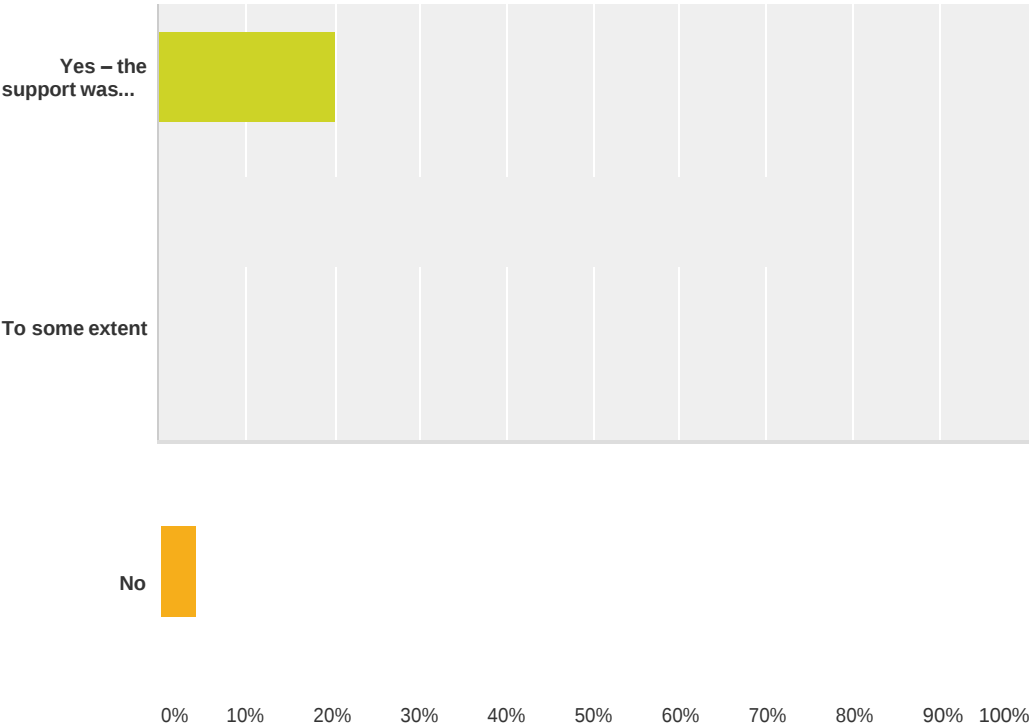
Answered: 24 Skipped: 0



Answer Choices	Responses	
ZGF support is much more relevant to our needs than other support.	33.33%	8
ZGF support is more or less the same as other support.	66.67%	16
ZGF support is much less relevant to our needs than other support.	0.00%	0
Total		24

Q12 Was the grant you received used to address issues related to women?

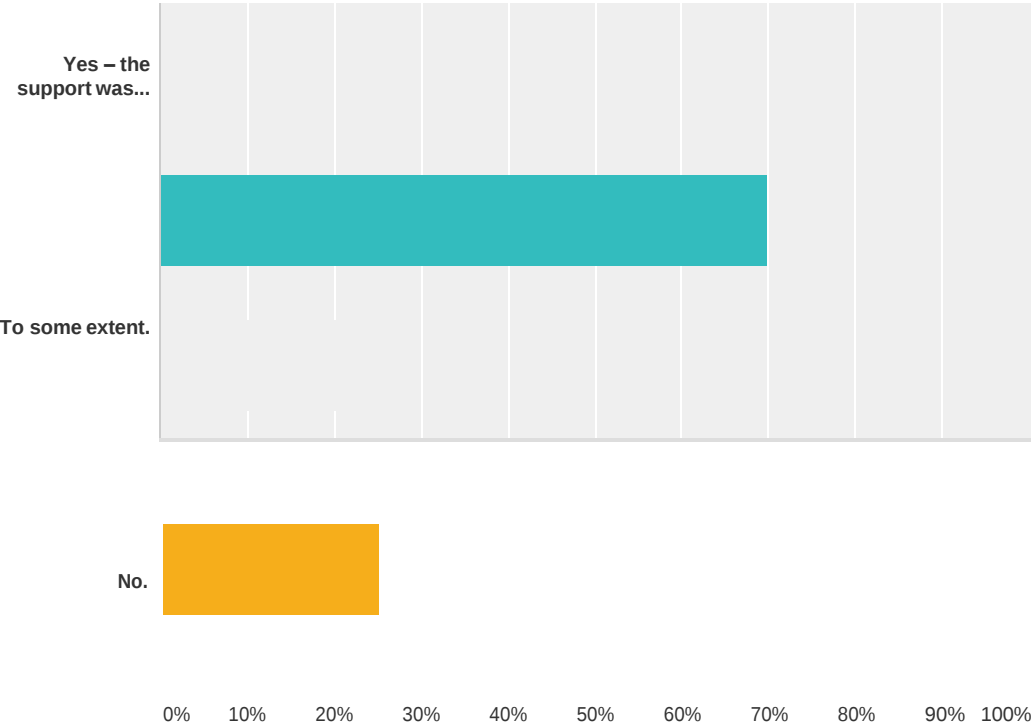
Answered: 24 Skipped: 0



Answer Choices	Responses	
Yes – the support was totally focused on women's issues.	20.83%	5
To some extent	75.00%	18
No	4.17%	1
Total		24

Q13 Was the grant you received used to address issues related to people living with HIV/Aids?

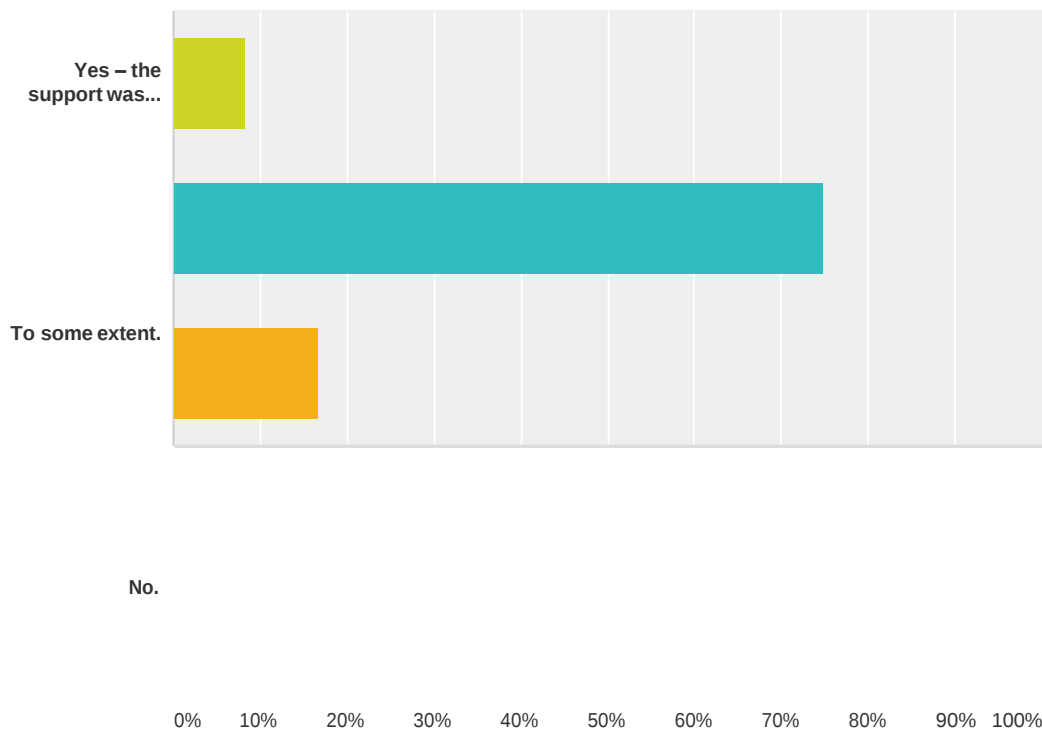
Answered: 24 Skipped: 0



Answer Choices	Responses	
Yes – the support was totally focused on people living with HIV/Aids.	4.17%	1
To some extent.	70.83%	17
No.	25.00%	6
Total		24

Q14 Was the grant you received used to address issues related to people with disabilities?

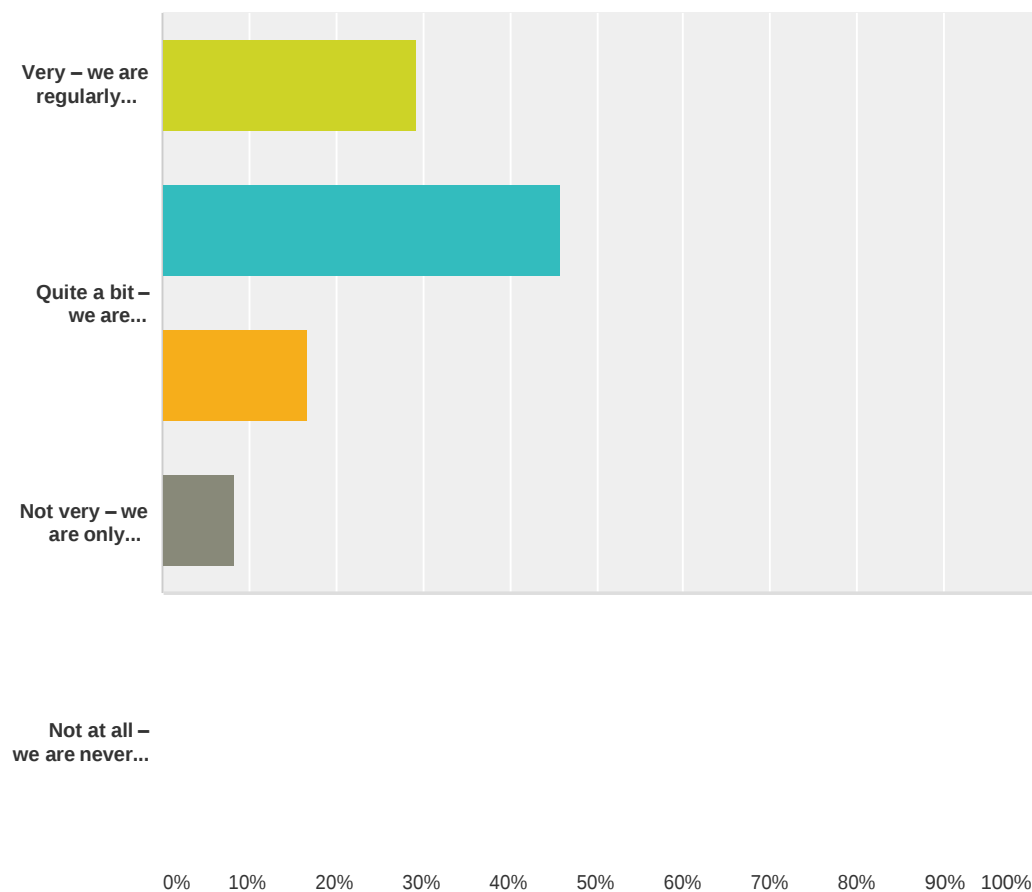
Answered: 24 Skipped: 0



Answer Choices	Responses	
Yes – the support was totally focused on people with disabilities.	8.33%	2
To some extent.	75.00%	18
No.	16.67%	4
Total		24

Q15 To what extent would you say your organisation is able to influence decisions made by ZGF?

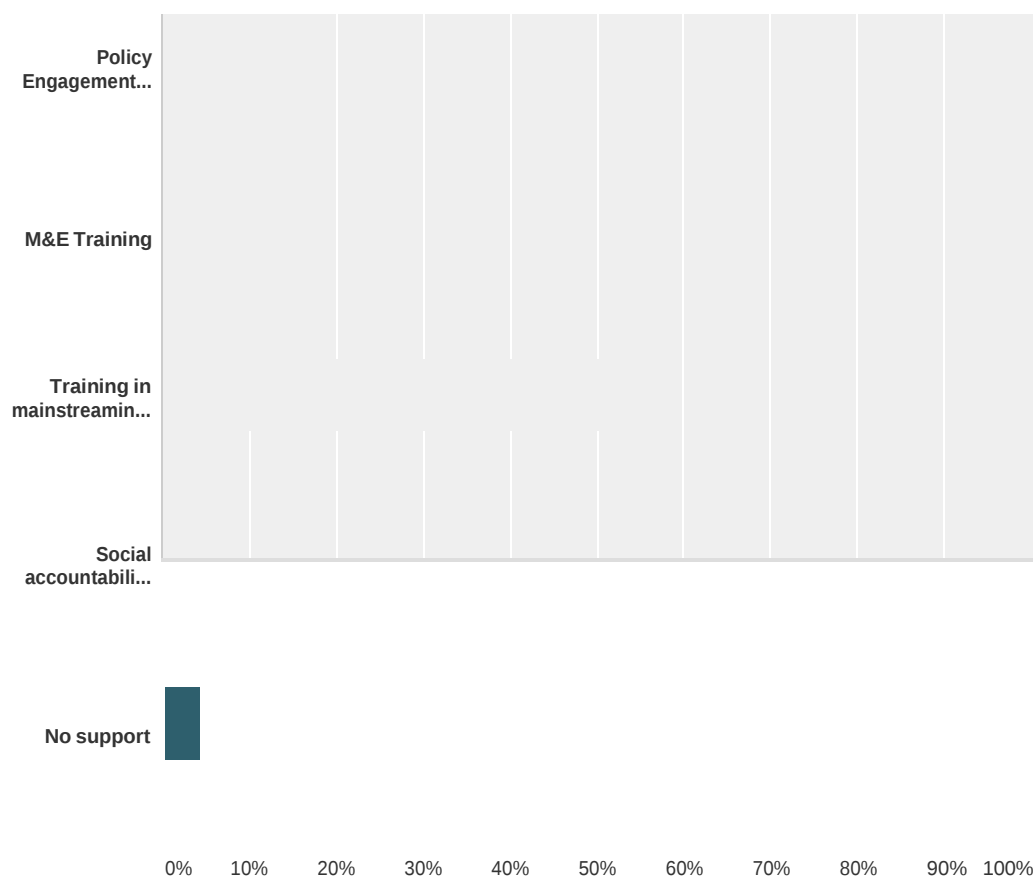
Answered: 24 Skipped: 0



Answer Choices	Responses	
Very – we are regularly consulted and our views are always taken into account.	29.17%	7
Quite a bit – we are sometimes consulted and our views are sometimes taken into account.	45.83%	11
Not very – we are only occasionally consulted and our views are hardly ever taken into account.	16.67%	4
Not at all – we are never consulted and our views are never taken into account.	8.33%	2
Total		24

Q16 Have you attended any of the following training (tick the latest one that you have attended)?

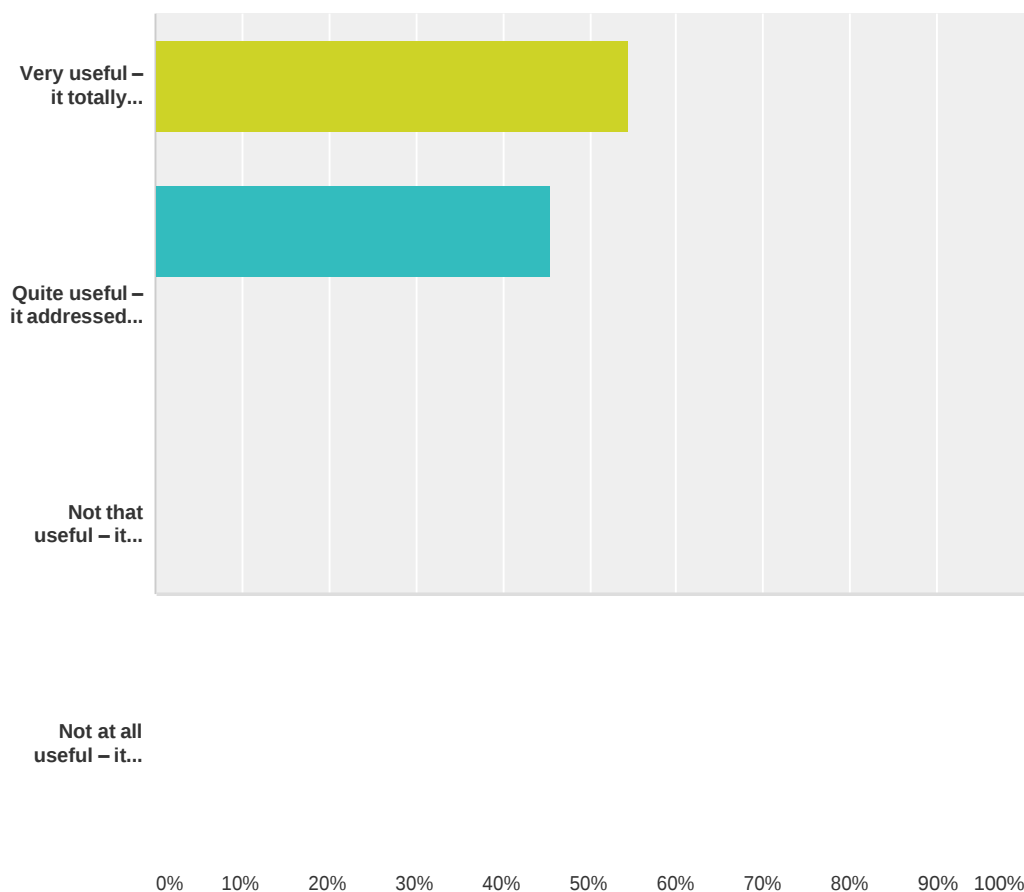
Answered: 24 Skipped: 0



Answer Choices	Responses	
Policy Engagement Training	12.50%	3
M&E Training	16.67%	4
Training in mainstreaming crosscutting issues-Gender; Disability; HIV and AIDS	12.50%	3
Social accountability training	54.17%	13
No support	4.17%	1
Total		24

Q17 (You don't need to answer this question if you haven't received any of the training in question 16) If you have received any of this training, how would you rate the training you received?:

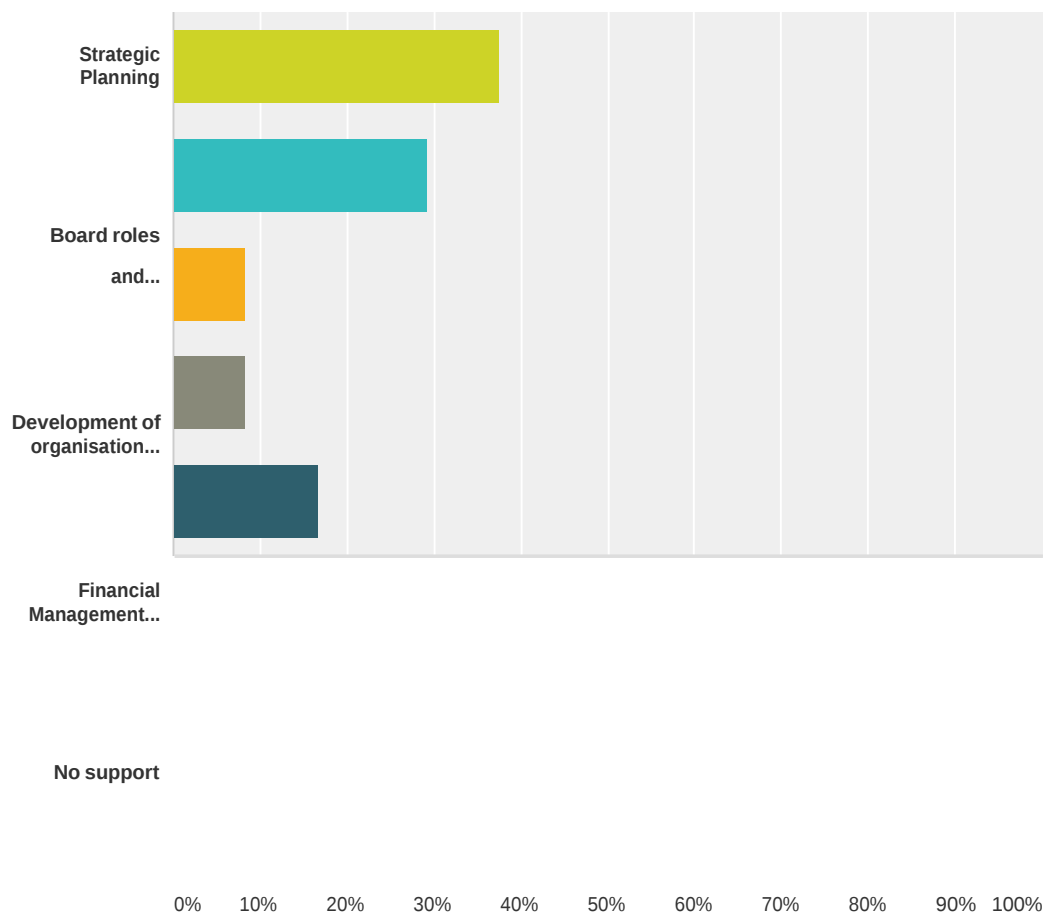
Answered: 22 Skipped: 2



Answer Choices	Responses	
Very useful – it totally addressed our needs.	54.55%	12
Quite useful – it addressed our needs to some extent	45.45%	10
Not that useful – it didn't really address our needs	0.00%	0
Not at all useful – it didn't address our needs at all	0.00%	0
Total		22

Q18 Have you ever requested or received any of the following capacity development support from ZGF (tick the latest one that you have received)?

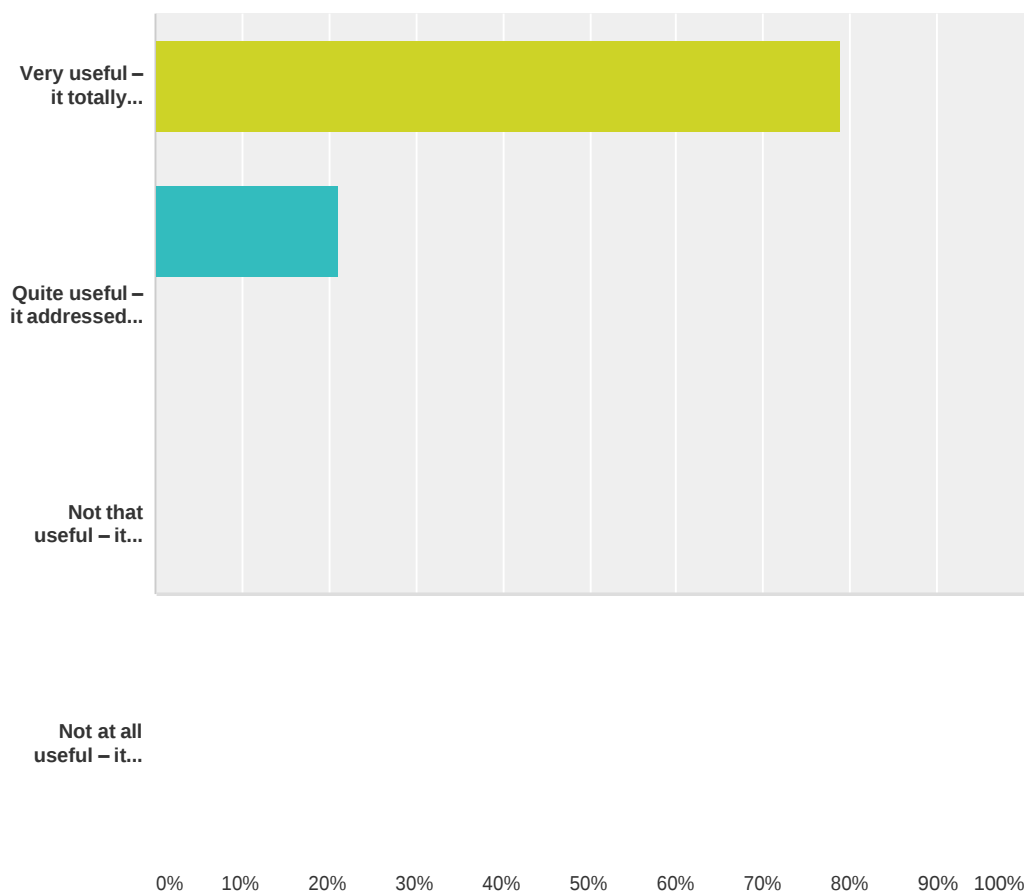
Answered: 24 Skipped: 0



Answer Choices	Responses	
Strategic Planning	37.50%	9
Board roles and responsibilities training	29.17%	7
Development of organisational policies	8.33%	2
Financial Management support	8.33%	2
No support	16.67%	4
Total		24

Q19 (You don't need to answer this question if you haven't received any of the training in question 18). If you have received any of this support, how would you rate the support you received?:

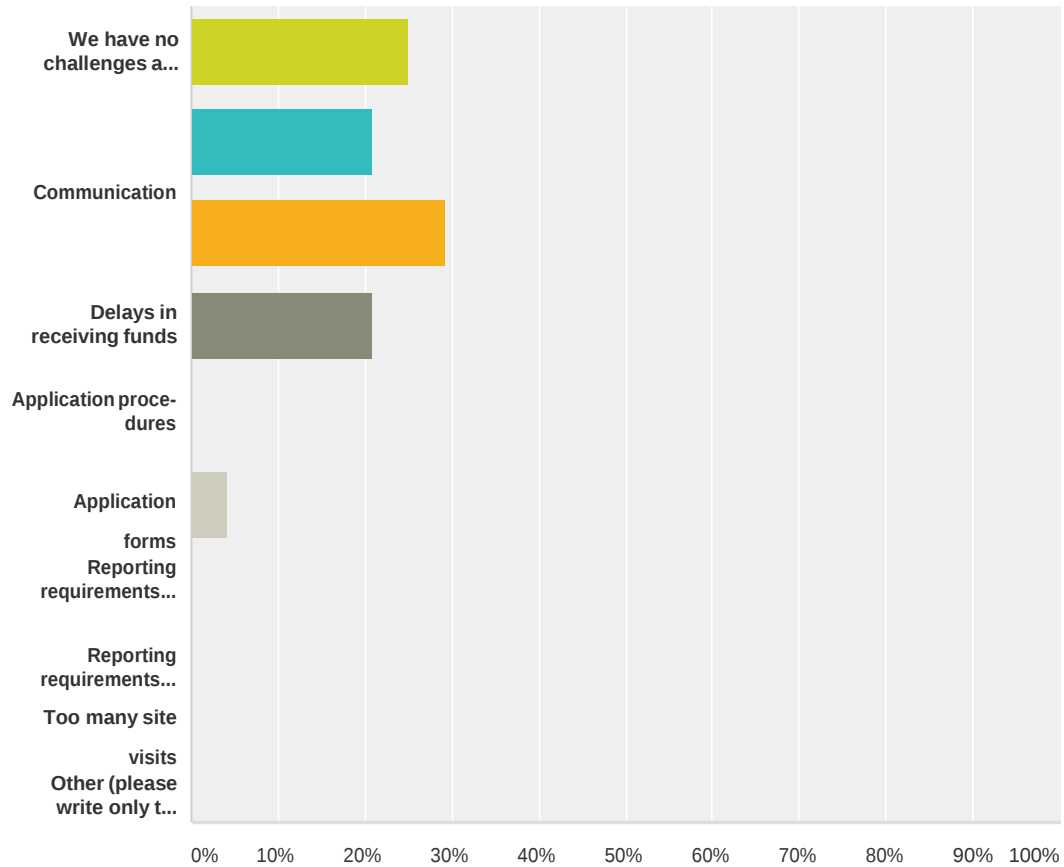
Answered: 19 Skipped: 5



Answer Choices	Responses	
Very useful – it totally addressed our needs.	78.95%	15
Quite useful – it addressed our needs to some extent	21.05%	4
Not that useful – it didn't really address our needs	0.00%	0
Not at all useful – it didn't address our needs at all	0.00%	0
Total		19

Q20 What is the biggest challenge you face when dealing with ZGF – please select one from the list:

Answered: 24 Skipped: 0



Answer Choices	Responses	
We have no challenges and are satisfied with the relationship.	25.00%	6
Communication	20.83%	5
Delays in receiving funds	29.17%	7
Application procedures	20.83%	5
Application forms	0.00%	0
Reporting requirements for narrative reports	4.17%	1
Reporting requirements for financial reports	0.00%	0
Too many site visits	0.00%	0
Other (please write only the biggest challenge in the space)	0.00%	0
Total		24

Annex E – ‘Health Check’ Aid Memoire

EUROPEAN COMMISSION
EUROPEAID DEVELOPMENT AND COOPERATION DIRECTORATE GENERAL ('DEVCO')
AIDE MEMOIRE REPORT (SUMMARY OF FINDINGS)

4 September 2015

**FOLLOW UP OF THE IMPLEMENTATION OF RECOMMENDATIONS MADE AFTER A GOV-
ERNANCE AND MANAGEMENT SYSTEM AUDIT OF
ZAMBIAN GOVERNANCE FOUNDATION (ZGF)**

Entity subject to Audit:	ZAMBIAN GOVERNANCE FOUNDATION
Country:	Zambia
Commission service:	EU Delegation to Zambia and COMESA
CRIS Audit number:	2015/92726
Auditor:	Chama Chipulu and Sheila Von Hofsten
Dates of audit fieldwork:	18 August to September 2015
Project status:	On going

This aide memoire is a summary of the issues at the end of the fieldwork. It is subject to review and may change before the draft report is issued.

CONCLUSION: DEGREE OF COMPLETION OF THE RECOMMENDATIONS' FOLLOW UP

We have assessed each recommendation in terms of the progress made in completing the work related to each task as specified in our original report.

Degree of Completion	Description of degree of completion and its implication
A	Remedied The entity has implemented a suitably focussed plan which encompasses the whole of the recommendation and they have succeeded in resolving the weaknesses which were identified. There are no longer any weaknesses in this particular area.
B	In progress The entity has implemented a suitable plan and is following it, but this is likely to take more time

	to complete. The signs are positive and the entity is moving in the right direction.
C	Moderate/limited progress There are signs that the entity has looked into the concerned area and thought about how to take action, but the action is either only just satisfactory or has not been followed up to a very advanced extent. There is only a moderate improvement in this area and it is unclear whether the action is appropriate or how long it will take to complete the course of action in order to be achieved.
D	Problem areas identified The entity has not taken the desired action due to inability or problems which have been identified subsequent to the systems based audit. There are scanty signs of progress and little prospect for the imminent improvement of the situation.
E	No action taken to date There is no evidence of any action having been taken in this area. Alternatively, action has been taken but it is considered to be highly inappropriate and will not achieve the desired outcome.

1. DEGREE OF COMPLETION AND UPDATED RECOMMENDATIONS

Finding Reference No. (Systems Audit)	Main body Section	Finding	Priority Rating	Recommendation From The Initial Systems Audit	ZGF's Response	Degree of Completion	Evaluation of Action Taken and Updated Recommendation	ZGF response
1	Governance Structure	The Finance and Administration Committee of the ZGF Board does not have a member who has undertaken training in Finance. The Chair of the Finance Committee is a medical doctor. This may reduce the effectiveness of the committee, and some financial issues relating to financial management and reporting may not be fully understood by the Board which is represented by this committee.	1	The ZGF Board should identify a member who has a finance qualification to be included in the committee so that they are able to bring an understanding to the Board of the pertinent financial issues that ZGF face. One way to do this is to advertise through ZICA.	A chartered accountant and auditor has accepted to join the ZGF Board of Directors and will likely be asked to chair the Finance and Administration Committee.	B	Our review indicated that the current chairperson of the board is also chairing the Finance and Administration Committee. We noted that at the time of our review, ZGF had made steps to recruit an additional board member with an Accountancy background through the Zambia Institute of Chartered Accountants (ZICA) and Institute of Directors (IOD) with the intention of chairing the Finance and Administration Committee. <i>We recommend that the board of directors moves expeditiously in appointing a new chairperson for the Finance and Administration Committee. Good corporate governance practice (King 3) requires that the chairperson of the board does not chair any committee meetings but can attend only by invitation.</i>	The Finance and Administration Committee is currently selecting a new member. The selection will be finalised by end of September 2015 for subsequent approval by the members of the company.
2	Governance Effectiveness	A fraud occurred over a period of over four years without the Board's or consortium's knowledge, which gives	1	The board needs to strengthen its oversight on the organisation by ensuring that its various committees are obtain-	All three Board Committees are fully functioning as per their terms of reference. Management	B	We noted that the three board committees namely, Finance and Administration, Audit and Risk Committee and Grants committee were meeting at least every quarter as per the terms	The Board will appoint a fourth member of the Grants Committee at the next

ANNEX E – HEALTH CHECK MEMOIRE

Finding Reference No. (Systems Audit)	Main body Section	Finding	Priority Rating	Recommendation From The Initial Systems Audit	ZGF's Response	Degree of Completion	Evaluation of Action Taken and Updated Recommendation	ZGF response
		a strong indication that governance at ZGF was weak. This may be attributed to the dual powers of oversight that existed then, and that the staff involved in fraud might have been aware of, and capitalised on the weakness. The Board also had limited information on the operations of the organisation which prevented their meetings from being as effective as they should have been.		ing information from management on the different aspects of the organisation that the respective committee is responsible for. This will assist the Board to be fully aware of the organisation's operations and act where necessary.	prepares quarterly reports for both the Finance and Administration Committee and the Audit and Risk Committee meeting. The Grants Committee, convened on a needs basis, screens all funding recommendations put forward by management for onward submission to the Board for ratification.		of reference providing oversight over the running of the organisation. However, we noted that the Grants Committee operated with only three members since 20 April 2015 after the resignation of Prof. Mulela Munalula instead of four members as provided for in its terms of reference. <i>We recommend that the board appoints an additional member to the grants committee in order to comply with the terms of reference of the committee.</i>	regular Board meeting in October 2015.
3	Organisational Structure and ways of working	The finance department is understaffed according to the organisational chart developed by ZGF.	1	ZGF should ensure that finance department has sufficient staff to ensure proper segregation of duties.	The advert for the vacant Accountant position has been placed in the three daily newspapers. Interviews are expected to be done in mid-December 2015. It is further hoped that the position is filled in January 2015.	A	No further recommendation - We noted that the position of the Accountant has since been filled by Edson Chisamo who previously was the Accounts Assistant. The Letter of employment was offered on the 12 January 2015. An additional member of staff was employed as an Accounts Assistant commencing on the 15 January 2015.	N/A
4	Ways of working	Organisational policies are important for strengthening the inter-	1	We recommend that ZGF finalises the following policies that are	The Financial Management and Accounting Procedures	B	We noted that the board of directors approved the following manuals at a board meeting held on the 29 May	Management will formulate an investment policy

ANNEX E – HEALTH CHECK MEMOIRE

Finding Reference No. (Systems Audit)	Main body Section	Finding	Priority Rating	Recommendation From The Initial Systems Audit	ZGF's Response	Degree of Completion	Evaluation of Action Taken and Updated Recommendation	ZGF response
		nal control environment of an institution but the ZGF policies are only in draft form.		in draft form: - Finance Management and Accounting Procedures manual (FMAP); including: - Grants and Partnerships Management; - Fixed Asset policy; - Procurement policy; and - Information Technology policy Board should then be given adequate time to give them a thorough review before approval is given. In order to do this from a position of knowledge, the Board should ensure adequate expertise is available in the respective Committees before the review is undertaken.	manual (FMAP), approved on 7th November 2014, will go for a second review once a Board member with financial management expertise is available. This includes a review of the fixed asset, procurement policy and grant partner management policy, since they are being integral elements of the FMAP manual. The ICT policy will be reviewed at the next regular Audit and Risk Committee meeting.		2015: - Finance Management and Accounting Manual - Human Resources Manual - ICT Manual The procurement and fixed asset policy form part of the Finance Management and Accounting manual. We noted that the Grants manual is still being amended. We noted that the organisation has investments in held to maturity investments but there is no investment policy to guide management. <i>We recommend that an investment policy is devised to guide management so that trading and exposure limits set by the board are not violated and there is no over concentration of investment in one vehicle to avoid loss of donor funds.</i>	in line with ZGF's aspiration to transform into a social business. Such a policy will be presented to the Finance and Administration Committee in November 2015 for approval by the Board in December 2015 .
5	Accounting System and Chart of Accounts	The former Finance manager was able to initiate, authorise, post and review transactions, meaning control of the	1	We recommend that the Finance Manager's rights should be limited to reviewing rights only. For any transac-	Until the accountant position is filled, the internal auditor will be providing random spot checks on the	A	No further recommendation – There is now segregation of duties from initiating a transaction through to processing a payment.	N/A

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Finding Reference No. (Systems Audit)	Main body Section	Finding	Priority Rating	Recommendation From The Initial Systems Audit	ZGF's Response	Degree of Completion	Evaluation of Action Taken and Updated Recommendation	ZGF response
		whole process. This was one of the factors that allowed the fraud to continue.		tions that they may be required to post, permission should be allowed by the CEO, and a one off posting can be made, and privilege to post withdrawn after that. This will strengthen the controls on information posted in the company's general ledger but we suggest that the operation of this control is reviewed after 6 months to ensure it is working effectively and with adequate efficiency. In order to implement this recommendation, the position of Accountant needs to be recruited to take over the posting responsibilities.	transactions on the general ledger as an interim measure. The accountant will assume posting rights once s/he comes on board.			
6	Legal Form and Mandate	The ZGF Articles of Association gives the directors power at any time and from time to time to appoint any person to be a director either to fill a casual vacancy or as an addition to the existing di-	2	ZGF Board should revise this provision and make their requirement for board director selection more competitive. One way to do this is for an advertisement to be made with the professional bodies, e.g.	ZGF can amend the Articles of Association or Board Charter to provide a formal directors' appointment process. Past appointments of directors have been documented in	A	No further recommendation – The board of directors passed a resolution stating that an ad hoc committee shall be established to assist with the process of identifying, nominating and selection of a member.	N/A

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Finding Reference No. (Systems Audit)	Main body Section	Finding	Priority Rating	Recommendation From The Initial Systems Audit	ZGF's Response	Degree of Completion	Evaluation of Action Taken and Updated Recommendation	ZGF response
		rectors. We observed that this provision in the articles does not provide for a competitive selection of board directors. Whilst it was established that procedures for the working of the Board exist, these had not been documented.		ZICA, LAZ (where specific skills are required). Selection can be made through interviews and evaluations. Where there are few candidates or this method is not appropriate, a simple vote by the existing members of the Board can be done. Procedures should be documented for the continuity of the operations of the Board.	minutes of relevant meetings and/or resolutions. It is, therefore, not clear what procedures for the working of the Board have not been documented.			
7	ZGF Governance Structure	The current Board Chair has been in position since the organisation was founded in 2009. Although having the same Chair for the organisation has some advantages, introducing limits to the term of the Chair is a good governance practice. It will also provide periodic injections of new energy and ideas. It is noted through our review, that the board chair volunteered to step down as chairman of the board	2	Although having the same Board Chair for the organisation has some advantages, introducing limits to the term of the Board chair may provide periodic injections of new energy and ideas. It is good practice to have the option to change the Board chair and other key positions periodically. We recommend that the organisation should introduce limits to the term of the named positions on the	Under the Articles of Association directors only serve a renewable one year term. Therefore, although the current Board Chairperson has been Board Chairperson since inception, he only serves a renewable one year term. ZGF can, however, adopt the King Code of Governance standard of yearly assessment of the Chairperson's performance as well as rigorous	B	During the board meeting held on 14 April 2015, the members resolved to re-appoint all the directors except Prof. Mulela Munalula who indicated that she was unavailable for re-appointment. Mrs Beatrice Grillo and Rhidah Mung'omba were appointed as Chairperson and Vice Chairperson respectively. This is as provided for in the Articles of Association section 45 – appointment of Directors. However at the time of the audit, we noted that the notice of change of directors or secretaries was not filed with the registrar of companies after Prof. Sekelani Banda left the board on 4 June 2015.	Agreed. The notice of change of Directors or Secretaries for Prof Sekelani Banda has since been filed with PACRA.

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Finding Reference No. (Systems Audit)	Main body Section	Finding	Priority Rating	Recommendation From The Initial Systems Audit	ZGF's Response	Degree of Completion	Evaluation of Action Taken and Updated Recommendation	ZGF response
		and serve in another capacity. However, the board felt that he should continue as Chair.		ZGF Board. The rotation period should be determined by a majority of the Board.	assessment of directors who serve more than 9 years.		<i>We recommend that in case of any changes in directors or secretary such as appointment, resignation, dismissal or death of directors or secretaries, a company shall, within twenty-one days after any change occurs, lodge with the Registrar a notice of the change in the prescribed form (Form 45), specifying the date and nature of the change.</i>	
8	ZGF Governance Structure	The Audit and Risk committee of ZGF has an independent member who is not a Board member. The ZGF Articles of Association and Board Charter do not provide for an independent member to act on the Board. This means that such a member does not have the fiduciary powers to carry out the responsibilities stipulated for the Audit Committee and may invalidate any decisions/opinions that they make.	2	The Board should either revise the Articles of Association to include an independent member or replace the independent member with an elected board member for the Audit committee.	ZGF can amend the Articles of Association as recommended. The actions of the Committee member are, however, still valid under the Articles of Association.	A	No further recommendation - We noted that article 52 - delegation of the Articles of Association was amended allowing the directors to delegate any of their powers to committees consisting of such members or members of their body and/or such independent committee members as they see fit.	N/A
9	Human Resource Management	There is no provision for a recruitment consultant in the HR manual.	2	Ideally, the HR function should be staffed with an employee, as this has	An external consultant has been used for recruitment only. The	A	The Human Resource Manual now has a provision to allow for the use of Consultant.	N/A

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Finding Reference No. (Systems Audit)	Main body Section	Finding	Priority Rating	Recommendation From The Initial Systems Audit	ZGF's Response	Degree of Completion	Evaluation of Action Taken and Updated Recommendation	ZGF response
	ment	al, and the other officers (HR Manager) mentioned in the HR manual as implementers of many HR functions do not exist at the organisation. Currently there are no HR personnel at ZGF. The organisational chart shows the need for a Manager and an Assistant, which is considered excessive given the size of the organisation but the HR function does need to be filled, either with a consultant or a member of staff. If a consultant is used, then the manual should be updated to reflect the new way of working as it currently contains no provisions for the use of a consultant.		been foreseen in the organisational chart. If a consultant is used, then the manual should be updated to reflect the new way of working as it currently contains no provisions for the use of a consultant.	HRM guidelines shall be amended to provide for the option of outsourcing various HR activities to consultants. Staffing of the HR and Administration Department depends on whether ZGF can afford filling vacant positions in a support function. Once the financial situation is clarified for ZGF, consideration can be given to fill the existing vacancies.		However, we noted that the HR department is currently being filled by temporary staff. The Organogram provides for two staff members – Human Resource and Administration Manager and Human Resource Management Assistant. We are informed that the organisation is in the process of recruiting a permanent staff member in the Human Resources department.	
10	IT and Information Management	The dependency on an external consultant (resides overseas) for system reports generation, and other accounting utilisation of the system may disad-	2	ZGF should ensure that there is knowledge transfer of the system to all users of Navision, so that the reliance on the consultant is reduced. Further, access to the	In 2014, the continued dependency on external consultants is largely caused by the shift from cash-based to accrual based accounting.	B	The IT Personnel who had started training in MS Navision left the organisation in August 2015. Thus ZGF is now relying on the external consultants – Vega software Ltd. <i>We recommend that the organisation</i>	Recruitment for the replacement of the Programme Specialist ICT is underway. It is expected that the

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Finding Reference No. (Systems Audit)	Main body Section	Finding	Priority Rating	Recommendation From The Initial Systems Audit	ZGF's Response	Degree of Completion	Evaluation of Action Taken and Updated Recommendation	ZGF response
		vantage the organisation.		system by the external consultant should be limited to safeguard the integrity of the information.	The necessary IT/FM Microsoft Navision programming capacities were not found in Zambia. Once the shift to accrual based accounting is implemented fully, the reliance on the same consultants will definitely reduce incrementally.		<i>should develop and retain internal resource to handle the system and reduce reliance on external consultants.</i>	position will be filled in October 2015 .
11	IT and Information Management	The server has crashed several times, which poses a risk of information loss if the server data was not recovered.		The organisation should invest in a stronger firewall to protect the system from regularly crashing.	These investments have been made. All data are saved on three virtual locations on three different hard drives making it easy to recover data within minutes if at any one time one of the hard drives fails. MS Navision data are also secured using Dropbox. Live synchronisation of MS SharePoint data with MS SharePoint Cloud will take place once ZGF has access to adequate internet	A	No further recommendations.	N/A

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Finding Reference No. (Systems Audit)	Main body Section	Finding	Priority Rating	Recommendation From The Initial Systems Audit	ZGF's Response	Degree of Completion	Evaluation of Action Taken and Updated Recommendation	ZGF response
					speed.			
12	Asset Management	The fixed assets register was maintained outside the Navision system in an excel spreadsheet. This may weaken controls on the assets as excel does not maintain an audit trail on any changes made.	2	ZGF should configure an Asset module within its Navision system so that the maintenance of assets are made part of the accounting system.	The authorised dealers of MS Navision will configure the system so that the asset register is maintained in MS Navision.		No further recommendation - We noted that the fixed asset module from MS Navision system was configured and is now operational since 31 July 2015. A parallel fixed asset register has also been maintained in Excel during this transition period. The system is also able to re-compute the depreciation in line with the accounting policies.	N/A
13	Financial Management Structure	There was not a clear policy on authorisation limits and the responsibilities of budget holders. We understand that in practice there is a system in place but it is not clearly documented or evidenced on the face of the Purchase Vouchers.	2	We recommend that there is a documented policy on the tiered level or authorisation of payments. Limits can be set through discussion between management and the Board. The Purchase Vouchers should show clear evidence of who has authorised purchases including the budget holder, finance and the final authoriser.	The old FMAP manual had clear authorisation limits which were always respected. Management authorizes payments of up to ZMW 200,000. Payments exceeding ZMW 200,000 are always signed by the designated signatories on the Board. The new FMAP manual maintains these authorisation limits (see section 10.1.). The payment vouchers will be amended to reflect the budget holder's		We have reviewed the payment vouchers and have noted that the budget holders sign on the certified by specimen. ZGF has been using the newly reprinted payment vouchers since June 2015. However, a walk through test performed on a payment relating to the purchase of a motor vehicle - Toyota Hilux 4 X2 double cab amounting to ZMW 246,034.08 was signed by the Finance Manager and Chief Executive Officer and not by any of the designated board signatories as per the threshold limits set in the Financial Management and Accounting Procedures manual. <i>We recommend that management should ensure that only designated</i>	The procurement of the vehicle was done in the presence of a Board member. The initial payment transfer of ZMW 246,034.08 was signed by two Board members and a copy of the letter was handed over to the auditors. ZGF has already initiated changing payment instructions for the EU bank

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Finding Reference No. (Systems Audit)	Main body Section	Finding	Priority Rating	Recommendation From The Initial Systems Audit	ZGF's Response	Degree of Completion	Evaluation of Action Taken and Updated Recommendation	ZGF response
					approval.		<i>signatories sign payments above the threshold of ZMW 200,000.00.</i>	account as per FMAP manual. Both panels have Board members as signatories to approve transactions above the threshold of ZMW 200,000.
14	Procurement	Procurement thresholds for consultancies, hotels, workshop and conferences are very high, the definitions are also very broad, thus giving rise to potential for abuse of the system and lack of value for money. There was also not a clear audit trail on the methodology used for procurements and clear sight of the deliverables.	2	ZGF management should revise the threshold limits for single sourcing, and broaden the sourcing of hotels clause to make their procurement more competitive, and enable the organisation to obtain better value for money. The Payment Vouchers should also detail the procurement methodology and reference any files. Where an invoice gives reference to a deliverable, clear indication should be given on the Payment Voucher/invoice that the deliverable has been done/received before payment can be made.	Response to the statement: The observation that the audit trail on methodology used for procurements is incorrect. For any procurement (both goods and supplies) an Evaluation Summary Form is always completed and signed by the budget holder. Evaluation Summary Forms for services are then filed separately with the contract, while Evaluation Summary Forms for supplies are filed in the procurement of supplies file. Once a service is delivered a Quality Assurance		No further recommendations – We were able to perform walkthrough tests through the purchase of goods and services with a clear audit trail.	N/A

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					Form is always completed, signed by the budget holder and attached to the payment request. For goods a Goods Received Note is always attached to the invoice for payment. Response to recommendation: Single-sourcing threshold: The single sourcing threshold was reduced to ZMW 50,000 in order to further strengthen the control element in the procurement process as regards single sourcing (see section 18.2. in the revised FMAP manual approved on 7th December 2004). Sourcing of hotels: In addition to the recently established list of pre-qualified suppliers, ZGF is in the process of pre-qualifying hotels and			

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					lodges for places most frequently visited by ZGF. Procurement methodology: The procurement methodology used is clearly reflected in the documents attached to the payment vouchers.			
15	Procurement	The Procurement Policy of the organisation does not include details of the frequency for the updating of the approved list of service providers so that the list remains up to date and competitive.	2	The Procurement Policy of the organisation should be amended to provide the frequency for the updating of the approved list of service providers	This is noted and shall be included.		There is no provision in the Financial Management and Accounting Procedures manual for the frequency of updating the list approved service providers and suppliers. <i>We recommend that an amendment be to the Financial Management and Accounting Procedures manual to include a provision stating the frequency for updating the list of pre-approved suppliers and service providers.</i>	This was an oversight. The FMAP manual under procurement has since been amended.

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Finding Reference No. (Systems Audit)	Main body Section	Finding	Priority Rating	Recommendation From The Initial Systems Audit	ZGF's Response	Degree of Completion	Evaluation of Action Taken and Updated Recommendation	ZGF response
16	Anti-Corruption and Risk Management	The risk register did not detail how often it needed to be updated. Without disclosing the frequency and the responsible person to update the register, the register may remain outdated and the relevant risks an organisation is facing may not be known and managed. Additionally, the organisation has identified the risks it is exposed to in its risk register but ZGF has not detailed the actions required to manage these risks.	3	We recommend that ZGF management documents the frequency for risk register update. We recommend that management should have a documented approach (policy) of how this risk is being managed.	The risk register clearly stipulates the controls in place for all risk identified and actions to be taken. The risk register is managed by the Internal Auditor and discussed at Audit and Risk Committee meetings. A clause stipulating the frequency for updating the register shall be included in the Internal Audit Policy and Procedures Manual	A	No further Recommendation – Internal audit policy and procedures manual states that the risk register shall be updated by management quarterly and presented at the quarterly audit and risk committee meeting.	N/A
17	Partner Selection	The organisation is in the process of migrating the Doc share information to the MS SharePoint system which will have more controls in place.	3	We recommend that the migration of the Doc share system is done so that the grants information is saved on a more secure database.	The grants management database is currently being transferred to the Access database on MS SharePoint.	A	No further recommendation.	N/A
18	Monitoring and Grant Partner audits	We observed that the Grant policy did not include close out procedures for partners engaged with ZGF. Close-out procedures would inform partners	3	ZGF needs to include provisions for the close-out procedures in their agreements with partners. These provisions should also be detailed in its Grants manual.	All current grant contracts clearly stipulate the close-out procedure (see section 6.1.3, 6.2.3, 6.2.4 and 8.4 of the Initiative Support	B	We noted that the grants close out provision has been included in the draft Grants Manual Procedures under section X (10) – (a) and (b) and approved by the grants committee. However, as noted above the final	The grants manual is currently being finalised and will be submitted to the Grants Committee in October

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Finding Reference No. (Systems Audit)	Main body Section	Finding	Priority Rating	Recommendation From The Initial Systems Audit	ZGF's Response	Degree of Completion	Evaluation of Action Taken and Updated Recommendation	ZGF response
		on the steps to take when their project is winding up, and at what point they need to start the close out process.			grant contract for example). These close out procedures are now clearly stipulated in the draft grants manual yet to be finalised.		Grants manual is yet to be approved by the board of directors. <i>We recommend that Management should urgently finalize the grants manual and submit it to the board for approval.</i>	for approval by the Board.
19	Grant Accounting – Recognition of Grants and sub-grant balances	The Foundation potentially carried a risk of recognising grant amounts and sub-grant balances on the basis of grant accounts	2	Subject to further discussion between the Foundation and the financial partners, we encourage management to comply with the conditions of all grant agreements and apply IAS 20 on the basis of full compliance with grant conditions.	Management has taken note of the recommendation and will review the recognition criteria for grant amounts in line with IAS 20. With the shift from cash to accruals in January 2014, sub grant balances are however recognised on the basis that Grant Partners have complied with the conditions attached to the grant.	B	Management has adopted the accrual method of accounting for grants where all grants disbursements are being accounted for as receivables. Further review of the Grants receivables balances (age analysis) show that a total of ZMW 3,854,693.62 is receivable from the grant partners as at 31 August 2015 and that 63% (ZMW 2,422,0637.47) of that amount is over 90 days. This could indicate delays in amortising the partner balances in that the partners have not submitted their financial reports on time or poor monitoring by ZGF. We also noted that the amortized amounts were not being matched in the accounts receivable module against the respective disbursement resulting in unmatched negative balances in the debtor's age analysis. <i>We recommend that the all amortised amounts are matched to the respective amounts and that there is</i>	This is a software programming issue of MS Navision. By 30th October 2015 , MS Navision will be reconfigured to ensure that the grants receivable age analysis report matches amortised expenses to the disbursements they relate to. The system will further be configured to enable it produce an age analysis that goes beyond the conventional 90 days.

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							<i>regular review and reconciliation of partner balances so that timely corrective measures are taken on long outstanding balances.</i>	
20	Sub Grants – Level of Partner monitoring	We were unable to link the level of partner monitoring to specific risk characteristics of each funded partner. There was no evidence to suggest the frequency and level of monitoring was tailored to address the risk characteristic of each partner.		1. Sub-grant monitoring activities should be tailored to take account of the risk profile of each grant recipients. 2. Individual assessors in ZGF should perform assessments for the funded partners to build a recipient risk profile. The higher the risk rating, the more analysis or scrutiny that should be performed	Grant Partners monitoring is conducted on a quarterly basis. During M&E visits the Financial Management Assessment Tool is used to assess risk levels for Grant Partners. An overall risk rating is then established as to whether an organisation is a low, medium or high risk organisation. Based on the findings, specific areas of concerns are addressed through targeted capacity development interventions.	B	We noted at the time of the audit that the organisation had come up with a grants risk profiling document (work in progress) but had not tailored its monitoring visits based on the risk characteristic of its partners. This we were informed would be done in the medium term. <i>We recommend that the grants department completes the risk profiling exercise and that future visits are tailored accordingly so that partners with high risk profile can be readily identified and assisted.</i>	The grants risk profiling has been completed and it is part of the grants management database. Future monitoring visits starting in in November, 2015 will be tailored accordingly so that partners with high risk profile are given special attention.

Annex 1: Persons contacted or involved in the Audit

The Auditor –	
ine Henning	Audit Manager
ama Chipulu	Audit Senior
Sheila Von Hofsten	Audit Assistant

The Entity subject to audit –	
Barbara Nost	CEO
Christine Leiser	Acting CEO
Chimfwembe Bwalya	Finance Manager
John Daka	Grants Manager
Sibeso Chipwaya	Internal Auditor

Delegation of the European Union Zambia	
Fabienne Van Den Eede	EU Head of Delegation
Lorraine Maputo	Programme Officer

Annex F - Progress towards Immediate Outcome 1

Progress towards immediate outcome 1 (CSOs access to financial support to effectively engage at different stages of the policy cycle is improved)

Verifiable Indicator	Baseline (2011)	Achievements (2012)	Achievements (2013)	Achievements (2014)	Target 2015
7. Number of GPs located and working in <i>Affirmative Action</i> districts	Located: 4 Working: 24	Milestone Located: 9 Working: 44 Achieved Located: 4 Working: 36	Milestone Located: 14 Working: 64 Achieved Located: 4	Milestone Located: 19 Working: 84 <i>Not provided</i>	Located: 24 Working: 104
8. Number of GPs graduating and / or receiving repeat grants	0	Milestone – 15 Achieved INI: 5 Ear INS: 1 INS: 0	Milestone – 25 Achieved - 5	Milestone – 30 Achieved - 14	40
9. Number of applicants that demonstrate work at different stages of the policy cycle beyond agenda setting (cumulative)	47	Milestone – 67 Achieved - 80	Milestone – 90 Achieved - 89 (80+9)	Milestone – 110 <i>Dropped</i>	130
10. Number of new grant contracts awarded (cumulative)	INI: 40 INS: 6 Ear INS: 2	Milestones INI: 45 INS: 11 Ear INS: 12 Achieved INI: 46 INS: 9	Milestones INI: 60 INS: 16 Ear INS: 22 Achieved - 74	Milestones INI: 80 INS: 18 Ear INS: 32 Achieved 96	INI: 100 INS: 20 Ear INS: 42 Achieved 112 (as at June 2015)

Verifiable Indicator	Baseline (2011)	Achievements (2012)	Achievements (2013)	Achievements (2014)	Target 2015
		Ear INS: 6			
11. Number of successfully completed projects or programmes ⁴⁶	6	25	(51 out of 91)	<i>Not provided</i>	
12. % of GPs that perceive ZGF support as being very good ⁴⁷	Positive perception	Positive perception	25% Very satisfied 69% Satisfied	94% satisfied / very satisfied	

⁴⁶ It is not clear where indicators 11 and 12 come from. They were included in the self-assessment conducted by ZGF (who were asked to update the data in the Strategic Plan logframe, but do not appear in the original logframe at all.

⁴⁷ See previous footnote.

Annex G – Progress towards Immediate outcome 2

Progress towards Immediate outcome 2 – GPs' organisational capacities for effective policy engagement are increased

Verifiable Indicator	Baseline (2011)	Achievements (2012)	Achievements (2013)	Achievements (2014)	Target (2015)
13. Number of GPs demonstrating community involvement (and ensuring gender is considered)	<i>December 2012 baseline</i>	33	26	<i>As per changed description in Business plan: 262⁴⁸</i>	<i>None provided</i>
14. Number of GPs that influence policy using evidence based methods	INI: 30 INS: 6 EarINS: 1	Milestones INI: 45 INS: 11 Ear INS: 12 Achieved INI: 31 INS: 7 Ear INS: 4	Milestones INI: 60 INS: 16 Ear INS: 22 Achieved INI: 2 INS: 15 Ear INS: 5	Milestones INI: 80 INS: 18 Ear INS: 32 Achieved <i>Not provided (but see footnote)⁴⁹</i>	INI: 91 INS: 20 Ear INS: 42
15. GPs maintain Low Risk or improve financial management scores	INI: 10 INS: 5 EarINS: 0	Milestones INI: 15 INS: 7 Ear INS: 7 Achieved INI: 12 INS: 7	Milestones INI: 20 INS: 9 Ear INS: 12 Achieved INI: 17 (out of 30)	Milestones INI: 25 INS: 11 Ear INS: 17 Achieved <i>Not provided</i>	INI: 30 INS: 13 Ear INS: 22

⁴⁸ The indicator in the Business Plan is: Number of communities GPs are directly working with claiming their rights and engaging in policy.

⁴⁹ This indicator has been changed in the business plan (the words 'number of' have been deleted) but it is noted that, according to ZGF, all GPs used evidence based methods to some degree.

		EarINS: 0	INS: 3 (out of 3) Ear INS: 1 (out of 8) JPAS: 2 (out of 3)		
16. Number of GPs accessing RR and JPAS grants	JPAS: 0 RR: 2	Milestones JPAS: 10 RR: 7 Achieved JPAS: 3 RR: 3	Milestones JPAS: 20 RR: 12 Achieved JPAS: 6 RR: 4	Milestones JPAS: 30 RR: 17 Achieved <i>Not provided</i>	JPAS: 40 RR: 23
17. Number of GPs taking up ZGF recommendations after monitoring visits	INI: 9 INS: 0 EarINS: -	INI: 11 INS: 2 EarINS: 0	<i>Dropped</i>	<i>Dropped</i>	
18. Number of GPs with functional M&E systems at organisational level	0	Milestones Systems 10% Utilised: 100% Achieved Systems: (25) 51% Utilisation: 5%	Milestones Systems 40% Utilised: 50% Achieved Systems: 36 (25+11) (no percentage provided)	Milestones Systems 75% Utilised: 50% Achieved Systems: 42 Utilisation: 55%	Systems 100% Utilised: 50%
19. Number of GPs effectively mainstreaming gender, HIV and AIDS and disability internally and externally	<i>June 2012 baseline</i>	(No milestone) Gender: 9 HIV & AIDS: 16 Disability: 4	(No milestone) Gender: 11 HIV & AIDS: 17 Disability: 5	(No milestone) Achieved <i>Information no longer captured this way</i>	
20. Number of GPs producing policy implementation reports⁵⁰	-	INI: 22 INS: 7 Ear INS: 3	INI: 2 INS: 15 Ear INS: 5	<i>Not provided</i>	

⁵⁰ It is not clear where indicators 20 comes from since it is not included in the logframe.

Annex F - Inception report

The inception report is available as a separate document.



Evaluation of the Zambian Governance Foundation (ZGF) Joint Financing Agreement

This report, which has been commissioned by the Swedish Embassy in Lusaka, presents a review of the Zambian Governance Fund (ZGF), a pool fund supported by various Cooperation Partners including Sida and GIZ. ZGF has made significant progress in the period under review (2012-15) and the support provided is regarded as generally relevant, efficient and effective. ZGF offers good value for money and it has achieved much progress towards its stated outcomes. It has also led to some impact on governance in Zambia and has built the capacity of CSOs making them more effective and sustainable.

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