

DRAFT FINAL REPORT

**THEMATIC EVALUATION OF THE
SUSTAINABILITY OF CAPITAL GRANT AID
PROJECTS BY JAPAN**

LESSONS FROM DONORS OPERATING IN ZAMBIA

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Commissioned by

JAPAN INTERNATIONAL COOPERATION AGENCY

24 March, 1999

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CHAPTER ONE

INTRODUCTION

1.1 The Macroeconomic Background

Zambia has gone through a series of significant policy shifts since independence in 1964. At independence, the country's mineral resources were well developed and its expenditure levels reflected the steady and considerable export receipts mainly from copper. The country's economic performance declined after 1974 largely due to the fall in world copper prices and the 1974/75 oil crisis. It is worth observing that growth rates have been sluggish and erratic for all sectors since then. Behind this negative growth experience lies a combination of structural and capacity weaknesses; inappropriate policies; and, at times, bad weather. In order to cope with these problems, the former government began in 1983 to work towards economic liberalisation. Box 1 gives the chronology of Zambia's economic policy changes.

Box 1: Chronology of Zambia's Economic Policy Changes

PERIOD	ECONOMIC REGIME
• Before December 1982	• Centralised planning and controlled regime
• December 1982 - October 1985	• Decontrols and deregulation
• October 1985 - April 1987	• Highly liberalised regime
• May 1987 - November 1988	• Return to controlled regime
• November 1988 - June 1989	• Relaxation of some controls
• July 1989 - April 1991	• towards full-scale liberalisation
• May 1991 - October 1991	• Political transition with both government and the opposition expressing support for Return to highly flexible economic regime.
• 31 October 1991	• New government of President Chiluba took over power from President Kaunda through elections
• November 1991 - Present	• Fully-fledged Structural Adjustment Programme ¹

Since the MMD government came to power in 1991, its reform programme has rested on three main policy planes, namely, the removal of subsidies; economic liberalisation and stability; and the privatisation of the public sector enterprises.

¹ Government continued to co-operate with the rest of the international community and adhered on 28 February, 1996 to the Sixth Minute with Paris Club Creditors making the country eligible to Naples Terms of debt reduction (i.e 67% debt flow write-off in net current value terms). Zambia was also admitted into the club of the Heavily Indebted Poor Countries (HIPC) Initiative.

Another important consideration in any discussion of Zambia *vis- -vis* external aid relates to the country's level of external indebtedness. After all, high levels of indebtedness do set limits on the degree to which a country could manoeuvre with respect to policy choices in its external relations. Zambia is presently one of the world's most heavily indebted low income countries. The country's external debt stock has progressively been increasing in recent years, reaching US \$3.7 billion in 1992, US \$4.2 billion in 1994 and US \$7,143 million in December, 1997. The increase in the debt stock over the period is largely on account of increased borrowing from the multilateral soft window. With this situation, Zambia has been classified as one of the severely indebted low income countries along with such countries as Mali, Mozambique and Uganda. The prospects for growth and improved conditions of living of the Zambian people have continued to be hampered by the debt burden. The stock of debt of the country remains enormous with debt service absorbing a significant share of resources meant for critical developmental programmes.

About 60 percent of Zambia's debt is owed to the World Bank and IMF (58 percent) and short term creditors (5.1 percent). This means that 60 percent of the country's debt can not be rescheduled and Zambia can not default on it. It is, therefore, evidently clear that donors are critical to Zambia because of the crippling debt that Zambia owes. Thus, notwithstanding the need for reducing aid dependence, Zambia seems to introduce a somewhat complicated paradox: donor assistance is expected to continue to play an important role in the country's development effort. For 1998, donor pledges amounted to US \$523 million.² However, hardly anything was released that year as the Paris Club members were not happy with what is being perceived as the country's bad governance record.

One challenge is imperative given the present capacity limitations of the Zambian government *vis- -vis* that of its donors and lenders: in order for the country to be able to take advantage of the opportunities that are emerging on the global scene with regard to debt reduction, institutional and human resource capacities must be built as a matter of urgency. Zambia needs to train - and retain - qualified negotiators that possess the ability and determination to look at alternative options available to the country in the interest of the country. This also calls for structures that would allow for frequent consultations with the country's development partners in a manner that is transparent and credible to all stakeholders.

Given the above discussed economic difficulties Zambia has been going through in the past two decades, the country has received significant levels of external assistance. Since the 1960s, aid to Zambia had shown steady increase (at current prices), particularly during the early 1990s. It is worth noting that bilateral aid has been more significant than multilateral assistance. At the bilateral level, the United Kingdom was the major donor to Zambia during the 1970s, followed by the United States and Sweden, in that order. The other major donors at the time were West Germany,

² The major donors are Canada, Denmark, European Union, Finland, France, Germany, Ireland, Italy, Japan, Netherlands, Norway, Sweden, UK, USAID, African Development Bank and the World Bank.

Japan, Canada and Norway. The ranking changed during the 1980s when Japan became the lead donor, followed by Germany, Sweden and the Netherlands.

Aid, as measured by gross overseas development assistance (ODA) increased by an annual average of 40 percent over the period 1960-1996. It increased from US\$56 million in 1973 to an average of US\$312 million over the period 1977-1989 as the country embarked on the IMF/World bank structural adjustment programme (SAP). Between 1990 and 1994, aid jumped to an average of US\$951 million. It reached a record high of US\$2,093 million in 1995, resulting in a growth rate of 172 percent over the previous year. This was largely because of the donor countries satisfaction with the country s transition to multiple party democracy in 1991 and a more intensive implementation of SAP thereafter. However, the volume of aid declined by 70 percent to US\$636 million in 1996. With the exception of 1995, figure 1 also shows that aid volumes have been on the decline since 1992 largely owing to the donors concern about democracy and governance record of the government, though remaining relatively high compared to previous periods.

Figure 1. Movements in the Volume of gross & net Aid

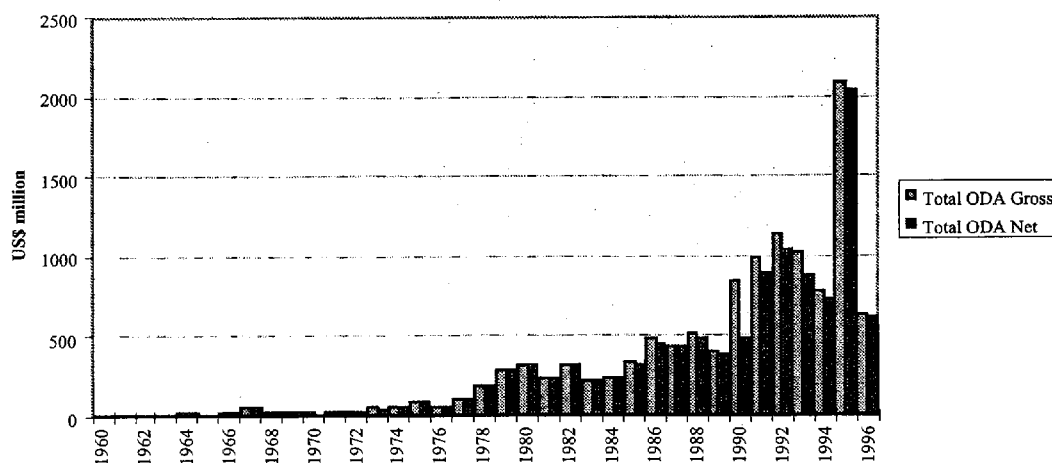


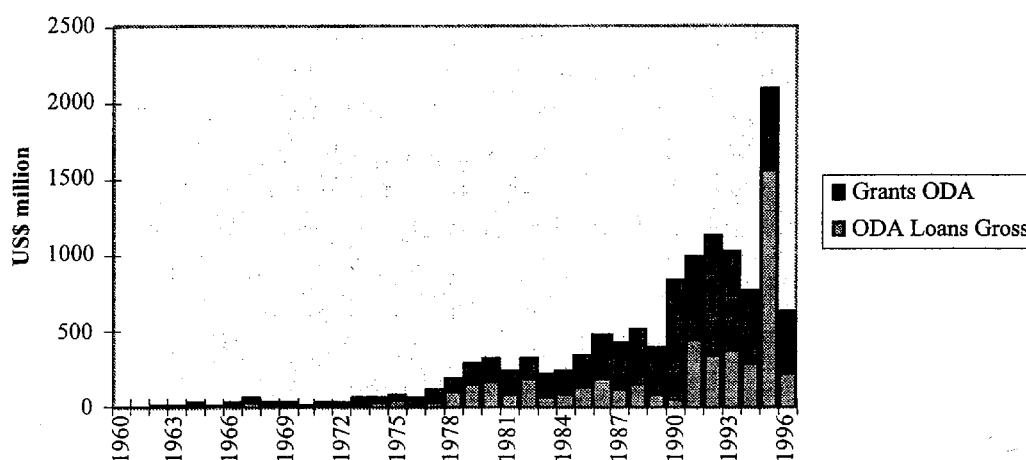
Figure 1 further portrays the movement in the magnitude of net ODA flows to the country over the entire period. These net flows follow the same pattern as the gross flows. In some periods, the magnitude of both flows are almost similar while the net flows are slightly below gross flows in others. Up until 1989, interest payments on concessional loans were below US\$28 million, averaging US\$5 million per year over the 30 year period. In 1990, debt service reached its highest level at US\$364 million and declined to an average of US\$117 million per year in the period 1991-93. It further went down to an annual average of US\$54 million in 1994-95 and US\$22 million by the end of 1996.

It is noteworthy that the bulk of external assistance to Zambia consists of grants (Figure 2). Grants play an ever-increasing role in total gross ODA flows into Zambia. With the exception of the 1978-1982 period and during 1995, external assistance in the form of grants has been more significant compared to loans. This aspect is evidenced

by the worsened debt crisis that has persuaded the bilateral donors to extend their assistance chiefly as grants.

Commitments by donors to social infrastructure and services, consisting of education, health, water supply and sanitation, has increased steadily since 1997 at US\$10 million and rapidly from 1995 when they amounted to US\$191 million and dropped to US\$85 million in 1996 resulting in an average annual growth of 18.3 percent. Commitments to programme assistance has been moderate with an all average contribution of 24 percent. The assistance peaked in 1990 at US\$117 million and dropped to US\$1 million in 1996. The decline averaged 3.7 percent per year over the period 1973-96.

Figure 2. Composition of Gross ODA



Source: Data in Appendix I.

Notwithstanding the amount and pattern of external resource inflow to developing countries, there has been an increasing concern among both donors and recipients world-wide that the intended impact of external assistance has remained marginal even where actual volumes have increased significantly. This is in spite of a number of recipient economies taking on board most of the conditionalities specified by donors, including the now trendy non-economic ones such as those pertaining to democratic political systems; good governance; and environmental considerations. While much of what has happened so far in discussions of aid dependence-cum-effectiveness has tended to centre on internal project-level indices of success as defined mainly in economic and technical terms, one quite fundamental perspective has been marginally treated, namely, the modalities of project design and implementation *vis-à-vis* the donor-recipient relationship therein. There has also been a tendency in many analyses to underplay the role of the recipient government's institutional capacity not only to meaningfully absorb aid but also to design and manage projects that can effectively achieve sustainable results. As a result of the neglect of the recipient countries' capacity limitations, a number of studies have unjustifiably placed undue weight on the inappropriate policies that are pursued by the donors themselves.

The capacity of the recipient government to identify the problem; design project implementation tools; and manage, monitor and evaluate such projects during their life circle is crucial in any meaningful approach to improved donor-recipient interaction. This fundamentally calls for improvements in the capacity of the recipient government to be able to discriminate good from bad aid in a way that takes into account the special needs and priorities of the nation. Equally critical in the analysis is the importance placed on co-ordination among and within the main players in the donor-recipient interface so that their collective actions are harmonised in a way that avoids undesirable duplication of effort that tends to complicate both the government's and the donor's aid management function. This aspect also calls for the need to strengthen institutional capacities in both the donor and recipient camps.

1.2 Methodology and Approach

In the light of the above, the Japan International Cooperation Agency (JICA) is conducting a thematic evaluation study on the sustainability of capital grant aid projects. The main purpose of the study is to evaluate the performance of all Japanese capital grant aid projects world-wide since the 1980s with a view to establish, inter-alia, their sustainability. The ultimate goal of this exercise is for Japan to learn from other donors experiences the best methods for attaining sustainable results from capital grant projects. Zambia has been included in this world-wide study.

1.2.1 Scope and Objectives

For Zambia, the scope of coverage in the Study includes an examination of the general strategies for project formulation, implementation, monitoring, and evaluation; establishment of the criteria for specification of capital investment; capacity building for institutional development; the criteria used for donor's coverage of local costs; the issue of ownership and partnership; and consideration of sector-wide approach (SWAp):

To fulfil the above tasks, this Study has selected a representative number of donors for analysis using the above-mentioned considerations. For each one of the selected donor, a capital grant project/programme of at least US\$2 million dollars is selected for closer scrutiny *vis- -vis* project sustainability. The identified donors/project for this Study are as follows:

DONOR	PROJECT
USAID	Lusaka-Kafue Road Construction
CARE	Livingstone Food Security Project
SIDA	Economic Expansion in Outlying Areas in Northern and Eastern Provinces
Germany	Rehabilitation of Manyinga-Mwinilunga Gravel Road
NORAD	Luangwa Integrated Resource Development Project
UNICEF	WASHE
European Union	Micro Projects Programme
United Kingdom/ DFID	Lusaka Urban Health Project

Irish Aid	Compound Upgrading Programme
Danida	Public Telephone Project, Phase II

RESULTS OF INTERVIEWS AND OBSERVATIONS ON DONOR AGENCIES

2.1 Introduction

To the extent that this Study aims to capture lessons for the sustainability of projects that have benefited from the capital grants of Japan, it is imperative that the governing principles of Japanese aid are appreciated from the outset. This would help in the interpretation of the results from the case studies in this Report in the context of how much JICA can learn from their experiences.

Perhaps the most important guide to Japanese aid is the country's ODA Charter that was adopted by Cabinet in June 1992. The Charter, necessitated by Japan's becoming the world's largest ODA donor, clarifies the basic philosophy and principles for Japan's ODA. It gives Japan's basic policy towards assistance from a broad-based, long-term perspective. The Charter recognises the fact of interdependence among nations of the international community that stability and further development of the developing world is indispensable to the peace and prosperity of the entire world. It argues that assistance to developing countries should be based on supporting self-help efforts. The extension of Japanese aid, according to the Charter, should be founded on a number of principles that include the following:

- environmental conservation and development should be pursued in tandem;
- any use of ODA for military purposes or for aggravation of international conflicts should be avoided;
- full attention should be paid to trends in recipient countries military expenditures, their development and production of mass destruction weapons and missiles, their export and import of arms, etc.; and
- full attention should be paid to efforts for promoting democratization and introduction of a market-oriented economy, and the situation regarding the securing of basic human rights and freedoms in the recipient country.

Apart from the above, consideration of Japanese assistance takes into account the recipient-country requests and its prevailing socio-economic status. Ultimately, the goal of Japanese assistance is to improve the living conditions of people in the recipient country.

It is noteworthy that there has been an important policy shift, particularly since 1993, in Japanese ODA from the request-oriented approach to the jointly initiated approach

with a view to strengthening policy dialogues and the preliminary surveys that usually follow requests from the recipient governments (see below). The Japanese focus now with respect to project effectiveness and sustainability is on the promotion of closer policy dialogues with the recipient with a view to improving both the quality of ODA and the preliminary surveys. The premium that has recently been placed by Japan on policy dialogues and preliminary surveys is necessitated by the recognition of the importance of local ownership and control by the recipient country of its own programmes while, nevertheless, appreciating that principles of partnership in development co-operation. In this regard, the fuller involvement of the recipient country is expected to include its allocation of counterpart funds and personnel.

The change in approach has resulted in Japan dispatching project confirmation survey teams to discuss the recipient countries priorities. Similarly Japan has conducted project formulation surveys using Japanese experts. Japan also dispatches high level missions on economic and technical cooperation to the recipient countries to discuss development prospects on the basis of the latter's aid policies.

Given the recognition of the fact that centrally-negotiated ODA does not always meet the needs and expectations of locals at the grassroots, Japan has recognised the necessity of involving lower-level organs and individuals in project implementation, either directly or through their representatives such as NGOs.

Japan has also recognised the importance of post-project evaluations and follow-up systems. In the recent years, the Japanese evaluation capabilities regarding whether projects have had the desired effect has been enriched by calling on outside experts and private sector groups to perform evaluations, conducting joint evaluations with other aid donor countries and international organisations, asking recipients to evaluate the aid they have received, and asking local Japanese embassies and consulates to perform evaluations. Starting in 1994, country evaluations findings have been fed back to stakeholders by holding evaluation seminars.

2.2 Lessons from other Donors

Results of interviews and observations of donor agencies have revealed a number of salient aspects that collectively constitute important ingredients for the sustainability of projects that benefited from capital grants. Below are the main findings.

2.2.1 Strategies for Project Formation, Monitoring and Evaluation

From the ten donors examined in this Study, a number of generalisations could be made with respect to similarities. The following aspects are noteworthy.

Project Identification/Formation

All the examined donors usually extend support to Zambia after the recipient has made an expression of need, often through an express request. Once the request is received, the donor assesses the feasibility of the proposed area of support using standard principles and sets of criteria that are usually unique, in detail, to the specific donor. It

is at this level where there are differences in approach particularly with respect to the content and detail of conditions for support. This is one area of special interest to Japan in its relationship with recipient countries. Japan believes that ODA's efficient and effective implementation calls for better pre-implementation preliminary surveys in order to accurately assess needs of the recipients. This calls for fuller and meaningful dialogue with recipient governments as well as targeted beneficiaries of aid prior to implementation of specific projects.

Donors have generally tended to set priority principles and conditionalities that guide their support to Zambia. Matrix 1 gives the general picture of the examined donors.

DONOR	PRE-CONDITIONS FOR ASSISTANCE AND PREFERRED MODES OF SUPPORT						
	Poverty reduction	Good Governance	SAP	Project Support	Sector Support	Sector Program Support	Other Conditions
Sida							
Danida							
EU							
DFID							
Irish Aid							
NORAD							
Care							
UNICEF							
Germany							
USAID							

Increasingly, most of the donors examined have identified poverty reduction as one of the most important defining variables for the purpose of funding. The most prominent donors in this regard are Danida, DFID, UNICEF, and Irish Aid. Danida (which fairly represents the general thinking and principles in most of the other donors) published in 1994 the strategy document, *A Developing World*. This outlined Danida's thinking for the coming period towards the year 2000.

When considering the term social progress it was decided by Danida to interpret this as an emphasis on the reduction of poverty. This has now become the fundamental guiding principle of Danish development assistance. Making this principle operational implies that aid activities must be prepared, appraised, implemented, monitored and evaluated with respect to their impact on reducing poverty. The ultimate criteria of success in applying the poverty reduction objective are whether bilateral aid contributes towards strengthening the capability of the poor to access resources, to develop secure livelihoods, to increase their knowledge and to exercise their rights. The strategy document, *A Developing World*, outlines Danida's poverty reduction strategy, which can be summarised as follows:

- The promotion of sustainable economic growth. This includes the use of redistribution policies as an integral part of economic policy;

- The development of social sectors, including health and education. These are seen as prerequisites for the development of human resources; and
- The promotion of popular participation in the development process and development of a society based on the rule of law and good governance. These are seen as prerequisites for stability and economic, political and social progress.

In the light of the above, Danida's support to Zambia under its Public Telephone Project (see Chapter Four of this Report) specifically states that the services to be provided under this capital grant aid project should be, inter-alia, affordable by users from low income groups in Zambia.

DFID, similarly emphasises the need to address the plight of the poor as an important consideration in its support to Zambia. Under its Lusaka Urban Health Project (see the case study in Chapter Four), DFID states as the wider objective of the Project to improve access to appropriate health services by the urban poor in Lusaka.

The second most important criteria that donors highlight is the need to integrate community involvement/participation in the projects that they support for sustainability assurance. All the ten donors covered in this Study emphasised the need to involve the beneficiaries in the projects that they support. Care International is particularly explicit in this respect. The household livelihood security model or approach which requires full community participation in all stages of the project cycle is used by Care. The initial assessment, programme of action, monitoring and evaluation is done with the full active involvement of the community. The community itself provides the indicators used for the evaluation.

This form of involvement entails, in the case of the average donor, the community's participation in the entire project cycle, from project conceptualisation and formulation to implementation, monitoring and evaluation. This fundamental principle is also justified on the grounds of the need to ensure local ownership of the capital grants projects that are funded by donors. The concept of local ownership is increasingly being perceived and interpreted by donors to go well beyond the national governments that are usually the direct participants in aid negotiation. It is now being recognised to include the lower level organs, particularly those at the grassroots, in the definition of local ownership. The case of USAID is quite illustrative *vis-à-vis* the involvement of the recipient country. USAID works in close consultation with the Zambian government in the formulation, evaluation, implementation and monitoring of capital grant aid projects. Extensive discussions and consultations between the donor and recipient are undertaken which results in suggestions being put forward. These are then consolidated in a draft strategy. The draft strategy is circulated for comments from the government partner and other stakeholders.

USAID initiated a new strategy in 1998 which is more focused on areas requested by the Zambian government in democracy and governance support; agricultural

development and health sector development. In addition to consultations with the government, the new strategy involves discussions with potential beneficiaries about areas in which other donors are not covering where intervention could be properly applied.

Similar project formulation strategy is observable for NORAD. Projects are initiated by the Zambian government then NORAD responds to the requests by selecting areas of support on the basis of the Norwegian basic strategy for the country. The strategy was formulated in the context of the Norwegian policy on development co-operation which takes cognisance of the position that the recipient country should take full responsible of pursuing its own policies as defined by the government.³ Once a project has been identified, project evaluation, implementation and monitoring is done in close consultation with the recipient country.

Sida's experience with project formulation is in no way different to the other donors above. The Swedish-Zambia development co-operation is built on the policy of *Partnership* and ownership of the projects by the recipient. The partnership policy uses a logical framework approach which sets the project goal, the associated components of the objectives and the corresponding outputs. The implementation of the projects is done by the recipient. Swedish aid to Zambia is guided by the following basic principles:

- supporting economic reforms directed towards creating and sustaining the market economy and economic growth.
- promotion of democratisation process and
- supporting social development

The above basic principles are considered on the basis of performance criteria in the development of the market economy; democracy and respect for human rights; efficiency of aid; and low military spending as a share of total government expenditure.⁴

A similar project identification and formulation approach obtain in the case of Germany. Economic co-operation between Germany and Zambia is based on the Country Programme for Zambia, agreed upon by the governments within the context of Zambia's economic and social reform programme and at the same time conforming to the development policy and criteria formulated by the German government. On the basis of the above over-riding principles, the thrust of the German development co-operation is to support structural adjustment and poverty alleviation in areas where that government has extensive experience and comparative advantage. The major areas of focus are Water supply and sanitation; Privatisation and private sector development;

³ Norwegian support includes debt service payments; balance of payments support; rehabilitation and maintenance of roads; agricultural and rural development (particularly in the Northern Province); and water supply and sanitation.

⁴ SIDA is providing assistance in health; education; agriculture; democracy; human rights and gender; private sector mainly through balance of payments support; private sector development; and infrastructure development.

agriculture and decentralised development planning; transport sector; and health and family planning

The Ministry of Finance and Economic Development is responsible for submitting project proposals to the German Embassy which it, in turn, hands over for implementation by Kreditanstalt fuer Wierderaufbau (KWF). Thus, with the exception of project implementation which is done by an independent contractor contracted by the Zambian government, the two governments consult each other on project formulation.

Project Monitoring and Evaluation

With regard to project monitoring and evaluation, almost all the donors examined use similar processes with differences being mainly at the level of detail and composition of the evaluation teams. Principally, with regard to monitoring, donors have made this an on-going process that involves all the actors in the project implementation system. Most donors integrate in their systems strong Management Information Systems (MIS) that allows them to collect the relevant data regarding project operations and feedback systems. The EU, DFID, Irish Aid, and USAID are particularly emphatic with respect to the need for MIS for performance monitoring. Besides, donors are increasingly using the Logical Framework approach in the project monitoring exercise. Almost all the 10 case studies in this Report (see Chapter Four) have developed project matrices that allow them to set for themselves clear indicators of achievement of goals and the types of project risks that could compromise the realisation of their set targets.

Donors have also build into their project circles mid-term reviews that are part of the monitoring process vis-a-vis project performance. Major differences obtain at the level of who is doing the project monitoring exercise, especially with respect to project mid-term review. Irish Aid, the EU, Care International and UNICEF have tried to perfect community participatory project monitoring systems while others still depend principally on technocrats to undertake the monitoring tasks. At the level of mid-term reviews, external experts have generally been preferred, particularly for capital projects where the donor inputs are largely technical in nature and the implementing agencies are private firms in the donor camp. Nevertheless, there has recently been an increasing trend whereby mid-term reviews has been a joint effort of both internal and external experts, a development that possesses good opportunity for strengthening the evaluation capacities of local expertise, including their respective institutions.

At the level of project ex-post evaluation, most donors examined still depend on external experts but joint efforts with experts in the recipient country are becoming more frequent especially in the light of the increasing debate regarding the question of *local ownership* of the processes vis- -vis capacity building considerations. Danida, the EU, Irish Aid, Sida, Care International, Unicef, and the World Bank have more often than not engaged local experts to undertake project evaluations.

2.2.2 Criteria for Specification of Capital Investment

It is important to specify at the outset that there are no specific criteria for capital investment specification in almost all the donor agencies examined in this Study. The principles used by donors for project identification are generally the same for both capital and non-capital grants. Nevertheless, at the level of project sustainability, donors usually look at the technical specifications vis- -vis the environment to which the equipment is to be installed and utilised. Quite often, however, technical appropriateness has been overlooked. In one of the case studies examined in Chapter Three (DFID's Lusaka Urban Health Project), little attention to technical specifications resulted in a major threats to project sustainability. In the case of DFID, the project's *Mid-term Review* revealed that wrong materials were supplied or used during the construction of clinics. A direct quote from the *Mid-term Review* is quite revealing:

Cooling units in the mortuary at Chipata, Matero, Chawama and Kanyama had broken several times. One hospital washing machine had a broken timer, and another health centre was provided with an ironing machine that never worked. Within the warranty period, Crown Agents (the procurement agent) had provided adequate service, but some of the units have now lost their warranty and staff complained of problems in finding the right spare parts. The main causes of equipment failure appear to be poor usage of the supplied equipment (no spike/surge protectors), inadequate standards of equipment (not good enough for rough handling in public facilities), and insufficient training in equipment maintenance.

2.2.3 Institutional Development and Capacity Building

There exists a number of institutional and resource constraints that have continued to work against African countries' capacity to meaningfully design and implement their development programmes. To address these constraints, the issue of the need for institutional development and capacity building has been singled out as one of the most strategic requisites to the attainment of sustainable development. In other words, capacity enhancement should be central in the country's developmental process. Some of the basic attributes of capacity building in Africa are itemised in Box 1.

The success of future capacity building endeavours, cautioned the World Bank in its 1996 publication that launched a series of studies on the subject, depends mainly on commitment and initiative from African countries themselves... Nothing can be done unless African leaders, elites, and societies recognise the need for capacity building, accept the responsibility that comes with such commitment, and manage donor support in ways consistent with their own development strategies.⁵

Capacity building in the area of enhanced planning capabilities is of particular interest in Japanese aid. Japan's Ministry of Foreign Affairs has actually formulated and implemented country-by-country individual aid guidelines as part of the country's foreign policy. Notwithstanding these guidelines, Japan recognises that these documents merely provide the basic orientation and the priority areas for each recipient

⁵World Bank (1996), *Partnership for capacity building in Africa*, Washington, D.C., The World Bank (Africa Region), January, p.14.

country from the standpoint of that country's nationally-defined development agenda. Nevertheless, Japan sees the need to enhance recipient countries' capacities, including the formulation and articulation of medium-term national plans and programmes

Against the above background, below is an attempt to identify and analyse the most pressing areas in recipient countries that require donor support for the purpose of capacity enhancement. The most basic and broad policy change that is needed to facilitate improved capacity building in recipient countries today is the creation of an enabling macroeconomic environment within which the needed resources are generated in a sustainable way and their utilisation efficiently managed and

BOX 1: CAPACITY BUILDING IN AFRICA

- First, *capacity is central to development*. Capacity is the combination of human resources and institutions that permits countries to achieve their development goals. It allows people to achieve the objectives they set for themselves. Lacking human and institutional capacity, countries must rely on foreign expertise and resources to perform the elemental tasks of development. It should therefore be at the core of any future development strategy or agenda. This implies that African countries and their donor partners must adjust the way they think and act in approaching development to place capacity at the centre.
- Second, *capacity is complex*. It involves far more than the economic capabilities of the government sector - which is how capacity has traditionally been defined. It includes political and social factors in addition to economic ones, and applies to a multitude of interlinked sectors and areas. This implies the need for *strategic* solutions to capacity problems that address interconnected aspects of capacity simultaneously.
- Third, *African countries differ considerably in their levels of capacity* and in the nature of the economic, political and social environment that affects it. To the extent that problems of capacity differ, solutions of a "one size fits all" nature will be ineffective. This suggests the importance of assessing and devising solutions to capacity problems at the national level.
- Fourth, *African countries have lacked ownership of, and commitment to, capacity building*. Most African countries have not come to view their capacity problems as critical, and this is reflected in a lack of focused strategies to deal with them along with continued dependency on expatriate technical assistance. Without African commitment and ownership of capacity building efforts, no amount of donor support or encouragement will reverse the situation. This means that African countries will have to demonstrate commitment if they are to benefit from donor assistance for capacity building in the future.
- Fifth, *donors have tended in the past to exacerbate Africa's capacity problems* by providing solutions based on imported "supply-driven" models. By providing expatriate technical assistance cost-free, they have unwittingly had a negative impact on the growth of local capacity. By performing the work of development for African countries, they have dampened local ownership and commitment. And they have diluted the impact of capacity building through taking a piecemeal, project-by-project approach, with very little co-ordination among donors. The World Bank has undertaken a number of initiatives, programs and projects designed to contribute to capacity building, including the African Capacity Building Foundation; however, these have not yet had an adequate impact.

monitored. The policy of economic liberalisation has already taken shape in many recipient economies. What is required is its strengthening through, for example, the need to support the emergence and consolidation of a viable private sector. Similarly, while the aim of macroeconomic policy under restructuring economies is to strengthen the growth capacity in the economy, it needs to be recognised that prevailing capacity constraints in respect of human resources, technology, infrastructure and ecology can themselves diminish the efficacy of macroeconomic policy in boosting the economies capacity for growth.

Related to the above, one of the most decisive challenges in donor-recipient interaction today *vis-à-vis* domestic resource mobilisation and capacity building is the urgent need for the enhancement of institutional, technological and management capacities.

The role of technical assistance in recipient countries has, in general, attracted considerable debate in discussions of institutional development and capacity building. For Japan, this is increasingly becoming an area of great reflection. This type of technical co-operation, expertise support, is actually mentioned in Japan's ODA Reform Council's Interim Report. The report recognises the importance of strengthening this area.

2.2.4 Criteria for Covering Local Costs

Most of the donors that are examined in this report prefer not to meet local costs, particularly salaries and operational recurrent costs. Danida, in particular, had to itemise all the recurrent costs that it expects to be met by the recipient government as a way of ensuring that the supplementary input of the government is not overlooked to an extent where this threatens the sustainability of the project (see Chapter Three for analysis of Danida's capital grant aid project to Zambia). In almost all the cases, to the extent that the capital grant aid projects are usually integrated into the government system, the government is expected to meet related costs other than the capital grant itself.

A number of donors actually specify the percentage contribution, in cash or kind, the beneficiary is expected to meet. USAID project (see Chapter Three) requires the recipient country to contribute 25 percent of the total budget. The same is true under the EU Micro Projects grants. The financial contribution for Zambia is, however, sometimes waived due to the magnitude of the country's financial stress. However, the country is required to contribute something in kind. This usually takes the form of providing personnel office space and transport.

2.2.5 Ownership and Partnership

The issue of local ownership of programmes is assuming centre stage in development assistance. In the context of projects and programmes, it is generally agreed that the involvement of the beneficiaries is paramount for both project effectiveness and sustainability. The emphasis on national ownership of development effort should include those directly assisted by donors. In this regard, national ownership should not only be at the central government level, but also at other levels involved in donor-assisted activities. This should include local government, the private sector, NGOs, beneficiary communities, households, and individuals that constitute the final beneficiaries.

With respect to capacity enhancement, there is the need for a home-grown capacity building effort. In other words, initiatives towards capacity building must not be supply-driven. Rather, they ought to be driven by client demand. Implied in this principle and quite important to developmental sustainability is another important prerequisite to capacity building in recipient countries, namely, local *ownership* of the process. This entails that there must be nation-wide participation in, and consensus reached on, recipient countries capacity building process. It is only through decentralised and co-ordinated approaches to capacity building that consensus could meaningfully be reached and many of the donors in this Study, particularly Care International, Irish Aid; Micro Projects of the EU; and WASHE of UNICEF have integrated this concept in their activities (see Chapter Three).

Consensus is currently building among donors and development analysts regarding the perceived need to reform technical assistance between donors and recipients. In particular, the major criticism of technical assistance is linked to the general tendency of many donors to impose it on the recipient, thus, leaving the latter with very little room for manoeuvre in decisions pertaining to the transfer of the experts. The case study of DFID's Lusaka Urban Health Project is illustrative of a donor that seemed to have paid little attention to the importance, for sustainability purposes, of minimising the influential role of TA in decision-making, particularly in the financial areas, a phenomenon that may threaten that project's sustainability upon the withdrawal of British support. To the degree that the need for technical assistance is largely supply-driven rather than being a product of demand from the recipient, this component of aid has been perceived to threaten capacity building initiatives in recipient countries. Against this realisation, technical assistance in its present form is seen as a noteworthy constraint to capacity building. In view of this reality, the interviews with the selected donors have suggested the following corrective actions:

- Local people should be involved at every stage of the externally-supported project, i.e. at the design, implementation, monitoring, and evaluation stages. In this regard, there should be a deliberate policy to reduce the number of foreign experts. Simultaneously, the government and donors alike should be made to appreciate and utilise local talent whenever it exists.

- Where it is established that technical assistance is needed, this should be acquired under a clearly defined time-frame during which the transfer of skills to local people should be an integral and well-defined part of such external support and expressly included in the foreign expert s terms of appointment.

2.3 Sector-Wide Approach (SWAp)

All the ten donors examined in this Report subscribe to the sector-wide approach (SWAp) to external assistance. Of the ten, it is perhaps SIDA and Danida that have made explicit and detailed guidelines on the conceptualisation and integration of SWAp in their respective operational modes of assistance. An appreciation of this approach is important for a better appreciation of the recommendations in Chapter Four of this Report.

There are several lessons that could be learnt in international co-operation which have led most donors to recognise that more and better co-ordinated sector support is essential for donor effectiveness and project sustainability. The first lesson is derived from the recipient countries experience with structural adjustment programme (SAP) implementation where the focus is on macroeconomic parameters. Through co-ordinated effort of donors in, say, import and budget support, a more effective system of assistance emerged that, when better managed, has resulted in budget stabilisation and a significant reduction in balance of payments woes. The experience of SAP underlined the importance of the more macro considerations regarding, for example, the need to reform and strengthen the capacity of the private sector and its interaction with the private sector. All this experience has resulted in the conclusion that sector reforms also requires a much more co-ordinated and harmonised programme assistance than has so far been the case.

The second important lesson is that any aid programme that overlooks the institutional capacity considerations necessary to facilitate the creation of an enabling policy environment runs the risk of being unsuccessful and unsustainable. The efficacy and effectiveness of external assistance can better be enhanced if all donors in a particular sector or programme jointly assess and support the development of the local implementation institutions. Thus, rather than individually target support to their respective field projects and activities, a much more effective mode of assistance would be to aid the capacity of responsible local implementing institutions to prepare and effectively manage the programmes/projects themselves.

The third important lesson from external assistance is the adverse effects of the proliferation of donor projects that have placed a significant and, quite often, overwhelming functional strain in the generally ill-equipped government bureaucracies. The sheer number of donors in the average recipient country; the multiplicity of their projects; and their uncoordinated different planning and reporting requirements, accounting, administrative and legal requirements has resulted in *aid fragmentation* and a threat to local ownership. From the recipient s view point, this donor-by-donor and

project-by-project approach has also partially explained the beneficiary government's absorptive capacity of what is provided as aid.

In the light of the above experiences, donors and recipients have concluded that project approach is neither effective nor desirable and a shift to the sector support approach has been effected by many donors. Among the ten case studies in this Report, Sida is perhaps the one with a much longer history of a more comprehensive sector-side assistance. Its first guidelines for this approach were adopted in the early 1980s. Sida bases its sector approach on three criteria:

- that the recipient government has a plan or strategy for the long term development of the sector (minimum requirement is that such a plan/strategy is in the process of being elaborated);
- that the recipient organisation is capable of planning, implementing and co-ordinating projects in the sector; and
- that Sida has access to the technical and financial resources required for implementation of a long term support.

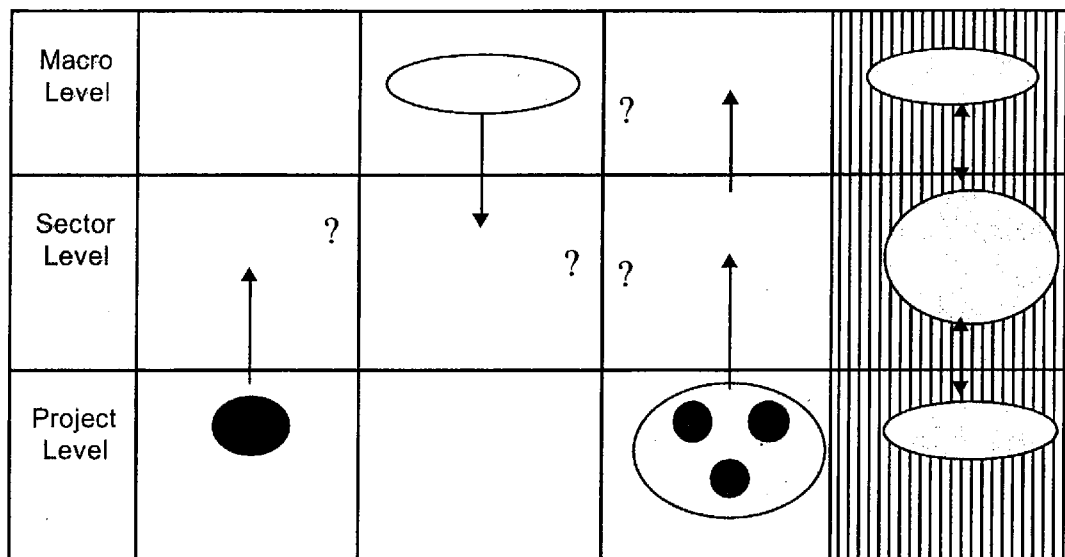
One noteworthy aspect of the sector support programme is that donors hardly co-ordinate with each other. And yet what is desirable is for donors to seek feasible arrangements that assure the harmonisation and co-ordination of their external assistance in the context of meaningful dialogue with recipient governments and other stakeholders. Under such conditions, recipients have sought basket arrangements whereby donor input is targeted into a common pool of a comprehensive sector programme although the contribution may be earmarked for a specific activity within that common basket. An important aspect of this approach, now commonly referred to as *Sector Programme Support* (SPS) is that it is an improvement over the sector support approach in that policy reforms at the sector level as well institutional capacity strengthening are an integral part of the assistance. Thus, as the Sida Sector Programme Support stipulates,

The change from sector support to sector programme support seeks to combine the advantages of the traditional forms as regards planning stability and flexibility of resource utilisation with harmonisation of the support with other donors, aiming at improving the overall conditions for effective and efficient use of external resources. In this process it follows logically that Swedish resources are not entirely ear-marked to specified activities in the sector, but that financial resources can also be used as budget support to non-specified activities in the sector (provided that important policy conditions for sector programme support are to be met).

Figure 1 shows the main differences in the three modes of external assistance, namely, project support, sector support, and sector programme support.

Figure 1: Three main modes of External Assistance: Some Comparisons

	Project Support	General Programme Support	Sector Support	Sector Programme Support



Source: Adopted from Sida (1995), *Sector Programme Support*, Stockholm, Sida, July.

Sector programme support, which is a more advanced form of SWAp, is a new form of assistance. The case of Zambia Agricultural Investment Programme (ASIP) that has reduced about 180 mainly donor-driven projects into 14 sub-programmes is one of the first attempts in SWAp in Africa. While its performance record has been generally poor principally because of institutional capacity limitations, inadequate human and financial resources, and policy inconsistency on the part of the Zambian government,⁶ the principles of this approach are more promising than their predecessors. In conclusion, interviews have revealed that donors prefer the sector programme approach because this mode of assistance does:

- Encourage the government to take a leadership position and use donor resources in accordance with the laid down national priorities;
- guarantee a constructive donor-recipient dialogue based on the government's own policy objectives;
- enhance improved donor-co-ordination;
- realise a better link between the financing of sectoral development and the country's macroeconomic objectives;
- makes transparent the utilisation of both donor and local resources; and
- improve financial sustainability of the sector activities.

1. ⁶ See Saasa, O.S. (1998), *The Agricultural Sector Investment Programme: The Policy Framework: Mid-term Performance Record*, Commissioned by the World Bank and the Government of Zambia as part of the Mid-term Review of ASIP performance, Lusaka, June, 1998.

CHAPTER THREE

RESULTS OF CASE STUDIES

3.1 Introduction

This Chapter looks at ten externally-supported project that are solely or principally in the capital grant aid category. The first five projects are covered with much more detail than the other five. The aim of these case studies is to extract the factors and experiences that promote and/or inhibit development effects and sustainability during their project circle from formation to ex-post evaluation. Main lessons from these case studies have been used in Chapter Two.

Editorial Note: More detail is going to be given (in the Final Report) to the last five case studies that are presently still sketchy. These are currently being worked on.

3.2 Case Study One: The Micro Projects Programme

Donor:	The European Union
Project Title:	The Micro Projects Programme
Commencement Date:	1985

Objectives

The idea of Micro Projects Programmes (MPPs) among the African Caribbean and Pacific (ACP) states began in 1975 when the first Lome Convention between the ACP and the European Economic Community (EEC) was signed. The Convention viewed the Microprojects Programme as an instrument of co-operation between the EEC and the ACP. Since 1975, a number of African countries have benefited from this Programmes and Zambia is one of them.

According to the proposal that was tabled in 1995 seeking funding for financing the Lome IV, Phase 3 programmes, the overall objectives of this Microprojects Programme is to reduce the rate of decline in the standards of social welfare in Zambia. A second general objective is to foster community development through financing projects to which the beneficiary communities themselves contribute. This is consistent with the Lome IV Convention which aims to maintain and rehabilitate the existing infrastructure and services and to support new investment in activities that are sustainable and have an impact on the economy over a short period of time.

3.2.1 Target Groups

The target beneficiaries are the most vulnerable sections of society, particularly women and young children.

3.2.2 Project Implementation and Implementing Agency

Presently, the MPP operates under auspices of the Ministry of Finance and Economic Development that serves as the overall supervising ministry. The Permanent Secretary at the Economic Development and Budget Division in the ministry is the National Authorising Officer (NAO). The NAO works closely with the EU Delegation. The general co-ordination with relevant government ministries and other funding agencies is carried out by a Steering Committee. The Steering Committee, together with the EC Delegation, monitor progress of MPP projects through *Quarterly Reports*. The MPP falls under the Micro Projects Unit (MPU) that was formed in July 1991 as a merger between the World Bank financed Programme, the Social Recovery Project (SRP) and the EC-financed Microprojects Programmes.

3.2.3 Project Identification and Appraisal

There are various stages of identification and appraisal under MPP. These include community application for assistance upon identifying their need; and two appraisal levels (the Desk and Field Appraisals). For each application to be successful it must meet the standing financing criteria.

A particular community can apply through a Regional Officer for assistance from the MPU. Community-based organisations like NGOs and some district and/or sub-district staff of line ministries can also advise the communities during the preparation of their applications. A District Desk Appraisal which is held on quarterly basis follows. Applications that have been received at district level are presented and approved in line with the MPU criteria. Various line ministry departments, including the district councils, participate in the appraisal process. Applications that are satisfactory are taken to a further stage, the Field Appraisal.

The Field Appraisal involves the site visit by the Regional Officer, accompanied by district line officers and an officer from the office of the Provincial Planning Unit. This stage is aimed at establishing the capability of the community to participate in the project. Discussions with the community are held. If successful, the project is passed on for further scrutiny at the headquarters (in Lusaka) after which budgets are prepared and then endorsed by the MPU's Steering Committee.

The participation of the community in the process of project identification has enhanced community involvement an early stage in project development, a phenomenon that enhances the principles of local ownership. People are given the opportunity to define their own needs and priorities in a manner that enables them to determine, to a considerable degree, what they want funded. Notwithstanding this, it is noteworthy that the *MPU Guidelines* clearly indicate the areas that are eligible for financing, an aspect that has opened the Programme to criticism regarding defining the areas that the community must confine their requests. These include Education; Health, Water and Sanitation; Economic Infrastructure (such as irrigation systems, roads and bridges, markets and storage facilities like depots, etc.) and other areas such as revolving

funds. It is these stipulations which exclude other areas that might be of priority to the communities. For example, according to Beneficiary Assessment⁷ exercises of some of the financed projects, they did not reflect the priorities of the beneficiary communities. The Beneficiary Assessment of April, 1994 reported that 72.2 percent of the projects assessed reflected priority needs of the communities, while about 28 percent did not. The Beneficiary Assessment exercise of 1996 reported similar results as it was found that 75 per cent of the projects were reflective of the community priorities, while 25 per cent were not. In sum, the above results mean that 25 to 28 percent of the projects financed do not reflect community priorities.

Secondly, even when a community chooses an eligible category, their top priority may be at variance with what the MPU rates highly. For example, the stipulations in the MPU Guidelines (1991-1995)⁸ under the "economic infrastructure", rehabilitation of irrigation systems and that of markets were assigned "priority 1". On the other hand, the rehabilitation of bridges and roads were assigned "priority 2". The community may, therefore, settle for a market rehabilitation rather than a bridge even when the latter ranks higher in their priorities. This assigning of priorities to different activities by technocrats suggest a violation of the concept of demand-led approach in the MPP.

Thirdly, for some time, it appears that there was a problem where involvement of different stakeholders in the community is concerned. These groups could be in the form of class (poor and rich), sex (male or female, ethnicity, etc.). The MPU Guidelines (1991-1995) do not give indications on whether or not the different stakeholders are represented when these projects are identified at field appraisal level. Although the communities are separated into two groups based on sex at this appraisal level, it appears that both poor and rich are not placed in different categories when making an assessment.

Although there are different stakeholders in communities, earlier analyses suggest that their priorities have generally been harmonised in recent years. The harmonisation of priorities for a large number of projects may be partly explained by the introduction of participatory methods in identification at field appraisal level where different stakeholders are consulted. The *beneficiary Assessment* exercise of 1996 reported that the interests of all the sections in the community are generally represented.

3.2.4 Project Design and Process

Conditions that are part of the MPP project design and process are spelt out to communities before any financing is considered. These are shown in the project guidelines which state that MPU may fund proposals for community based projects which:

⁷ Although these BAs were sponsored by the SRP component of the MPU, they could also be applicable to the activities of the MPP since they operate using same guidelines

⁸ The MPU Guidelines for 1997, however, do not show any ratings. This may suggest this problem has been identified.

- meet a priority for the majority of the community applying for the project;
- benefit the poor and vulnerable groups, especially women;
- are submitted by community-based group or non governmental organisation. Government departments or district councils do not themselves apply but support and advise community initiatives. Officers of departments or councils may, however, be members of the project committees;
- demonstrate that the majority of the community and future beneficiaries are fully committed to the initiative;
- contain a local community participation component of at least 25% of the total project costs;
- demonstrate that they can be successfully completed normally within one year and exceptionally within two years, i.e. be simple enough to be completed without significant technical assistance from outside the community;
- are approved by district councils and district line departments, and provincial line departments through the Provincial Planning Units (PPUs);
- require financial support from the MPU not in excess of US\$400,000. The typical MPU contribution per project, however, is around US\$75,000.

The Guidelines of MMP are broad in nature and as a result they are not explicit enough with respect to the processes to be adopted. For example, whereas it is mentioned that priority will be accorded to the poor when approving projects, there is silence on how the poor should be encouraged to participate in projects. This is left to district staff without guidance on how best to encourage the poor's participation. Indeed, if the design was to be specific a number of special mechanisms should have been mentioned. Another feature worth pointing out is that the design did not take into account how remote areas would be reached. Indeed, these areas are characterised by poor communication and accessibility. As such, they tend to be left out in a number of development initiatives. Due to the poor informational flow, such communities are often not aware of the assistance opportunities at their disposal. This has not been an exception for the MPU projects. A paper⁹ on targeting, produced by the SRP component clearly highlighted this issue as most of their projects were along the main roads and close to the district centres.

⁹ The paper was in its draft form but it formed the basis of discussion with Clare Backworth, the advisor on the SRP component of the MPU.

It also appears that there was no adequate guidance on the wide spectrum of community projects that can be funded under the MPP. This aspect may be reflected by the fact that there is sectoral imbalance in project financing. For example, from 1992 to December, 1998, out of the cumulative number of 410 micro projects funded under , as many as 324 (or 79 percent) went to the educational sector. In monetary terms, out of the total of K16,537,116,012 advances for projects during Lome IV covering 1992 up to December, 1998, as much as K12,813,057,579 (or 77.5 percent) went to education-related projects. Table 1 shows the picture clearly.

Encouragingly, however, in the recent years there have been efforts to correct some of the negative issues arising from project design. One of the measures taken in 1995 was the introduction of participatory planning exercises at project preparation level. An NGO called the Participatory Assessment Group (PAG) conducted on behalf of MPU sensitising exercises among poor communities on available assistance from MPP.

**Table-: Micro Projects under Lome IV Phases I, II, III, and IV:
Sectoral Comparison of Advances**

Sector	Number of projects	Advances (K) 1992 - Dec. 1998
Education	324	12,813,057,579
Health	43	2,591,869,821
Infrastructure	5	379,090,487
Water and Sanitation	27	594,186,083
Food Security	5	17,703,309
Others	6	141,208,734
<i>Total</i>	<i>410</i>	<i>16,537,116,012</i>

Source: GRZ (1999), EC Microprojects Programme Quarterly Report: October to December, 1998, Lusaka, Microprojects Unit, February, p. 3.

Other new approaches were adopted earlier in 1994 based on recommendations of the Beneficiary Assessment. One of these was the introduction of project Launch Workshops so as to improve the flow of information. These are held just before funds are released to an approved project. During the workshops, all the stakeholders are brought together so that they can agree and reconfirm on the exact role each one of them is expected to play in the project. At community level, this entails that the capacity of the project committee is evaluated (i.e. was it democratically elected, are the individual members of the project committees capable of achieving the tasks expected of them? etc.). A Regional Officer advises the community on these aspects.

During the initial stages of MMP, district councils and other line ministries were deliberately excluded due to the perceived bureaucratic delays inherent in them. There was no commitment on the part of the local institutions to supervise MPU projects either and so projects of poor quality were constructed. Even in 1994, there was no formal responsibilities of government line departments in projects. In the recent times, according to the *Beneficiary Assessment- 1996*, other institutions at district level, including district councils, are now part of the technical team that accompanies the

Regional Officers in project supervision missions. Their roles are also spelt out when they are called in to participate in project launch workshops. For instance, Directors of Works in the District Councils are informed of their requirement to supervise the project in the absence of the Regional Officer. Thus, there has been more involvement of various stake holders in the process and quality of projects has evidently improved as a result of this.

3.2.5 Inputs

Facilities

MPP funds the cost of construction and materials of the projects that have been approved following the process described earlier. The actual input varies from project to project.

Finance

The financial input from the MPP is given in Table 2. It is worth observing that MPP strictly demands that a beneficiary community contributes at least 25 percent of the total cost, in cash and/or in kind. The contribution of the community is not included in the figures in the table.

Table 2: The Status of Financing MPPs in Zambia, 1986-1996

Financing Agreement	Commitments		Received (ZK)	Expenditure (ZK)
	ECU	ZK		
Lome II	2 190 000	193 535 760	191 3 535 760	191 163 499
Lome III	5 000 000	463 580 262	463 580 262	414 973 497
Lome IV-1	5 000 000	3 060 085 528	2 614 599 694	2 596 704 301
Lome IV-2	5 000 000	5 458 229 210	5 057 147 853	4 795 396 793
Lome IV-3	5 000 000	7 119 993 894	3 861 808 960	3 800 530 541
Totals	22 190 000	16 295 424 654	12 190 672 529	11 798 768 631

Source: Financial details with respect to Lome II and II programmes were extracted from *MPP Annual Report, 1995*, pp 2; Details on Lome IV were elicited from *MPP Quarterly Report, January to March, 1997*, pp 24-84.

Personnel Resources

The MPP is unique in that the implementation of the projects is the primary responsibility of the beneficiary communities. Thus, the core human resources at the disposal of the Programme are the beneficiaries themselves. At the headquarters in Lusaka, MPP is presently (March, 1999) managed by a skeleton staff as follows:

- MPP Co-ordinator
- Head of Field Operations
- Field Operations Officer
- Regional Officer, Central
- Quantity Surveyor
- Accounting Officer
- Justifications/Filing Officer
- Computer officer

In terms of human resources, the second stratum from the top comprises heads of departments including the head of Technical Services, Head of Field Operations, the Financial Controller and the Computer Network Manager. As for operations, the third structure from the top consists of Regional Officers who are based in each of the nine Provincial headquarters of Zambia. The introduction of the position of Regional Officer has enhanced communication with communities which are outside Lusaka. Prior to 1992, the MPP used to implement and supervise projects from Lusaka.

3.2.6 Outcome and Impact

Outcome

The Microprojects Programme employs the Logical Framework approach as one of its tools for planning. This tool is explicit on what the inputs are required, the activities that should be carried out and the expected outputs. The Programme measures outputs by looking at such indicators as the number of classrooms, teachers houses, rural health centres, health staff houses, water points, etc. The Logical Framework Approach further indicates how the overall objective would be verified. This would be achieved through monitoring of such factors as number of school-age children in/out of school, change in the incidence of common diseases, and change in access to safe water.

From various reports, one observes that MPP finances approximately 25 per quarter, each costing about US\$ 50,000. The technical evaluations of the *quality* of projects have indicated an improvement over the years. For example, based on a comparison of two technical audits (one in 1993 and the other in 1996), the MPP 1996 Annual Report (1997:38-39) reported that there was an improvement. Whereas 37 per cent of the projects were rated as "good" in 1993, the situation changed for the better in 1996 as the percentage of "good" projects rose to 60 percent. A number of Beneficiary Assessments that were carried out reported satisfaction on a number of projects. The reported benefits include improved condition of teachers houses and the learning environment. Hence, both teachers and students are motivated. In the health sector, for example, there is reduced congestion and shorter distances to water points.

Questions, however, do arise as to whether these outputs answer poverty and other priorities. One issue is that of enrolments in schools. Is a good structure likely to act as a pull-factor to the poor? Will they afford education? These questions can only be answered in the long term by looking at the enrolment records. Another problem one may envisage in the final analysis is that the number of primary school children graduating to secondary schools may not be increased by the mere fact that primary schools have been rehabilitated. The problem in Zambia has been that of lack of adequate number of secondary school places to absorb all Grade 7 graduates. As long as there are no complementary efforts from elsewhere to increase the number of places in secondary schools, an increased intake in primary schools as a result of MPP capital grants will only lead to more drop outs at Grade 7 level. Notwithstanding this

observation, it is noteworthy that primary education on its own has been identified by the government as a basic human right and its provision, even if it does not guarantee access to a higher grade, is an important end in itself.

Similar questions may arise when one examines the health sector. Are the poor going to afford the user fees, or generally, will drugs be available by mere construction of the infrastructure. Indeed the Beneficiary Assessment Study of November 1993, initiated by the SRP, confirmed the non availability of drugs in some of the constructed Rural Health Centres.

Impact

The *livelihood* situation of the beneficiary communities does not seem to have been changed in a significant way by the Microprojects Programme so far. The gestation periods of such activities as education are long term and so the change in livelihood may not be seen presently. Projects of short gestation periods like those related to income generating activities are few; less than 5% of the finances under the largely capital grant-oriented MPP have been directed towards such ventures as the micro enterprise credit, the development of markets and food security. Income generating activities in terms of employment during project implementation has been limited too. Only few skilled workers like brick layers and carpenters get some incomes while rehabilitation and construction of projects goes on. Even the health status of the communities has not improved if one has to go by what statistics say about social indicators. But the absence of positive improvements in these social indicators cannot be blamed on the performance of MPP activities.

With respect to the variable of *knowledge enhancement*, projects under the Microprojects Programmes have led to knowledge gains among the beneficiaries at various levels. For instance, the fact that project committees are formed, and that they had previously supervised a project before is likely to have a good impact on sustainability. This means that particular communities now have the capacity to manage a project in terms of financial control, supervision of project works and so on. Communities can also benefit from specific projects like an improved Rural Health Centre. Due to good environment, women would be encouraged to attend health education courses at clinics. Projects in the education sector are said to have improved the learning environment in class and so allowing children s level of concentration in class, all things being equal. For example, prior to their rehabilitation, some schools had leaking roofs which made it difficult to learn during the rainy seasons. Improved conditions of the teachers houses has encouraged teachers to accept deployment in the rural areas.

Issues related to *rights* also surfaced in various projects communities. Generally, during implementation, some members of the community are paid while others were not. This discouraged others from further participation in the projects. This situation, however, arose because the community did not understand that the paid workers were in fact skilled as opposed to the rest. From the gender perspective,

women lost out on a number of issues arising from their position in society. For instance, according to the Beneficiary Assessment of 1993, women are assigned inferior roles. Women are also not expected to attend project meetings and when they do, they do not contribute significantly. Invariably, men have emerged as all-round decision-makers while women are expected to be submissive.

Finally, it is now possible to make an assessment as to whether or not the operations of the MPP are focused towards poverty reduction. Based on the analysis thus far, it appears that the linkage to poverty is generally indirect. There are no special mechanisms to improve the position of the poor. For example, when schools and health centres are built, it is not only the poor who are the target; the rich also benefit, thus, minimising the amount of resources that are supposed to be exclusively targeted towards poverty alleviation. Even when decisions at community level are made, as evidenced by the activities of the Field Appraisal process, both the poor and rich are mixed together. But from the sociological point of view, it is likely that the rich could get their way while the silent poor can do little to put across their priorities.

3.2.7 Sustainability

Finally, are the outputs attained so far sustainable? Issues of sustainability in terms of maintenance have remained elusive to many projects. The *Beneficiary Assessment Study, phase II* (November, 1993) in the analysis of this factor concluded that beneficiaries have failed to identify a single agency to carry out maintenance. This situation has not changed in the recent times. For instance, the *Beneficiary Assessment-1996* (June, 1996) also revealed that a number of beneficiaries did not feel obliged to maintain projects after their completion. A number of reasons were given for this feature. Some people felt that it was the duty of the government to do so while others said they were too poor to contribute. Others felt that organisations such as donors, NGOs and churches should take up this issue.

In broad terms, the conditions that most donors set out to government are those pertaining to good governance. Another is government's willingness to commit some contribution to programmes before financing. The latter condition was not given in MPP in Zambia.

The conditions for funding that are outlined under Project Design and Process (see above) are self explanatory. Nonetheless, there is need to comment on some of the conditions *vis-à-vis* sustainability considerations. It Perhaps an interesting area is that pertaining to contributions by the community. The MPU stipulates a contribution of at least 25 percent and MPP is strict on this. This rigidity may not be helpful in times of disasters (like the droughts, floods, disease outbreak and so on) which may plunge a particular community into depths of poverty. The Beneficiary Assessment (August, 1993) revealed that the share contribution of the community in MPP-funded capital projects was hampered by the 1992/93 drought because many people were busy seeking income and food generating activities. Therefore, refusal to assist a community which can only contribute less than the stipulations does not appear to help the situation.

3.3 Case Study Two: WASHE

Donor:	United nations Childrens Fund (UNICEF)
Project Title	Water, Sanitation, and Hygiene Education (WASHE)
Commencement Date	Mid-1995

3.3.1 Objectives

The overall national goal of the Government of Zambia s water sanitation programme is to improve the quality of life through increasing the availability of safe and sustainable water supplies and sanitation facilities in rural and peri-urban areas. In providing a target by which to measure progress towards this goals the Zambia National Programme of Action for the Child (NPA) sets the challenges for government, NGOs and communities to provide access to clean water and to sanitary means of excreta disposal for 50 percent of rural and 100 per cent of urban households by the year 2000 .

In the context of the above national policy framework, the overall goal of WASHE is to contribute to a reduction in ill health among women and children due to poor and inaccessible water supplies, inadequate sanitation and hygiene practices; and to reduce women s labour burdens of water carrying. To realise this, the specific objectives of the project are as follows:

- strengthen district and community WASHE committee capacities to assess needs, develop district and village plans and successfully act on them.
- provide material and technical support for the rehabilitation or construction of safe and convenient water supply and sanitary for 60,000 families.
- strengthen district and community capacities to manage, maintain and operate community water supplies; and achieve at least 80 percent functionality of water points.
- support districts and communities in their development and implementation of communications strategies designed to promote improved sanitation and domestic and personal hygiene.

At the operational level, the Project seeks to achieve a minimum basic WASHE package which ensures the following for all households:

- access to a safe, convenient and reliable water supply.
- knowledge and practice of safe water handling and storage.
- adequate household sanitary facilities for excreta disposal.
- improved personal and domestic hygiene practices.

The UNICEF Programme is an integral part of the national WASHE reforms and seeks to both influence the WASHE agenda, and operationalise it.

3.3.2 Target Groups

The ten districts currently being supported directly by UNICEF Programme are as follows:

Eastern Province

- Chipata
- Katete
- Petauke
- Nyimba
- Chadiza

Southern Province

- Choma
- Monze
- Mazabuka
- Kalomo
- Sinazongwe

3.3.3 Implementing Agency

The UNICEF-supported WASHE programme is being implemented as an integral part of the National WASHE sector programme. At the central level, the Programme Coordination Unit (PCU) is providing overall guidance, with members from the Ministry of Energy and Water Development (MEWD), Ministry of Local Government and housing (MLGH), Ministry of Health (MOH), and the Ministry of Community Development and Social Services (MCDSS). Under the PCU, the Water Sector Development Group (WSDG) and the Community Management and Monitoring Unit (CMMU) are providing the policies, strategies and guidance to direct the WASHE programmes. The recently formed National WASHE (N-WASHE) Unit is supporting the establishment of D-WASHE.

Overall project co-ordination is provided by the Ministry of Local Government and Housing who are advised by the Departments of Water Affairs (Ministry of Energy and Water Development) on water supply issues; and the Health Inspectorate (Ministry of Health) on sanitation, hygiene and health education issues. The Community Management and Monitoring Unit under the Programme provides technical and operational guidance and support to the development of innovative community-based approaches; and the National WASHE Training Team is responsible for supporting District WASHE Committee training and capacity building activities.

At the district level, the Chairperson of D-WASHE (i.e. District WASHE) acts as the project co-ordinator and is responsible for co-ordinating government, NGO and private sector contributions to the D-WASHE plans. UNICEF's support under this Programme is developed, as funding becomes available, through a series of district agreements which are managed by the D-WASHE chairperson following the approval of the District Development Co-ordination Committee.

3.3.4 Project Design and Process

The major lines of action that are supported by UNICEF through this Programme are as follows:

Develop and operationalise the WASHE concept. In the context of the National Water Policy and the restructuring of the water sector, CMMU is supported to provide policy guidance and

practical operational guidelines on how to plan, manage and evaluate appropriate and sustainable water supply, sanitation and hygiene interventions. In doing so, the CMMU is being supported in the development and promotion of community-based approaches to water point maintenance; work on the standardisation of handpumps and other water and sanitation technologies; stimulate and support inter-sectoral co-ordination and co-operation on the development and application of sanitation and hygiene education strategies; strengthen district capacities to develop and implement community level WASHE projects; strengthen systems to monitor the functioning of rural and peri-urban water supply points, safe water access and coverage; provide training and orientation for NGOs, government and private sector partners; and develop and disseminate WASHE information, education and communication materials to be used in schools, clinics and communities.

Support community-based WASHE projects: On the basis of WASHE policies and guidelines developed by the CMMU, UNICEF supports district authorities and NGOs in their development and implementation of community-based WASHE projects. Limited funding, handpumps, supplies, equipment, technical support, etc. are being provided to NGOs and district authorities to implement projects which seek to increase community water supplies and introduce complementary sanitation and hygiene education strategies designed to reduce sickness associated with poor water supply and sanitation. Through these projects, some 60,000 families (300,000 people) are expected to benefit from new or rehabilitated water points, strengthened capacity to care for their water point/handpump, and from practical and credible advice and motivational support on improved sanitation and hygiene practices. Priority is being given to drought and cholera-prone areas, to areas with low access to potable water supplies, and to schools, clinics and public places.

At the more practical level, women are recognised as the principal agents for influencing behavioural changes in the family. The involvement of women at all stages of implementation from planning, operation, maintenance, management, and eventually control of WASHE facilities is considered under the project as being crucial in the achievement of optimal results for WASHE interventions. Women are, therefore, being seen as the subject and object of all project implementation activities.

With assistance from NORAD, UNICEF was able to support the establishment of the CMMU which, since 1994, has undertaken a national inventory of water points on hand pump standardisation; undertaken a number of KAP studies to guide the

development of communications strategies on sanitation, hygiene and water use; prepared guidelines for the establishment of district and community WASHE committees; and developed approaches and aides for NGOs and district officials to support communities in the development of their own WASHE plans.

While borehole rehabilitation and pump repair and installation are being undertaken by NGO teams in conjunction with the Department of Water Affairs (DWA), contracts for the construction of the new boreholes are being tendered out to the private sector. On the basis of plans developed by the D-WASHE Committees, UNICEF is responsible for tendering and contracting while the District WASHE Committees and selected NGOs are responsible for monitoring the implementation of borehole construction work.

With respect to Monitoring and Evaluation, it is noteworthy that, on the basis of annual Project Plans of Action (PPA), Project Progress Reports are prepared in July and December of each year to monitor the implementation of PPAs and to identify constraints and opportunities for action. While the mid-year report focuses mainly on assessing the extent to which planned inputs have been provided and activities have been achieved, the end-year report also assess the extent to which the undertaking of planned activities have contributed to the achievement of project and programme objectives. Annual project monitoring does directly influence the planning and preparation of annual PPAs for the following year. A mid-term review of project performance is scheduled to be conducted in mid-1999.

To enable effective monitoring and evaluation, UNICEF provides support to the installation of the WASHE Information System (WIS) to ensure that WASHE information is used as a basis for situation analysis, planning, implementation, monitoring and evaluation. The WASHE information system and data bank developed by CMMU is being installed in appropriate sectoral or local government departments. Progressively data collection activity is being expanded from the present water points to other WASHE needs. Trials are being made to change the focus from facility to household. This data will be used to prepare a master list of families with the status of WASHE facilities. The district will use this data to prepare WASHE maps, graphs, etc., to summarize the WASHE situation in the district.

3.3.5 Project Identification and Appraisal

It is worth observing that project identification and appraisal procedures and processes are not as elaborate under WASHE as they obtain in the Micro Projects Programme (see above). Nevertheless, a rather detailed process is still being perfected under WASHE in order to enable the communities to be fully involved in project identification and appraisal. To support the formation of D-WASHEs, the N-Washe Training Team is supported being supported by UNICEF to conduct a series of sensitisation meetings with district officials to discuss the purpose and role of the D-WASHE, assist in the formation of the committee and orient/train committee members on the functions and responsibilities of the committee in planning and co-ordinating the district WASHE

programme. D-WASHE manuals and guidelines on the formation and development of long range district WASHE plans developed by the CMMU are disseminated.

The people in all villages where the project is taking place are mobilised to form Village WASHE(V-WASHE) committee. This committee is responsible for managing the programme within their village. Community contributions in the form of money, materials and labour are managed by the V-WASHE committee. Installation of hand pumps in the completed boreholes is also the responsibility of the community. D-WASHE committees are also being supported to assess WASHE needs within the district and to support the formation of village WASHE (V-WASHE) committees and the development and implementing of Village Action Plans. District needs assessments are expected to be undertaken using data and maps produced through the CMMU water point inventory. This information is then used by district and community leaders to identify vulnerable populations and to prepare priority listings of water points to be rehabilitated or developed as funding becomes available. D-WASHEs is then supported to prepare district action plans which give priority attention to the rehabilitation and construction of water points in communities facing the most severe water shortages.

In developing district and village action plans, participatory methods are used to assess the current situation, preferred options for the future in terms of water supply, sanitation and hygiene (using the concept of water, sanitation and hygiene ladder to describe the incremental steps that communities can take to move towards their chosen targets); to develop community WASHE plans and to identify community resources, and those additional, required to implement the action plan.

With the specific objective of *providing material and technical support for the rehabilitation of construction of safe and convenient water supply sanitary facilities for 60,000 families*, community participation is being promoted in the design and implementation of these activities. Following initial sensitisation meetings to the WASHE concept, communities are supported to undertake a series of sanitation, hygiene and water improvement ladder exercises to assess their current situations and to agree on preferred options in terms of appropriate water and sanitation facilities. In supporting the implementation of Village Action Plans, priority is being given to the rehabilitation of existing water points through the provision of buckets, windlasses and handpumps, deepening and upgrading hand dug wells and cleaning boreholes. Priority in location is being given to clinics, schools and other centres of population.

3.3.6 Inputs

Facilities

In supporting the operationalisation of earlier-stated objectives, UNICEF has supported the implementation of a number of community-based WASHE projects in the five drought affected provinces of central-southern Zambia. With particular emphasis being placed on the strengthening district capacities to work with communities in the planning and management of their water resources, a total of 20 districts and 250 community WASHE committees have been established. As a result of

these investments, some 400 pit latrines have been constructed and over 250 water points have been constructed or rehabilitated. In total, by beginning of 1997, the project had benefited some 75,000 people; and safe water access has been improved as user:water point ratios have declined in supported districts from 860:1 to 650:1.

Budget

In support of activities included within the Community WASHE Project, UNICEF has provided general resources totalling \$1,450,000 and seek supplementary funds totalling \$10,250,000 over the 1997-2001 period. Table- shows how these funds are to be phased.

Table-: Water, Sanitation and Health Education Programme Budget, 1997 - 2001 (US\$ 000)

Project	1997	1998	1999	2000	2001	Total
1. WASHE Policy and Planning	300	300	300	300	300	1,500
2. Community WASHE Project	1670	1,670	1,670	1,670	1,670	8,350
3. Programme Support	350	360	360	360	360	1,800
<i>Total WASHE</i>	<i>2,330</i>	<i>2,330</i>	<i>2,330</i>	<i>2,330</i>	<i>2,330</i>	<i>11,650</i>
◊ General Resources	280	280	280	280	280	1,400
◊ Supplementary Funds	2,050	2,050	2,050	2,050	2,050	10,250

Personnel Resources

The human resources at the disposal of WASHE as basically community-based. The main implementation strategy is to work with District and Village WASHE committees and build their capacity to motivate and mobilise communities to undertake WASHE assessments, develop village action plans and maintain and manager their WASHE facilities. The mode of operation is demand-driven, using participatory planning methods. In this regard, communities are being supported in choosing appropriate technologies and levels of service that they can afford and maintain. Partnership with the private sector in implementation of the community action plans is being developed, and NGO capacities are being harnessed to provide technical and community mobilisation support. The participating NGOs currently include World Vision International (WVI); Theresian Sisters; Village Oriented Development Planning (VODP); Mthuzi Development Foundation (MDF); African Methodist Episcopal Church (AMEC); and Development Aid from People to people(DAPP). In previous years, Care International, WaterAid and Africare have also been involved in the Programme.

The project also trains technicians to provide professional input to the projects. Within the first year of the Project - supported by CIDA and USAID - 10 district and nearly 250 village WASHE committees had been formed; over 150 area pump maintenance technicians and 500 (2 per water point) pump caretakers have been trained and equipped; some 150 masons have been trained in the improvement or construction of household pit latrines. The private sector is also usually sub-contracted, through tender, to undertake tasks related to the construction and/or rehabilitation of the WASHE projects, e.g. the sinking of boreholes.

3.3.7 Outcome / Impact

As specific outcomes of these interventions, WASHE seeks to contribute to increased safe water coverage in the ten districts from the current 25-35% levels to 50% and sanitation coverage from 12-15% by 2001, by targeting approximately 300,000 people (60,000 households). The impact of the project on the specific objectives of increasing coverage and improving sanitation and hygiene is evaluated using household surveys from Central Statistical Office; special surveys or studies; periodic KAP studies; and a comprehensive project evaluation at the end of the country programme in 2001. An evaluation of the WASHE capacity building and community based approach will be undertaken in advance of the Country Programme Mid-Term Review.

3.3.8 Sustainability

Experience to date confirms that the chosen strategies of district and community capacity, and of expanding the partnership in support of community action plans is basically promising. This experience has also signalled a number of issues which require more attention under the proposed programme. These include the needs to:

- promote the WASHE basic needs approach and especially the sanitation and hygiene components of it; and
- further development of participatory approaches to help communities analyse and act on their WASHE situations.

With respect to the specific objectives of strengthening district and community capacities to manage, maintain and operate community water supplies, and achieving at least 80% functionality of water points, assuring sustainability would require that the project supports the training of pump caretakers in basic repair and maintenance and V-WASHE treasurer in basic banking and bookkeeping. To support community caretakers undertake more complex repairs, the project also needs to identify private or government capacities at the district level which could be called upon by needy communities. Presently, there is very little co-ordination among the various stakeholders and funders in the water and sanitation sector, a phenomenon that compromises the exploitation of opportunities for harnessing common resources, both human and technical for the benefit of the communities. The importance of co-ordinating the roles and inputs of various co-operating partners through the D-WASHE is, thus, essential for sustainability.

To further secure a sustainable WASHE programme, the following factors need to be considered:

- the importance of devolving responsibility for projects development and management to district and community levels and of providing them with appropriate capacity building support.

- the importance of improving upon and strengthening participatory approaches in building ownership, defining roles and partnerships.
- the importance of ensuring the reliable and timely supply of financial, material and technical inputs to districts and communities and how best to mobilise community-based human and financial resources.
- the need to strengthen the capacity and effectiveness of NGOs in community mobilisation, and providing to them technical and logistical support.
- improved participation and contracting with private contractors.

An important credit to WASHE is that the project has introduced a number of technical innovations in well construction and changes in private sector contracting which have resulted in a considerable reduction (30%) in the costs of well construction (from an average of \$5,000 to \$3,500). These innovations enhance the financial sustainability of the programme.

3.4 Case Study Three: LUSAKA URBAN HEALTH

(Component of The Zambia Health and Population Sector Aid - ZHPSA)

Donor:	United Kingdom (Department for International Development - DFID)
Project Title	Lusaka Urban Health ¹⁰
Commencement Date	February 1994

3.4.1 Objectives

The Lusaka Urban Health Project forms one component of the United Kingdom s Department for International Development (DFID)¹¹ programme of support to the Zambian government s National Health Reforms. This component of the Zambia Health and Population Sector Aid package seeks to improve access to appropriate health services by the urban poor in Lusaka through the following actions:

- strengthening clinical diagnostic and patient management capacity in urban health centres;
- improving effectiveness and efficiency of services; and
- promoting community involvement in health promotion.

In the above context, the wider objective of the Project is to improve access to appropriate health services by the urban poor in Lusaka. At the operational level, the Project intends to improve urban health care in Lusaka by upgrading health centres and strengthening community and referral services. The latter is in view of the pressure on the University Teaching Hospital (UTH) out-patient department (OPD), as the population was by-passing primary health care centres.

3.4.2 Implementing Agency

The Ministry of Health implements the Project.

3.4.3 Project Design and Process

An important component in any project process is *Project monitoring*. Under this project, this is seen as a key part of the functions of each Project Management Group. This will include obtaining users perspectives, through a participatory approach to monitoring. For DFID, in-country responsibility for project implementation monitoring rests with the Field Manager who participates in the quarterly meetings of the Project Management Groups and assists them in the production of bi-annual Implementation Status Reports.

¹⁰ Note that this analysis heavily depended on the results of the Project s Mid-term Review that was conducted in May, 1998 by the Institute for Health Sector Development in London.

¹¹ Formerly Overseas Development Administration (ODA).

Overall responsibility for programme review, on behalf of DFID, rests with the Senior Health and Population Adviser, BDDCA. There is a scheduled Annual Programme Review by the Joint Programme Review Board (that covers all the components of the Zambia Health and Population Sector Aid Programme of which Lusaka Urban Health Project is part). Individual components, including the Lusaka Urban Health component, have separate annual reviews, where progress is assessed against baseline data. The Annual Programme Review assesses the impact of the package in terms of the achievement of the wider objectives. At the end of year 4, a more definitive impact assessment is scheduled to take place (i.e. this year, 1999). A Mid-term Review was conducted in May, 1998 and an ex-post ODA evaluation is also envisaged.

3.4.4 Project Identification and Appraisal

The project was formulated by representatives from the Lusaka City Council, the Ministry of Health (MOH), the Health Reform Implementation Team, and DFID.¹² The project was developed within the context of the broader Lusaka City Health Service Development Strategy.

The overall management of the Project aspires to maximise Zambian ownership. Responsibility for progress and general review of the package and for monitoring attainment of wider objectives currently rest with the Joint GRZ/DFID Programme Review Board. The Review Board meets annually with a membership that include the Permanent Secretary of the Ministry of Health (MOH) as Chairperson; MOH Chief of Planning; Head of Health Reforms Implementation Team; representative from the Ministry of Finance and Economic Development; and Chairpersons of component Project Management Groups. UK representation includes the BDDCA¹³ Senior Health and Population Adviser, and DFID Health and Population Field Manager at the British High Commission (BHC).

Crown Agents handles procurement of both offshore and local goods and equipment. This is being done in liaison with DFID's Procurement, Advisory and Monitoring Unit, and in accordance with DFID procurement guidelines. The Lusaka Urban Health Project's Management Group finalises the indicative equipment lists in the project memoranda and agree detailed procurement schedules. For capital aid procurement, the government places orders directly with Crown Agents while for TC procurement, the BHC Project Support Unit is responsible for placing and following up orders.

The Project Document states that because of what it says is the unsatisfactory state of public sector auditing in Zambia, DFID has ruled out the option of providing local expenditure support as accountable advances to MOH. Local expenditure is, thus, being disbursed through imprest accounts held by the DFID Field Manager.

¹² DFID is one of many donors supporting the City's health services; other include JICA, USAID, UNICEF and Irish Aid.

¹³ Stands for British Development Division in Central Africa (regional office of DFID based in Lilongwe, Malawi).

3.4.5 Inputs

Facilities

The project activities aim, *inter-alia*, to expand the inpatient and outpatient capacity of eight urban health centres in the compounds of Lusaka, and improve the quality of their services by establishing effective operating procedures. The project also supports the introduction of appropriate referral systems and the necessary policies, transport and communications to effectively implement them. In addition, the project supports mechanisms for increased community involvement for accessing and improving local health services. Specifically, ODA inputs has included the construction of, and supply of equipment vehicles, and radio communications to, eight urban health centres in Lusaka.

Budget

The Lusaka Urban Health Project s duration is five years over 1994/5 to 1999/9 and the total project cost (in constant 1993 prices) is £3,751,000. The total cost in cash prices, including contingencies, is £4,564,000 million of which £1,273,000 comes from TC funds and £3,291,000 from the 1994 UK/Zambia Health Sector Capital Grant. The budget includes funds for training and operational research.

Personnel Resources

The implementing agency (MOH), in line with the terms of the grant, has designated a senior staff member as Project Coordinator to oversee the execution of the project activities on a day-to-day basis. The Project Coordinator is being supported by a Project Management Group that meets at least quarterly and keeps a record of meetings. It produces an Implementation Action Plan that is updated quarterly.

With regard to the management of the UK input, a Field Manager has been recruited to work with Project Co-ordinators and implementing agencies. The Field Manager ensures that UK inputs are mobilised and deployed. The officer heads DFID s Health and Population Field Office located at BHC as part of the Project Support Unit. Field Office staff include a TCO programme administrator appointed for the first two years; and a locally recruited programme administrator from year 2 to take over form the TCO programme administrator. It is this Office that deal with financial monitoring and organisation of local and offshore inputs.

Technical co-operation input regarding contracts for consultancy elements are awarded by DFID s Overseas Appointments and Contracts Department after competitive tendering. The relevant Zambian implementing agencies are consulted during the assessment of bids. Some local cost expenditures are being met through an imprest account held by the DFID Field Manager.

Capital aid is being administered by Crown Agents, a UK-based company with a small branch in Zambia. Construction work for the Lusaka clinics is being organised by the Zambian government's Buildings Department, Ministry of Works through local contract awarded on the basis of competitive tender, with the agreement of the BDDCA Engineering Adviser in consultation with the DFID's Architect.

3.4.6 Outcome / Impact

The expected outcomes of the Lusaka Urban Health Project is improved health status, with consequent improvements in economic productivity. In this regard, the benefits of the project will relate to two themes:

- a more rational use of the health resources available to the city as seen by lower unit costs of care, and
- a higher quality of care accessible to the Lusaka population, particularly the poor living in the compounds.

The Project's four expected outputs are:

- strengthened clinical diagnostic and patient management capacity in urban health centres;
- improved effectiveness and efficiency of urban health services;
- increased community involvement in health promotion; and
- upgraded urban health services.

The Mid-term Review attempted to assess the level of achievement of these outputs. Below is a summary of some of the main findings that have direct relevance to the sustainability of capital grant aid projects.

Output One: Upgraded urban health services through the refurbishment and/or expansion of eight urban health centres (UHCs), including equipping them.

Indications are that this output is likely to be realised. Most of the 8 UHCs have now been physically upgraded, and all construction work is now completed. All health centres have received equipment supplied under the project. With respect to the quality of buildings, there is evidence of poor quality workmanship and use of inappropriate materials. Problems were reported to have started immediately after the contractor had completed the work. Several problems with equipment were also revealed in the Mid-term Review exercise. Cooling units in the mortuaries at clinics in Chipata, Matero, Chawama and Kanyama compounds had broken down several times, with the compressor appearing to be the main problem. One health centre was provided with an ironing machine that never worked. There also seemed to have little attention (on the part of Crown Agents, the procurement agents) placed on the sourcing of equipment especially with respect to the issue of spare parts. Within the warranty period, Crown Agents had provided adequate service, but some of the units have now lost their warranty and staff complained of problems in finding the right spare parts. The Mid-term Review asserted that the main causes of equipment failure appeared to be poor usage of the supplied equipment (no spike/surge protectors), inadequate

standards of equipment (not good enough for rough handling in public facilities), and insufficient training in equipment maintenance. A look at the Project protocol reveals a clear absence of a solid maintenance component within the project. Too little *preventive* maintenance is being done, a phenomenon that seriously threatens the Project's technical sustainability.

Output 2: Improved effectiveness and efficiency of urban health services.

For a very long time, the proportion of in-patients treated for minor-illnesses was much higher at UTH than at the city's UHCs. The resulting high occupancy rate at UTH compromised the quality of health care which the hospital could provide; over 80% of UTH in-patients were admitted via the out-patient department (OPD). To increase the effectiveness of the health service, the Project aimed to shift treatment for minor illness to the primary level by increasing the capacity and quality of care at UHCs, thereby decongesting UTH OPD and augmenting better quality care for UTH in-patients.

Infrastructural developments of UHCs under the project have significantly increased their capacity to provide in-and out-patient services. Increased physical capacity at project UHCs has been accompanied by increased utilisation; bed occupancy in upgraded UHCs is running at 100 percent.

Output 3: Increased community involvement in health promotion through the establishment of user committees and the attainment of at least 30 percent female membership.

One of the objectives of the health reforms is to increase community involvement and ownership of the health service through the establishment of neighbourhood health committees (NHC). In Lusaka, each UHC has divided its catchment area into units and each unit is in theory represented by a Neighbourhood Health Committee (NHC). The process of establishing has been initiated and mainly fulfilled at each of the project centres. The establishment of NHCs has been undertaken in a relatively straightforward manner. The development of a Constitution for the NHCs in Lusaka has clarified the responsibilities and roles of the NHC, and the nature of the relationship between a NHC and UHC. It has however proved difficult to maintain members' interest in the functioning of the committee and particularly, in attending meetings.

The gender balance of the NHCs favours men. A baseline study found that 81% of NHC members were men, and more recent reports suggest that this balance has not significantly changed.

The Community Initiative Fund (CIF) introduced under the Project has provided an important focus and operational responsibility to NHCs during their early life, and a means of financially empowering them. The benefits of the CIF have however not been broadly owned by the intended communities. An important observation from the Chipata NHCs was that there had been insufficient involvement of the neighbourhood in defining priority projects.

The weaknesses in the implementation of the CIF, as identified in the November 1997 evaluation, reflect the limited capacity of NHC members to mobilise and facilitate a community-based, participatory process of needs identification and prioritisation, project design, and management. So far the project has offered minimal training to NHC members or the broader community to enable them to undertake the participatory planning necessary to design projects which meet community demand, and are, therefore, likely to engender sufficient support to be self-sustainable. A programme of practical training for NHC members is, thus, essential for project sustainability as it will increase their knowledge of, and skills in, community participatory planning and basic project management skills. Capacity building of NHC members is one step towards improving the relevance of CIF projects to meet community needs.

3.4.7 Sustainability

The project has made a major contribution in bringing quality health services physically closer to families, but it is not yet clear whether services are financially or institutionally sustainable. The introduction of the pre-payment scheme; the poor public knowledge of exemption strategies; the non-existence of home-based care strategies for the chronically ill; the levy or additional charges for institutional deliveries; and cuts in the districts budget are all factors which are likely to have impacted upon access of the poorest which, in turn, compromise the sustainability of the project.

Findings from the baseline study suggest that a significant proportion of the community do not seek formal health care because of the perceived cost, and at the same time, the majority of the community are unaware of exemption policies. The organisational relationship between the health service and the Ministry of Community Development and Social Services (MCDSS) is weak, and at the operational level, linkages between UHCs and Ward Welfare Committees have not been established. The exemption policy, its implementation and the extent to which it meets its objectives of enabling the indigent poor to access government health care, is at present not well understood.

Inadequate staffing levels was identified as a risk in the Project Memorandum, and has emerged as a continuing problem. The Mid-term Review of the Project reported that at Matero Reference Centre, the OPD has a shortfall of 12 enrolled nurses, and patients are experiencing long waiting times. The expectation that the Health Reforms and support provided through ZHPSA for human resource development would increase the availability and retention of health staff, and increase morale and motivation, has not transpired.

The fundamental risk to the sustainability of the Project aspirations government withdrawal of its commitment to the reforms, in particular to decentralisation of budgets to autonomous boards. This includes the possibility of changing policy decisions relating to retention of revenue earned by user charges, and to the employment of staff by boards. Although there may be certain setbacks which might

reduce the overall benefits of the reforms, it is judged that implementation in terms of structural and attitudinal changes has proceeded too far to be easily reversed.

The second key risk relates to the pace of the reforms, and the capacity for different levels to take over new responsibilities and functions. The structural and organisational changes are being implemented fairly quickly, and the strategies of training, technical assistance and supervision, though well-designed, may be insufficient to ensure that skills and systems keep pace with the structural changes.

The third main risk lies with the management of the economy and continued adherence to the Economic Reform Programme. Failure to do so will reduce the resources available to health both from Government, since taxes will fall, and from user charges and other health financing mechanisms because people are poorer. In such a situation, health needs associated with poverty would increase and the health reforms would be unable to achieve the goals of more and better health care. Nevertheless, in a context of severely constrained resources, the efficiency improvements achieved under the sector package, will be particularly needed.

3.5 Case Study Four: PUBLIC TELEPHONE PROJECT (PHASE II)

Donor:	Denmark (DANIDA)
Project Title:	Public Telephone Project (Phase II)
Commencement Date:	1 June, 1996
Completion Date:	1998

3.5.1 Objectives

The immediate objective of the Project is the provision of an improved public telephone service (PTS) in terms of geographical coverage. The service is expected to be technically, financially, and institutionally sustainable and be affordable by users from low income groups in Zambia.

3.5.2 Implementing Agency

The ministry responsible for overseeing and regulating the development of telecommunication services in Zambia is the Ministry of Transport and Communications. The PTS organisation has remained as an integrated part of the Telecomms Division of ZamTel. In order to maximise the effectiveness of the PCO Operations Office, the organisation has been established as a separate result centre within the framework of the Company. Tele Danmark Consult A/S was chosen as Consultant for the implementation of the Danida component of the Project.

3.5.3 Project Design and Process

The strategy for project implementation combines an institutional and a physical development component. The institutional development component, based on a Result Centre approach, aimed at establishing a solid foundation for the future development and growth of a sustainable public telephone service in Zambia, beyond the period for which assistance from Danida is foreseen. The project aimed to improve both the capability and the capacity of the PTS with a view to minimising service non-availability owing to operational and maintenance problems, thereby improving the availability of installed public phones and ensuring sustainability of the PT service.

It was agreed at the outset that a project review should be conducted jointly by Danida and ZamTel about one year after the commencement of the Project. In order for Danida to determine the extent to which the goals of the project have been reached, it was also agreed that an evaluation of the project should be undertaken some 1-2 years after its conclusion. So far, the following commitments have been fulfilled:

- A Project Appraisal Report was done in November, 1995;
- A Mid-term Review was done in February, 1998; and
- A Project Completion Report was done in September, 1998.

3.5.4 Project Identification and Appraisal

The Danish Government has supported the Zambian telecommunication sector since 1985. 400 pay-phones were procured under a Danish Government loan in 1986. These pay-phones were modified to token technology in 1993. Based on a positive evaluation, Danida's Board approved a grant for a second phase of the support of the ZamTel in December 1995. This was following a request from the Zambian government. The government request was originally put to Danida in 1988 when the then Post and Telecommunications Corporation (PTC) applied through the government for funding for equipment and technical assistance.

3.5.5 Inputs

Facilities

The Danida support includes

- setting up of an organisation to operate a public telephone service; and
- further supply of telephones and other material.

Specifically, inputs financed by Danida are as follows:

- Technical Assistance consisting of long-term technical adviser and short-term advisers.
- Physical Inputs comprising of:
 - ◊ PCO (Token) payphones with additional cash-boxes
 - ◊ ACO (Card) payphones, card-reading terminals and phone cards
 - ◊ Equipment for PTS Bureaux
 - ◊ Telephone booths
 - ◊ Spare parts
 - ◊ Equipment and tools for workshop and field maintenance
 - ◊ Transport and communications equipment for token collectors (motorcycles and CB radios)
 - ◊ Computer systems and software for MIS
 - ◊ Office equipment and stationery.
- Inputs to be Financed by ZamTel comprise of:
 - ◊ Metal signs, advertising materials and fittings for telephone booths for PCOs and ACOs
 - ◊ Furniture for offices and payphone repair workshop
 - ◊ Transport
 - ◊ Accommodation for PTS bureaux including refurbishment.
 - ◊ Resources for the project implementation, operation and maintenance
 - ◊ Manpower as per agreed PTS organisation setup
 - ◊ Installation
 - ◊ Field maintenance
 - ◊ Functional PCO/ACO workshop integrated with ERC
 - ◊ Revenue collection

◇ STC training modules on PCO/ACO equipment.

Budget

The main budget lines for external inputs are shown in Table-.

Table-: Public Telephone Project, Phase II: Budget for External Input (DKK)

DESCRIPTION	ORIGINAL	REALISED	DEVIATION
Pay phone equipment	7,553,000	7,833,091	-280,091
Miscellaneous items for PCO s	1,084,000	837,600	246,400
MIS equipment	493,000	438,588	54,412
Tools and test gears	639,000	792,598	-153,598
Transport (motorbikes)	345,000	155,227	189,773
Office equipment	130,000	130,030	-30
<i>Sub-total for physical components</i>	<i>10,244,00</i>	<i>10,187,13</i>	<i>56,866</i>
	<i>0</i>	<i>4</i>	
Freight and insurance	1,024,000	638,604	385,396
Contingencies (physical and price)	716,000	0	716,000
Technical assistance	3,300,000	3,905,000	605,000
<i>Total for external input</i>	<i>15,284,00</i>	<i>14,730,73</i>	<i>553,263</i>
	<i>0</i>	<i>7</i>	

Source: Danida/ Ministry of Foreign Affairs (1998), Public Telephone Project Phase II, 1996 - 1998: Zambia, Project Completion Report, Prepared by Tele Danmark, September, p. 10.

The annual recurrent costs are met by ZamTel. These are the costs incurred by the project after the completion of the implementation phase, i.e. the cost of operation and maintenance of the PCO/ACO s and are classified under the following budget heads:

- ◇ Fuel and maintenance of vehicles/motorbikes
- ◇ Salaries and allowances etc. to PTS staff
- ◇ Maintenance materials and spare parts
- ◇ Rental of buidings for PTS Bureaus
- ◇ Charges for telephone calls
- ◇ Financing costs (interest on government loan).

Personnel Resources

The implementation of the project involved Zamtel personnel under the newly-established PTS body. The implementation of the project involved the recruitment of an external long-term technical adviser and three short-term experts. The latter provided PCO/ACO specific equipment training, expertise in MIS and financial monitoring and analysis.

3.5.6 Outcome / Impact

The principal outputs of the project were planned to be as follows:

- A PTS organisation established as a result centre, with its own mission statement and operating guidelines and staff;
- PTS management and staff trained to operate as a team in a result centre
- A Management Information System (MIS) implemented for operational, financial, and technical information;
- Staff training capacity (in PTS technology) developed at ZamTel s Staff Training College;
- Operations Office able to monitor technical performance of PTS and extend assistance to field technicians when necessary;
- Operations Office able to perform financial monitoring and control of PTS;
- Physical components and supplier support services procured, supplied, installed and in operation.

The main outcome of PTS has been positive as there has been increased access by the public to telephone services. An improved public telephone service in Zambia has been achieved in terms of geographical and demographic coverage and the PTS availability is close to the set target on 1% of existing Direct Exchange Lines.

A general consideration for the siting of all pay phones has been to afford the best possible condition of access to users of all social classes. The PTS distribution has been in accordance with the originally planned micro-siting strategy and approximately 15% is located in areas with low income population. Analysis of interviews made with PTS users during the Project s Mid-term Review shows the public in general can easily afford the unit charge. And taking communication as a possible alternative to transport, the consumers in general prefer to substitute transport services with less time-consuming and less expensive communication services. In this respect, the impact has generally been positive.

3.5.7 Sustainability

A number of considerations ought to be taken into account when looking at the sustainability of the Public Telephone Project under review. Firstly, it is imperative to ensure the development of effective management procedures and monitoring systems for operation and maintenance that are sufficiently embedded in the programme to be able to survive movements in personnel. The reinforcement of commitment by Area Managers to the success of the Project is an important contributor to sustainability. In this regard, it is important to ensure that sufficient management and technical staff will be available at all times to run the PTS. The experience so far revealed that there has been very little training extended to technical personnel apart from on-the-job training.

The development of a computer-based Management Information System (MIS) for expenditures, revenue collection and maintenance is equally important for sustainability. In order to secure adequate super-user support to the area feeder

system as well as to secure further development of the system concerning technical performance statistics (e.g. faults statistics), the MIS Officer should attend a training course in Visual Basic programming. Similarly, the is need to heed the recommendation of the Mid-term Review of the Project regarding the importance of training the group of staff members that developed the existing Navision-application in Navision Financials, including training in the designing facilities (Super-user level).

Although the PTS is supported by political willingness to provide the country with public telephone services, not all areas of this service will *a priori* be viable in financial terms as per existing setup. Hence there are conflicting objectives of rendering the service and financial viability. At the present stage, the PTS is a financially viable undertaking due mainly to relatively high revenues in urban areas. In the future, the financial sustainability of the planned payphone expansion is subject to revenue and cost levels that allow a certain degree of geographical cross subsidisation between payphones in different locations. Therefore, the project is considered financially viable, provided that measures are taken which will secure the scope for a continuously high level of revenue of the total PTS system and keep down cost development. In particular, the revenue could be increased by:

- Improved maintenance performance.
- enhanced financial viability in the light of in-coming competition from service providers in the same field although these are currently confined to the cellular sector.

The main threat to these opportunities is, inter-alia, the absence of a clear business expansion strategy. A long-term strategy for the development of PTS, reflecting the PTS policy, has not yet been developed by ZamTel. Thus, PTS and the ZamTel management should ensure that the policy paper (the Mission Statement) is accompanied by a strategy on investment for the development of the PTS. To ensure project sustainability, it is essential that before any major decisions regarding the future pay-phone technology are taken, a pay-phone strategy must be developed. This strategy should be based on future demands for pay-phones regarding volume (number of pay-phones), locations, services required and operational aspects. The strategy should also define whether a Production Management Systems (PMS), would be required, based on volume and service targets and what types of pay-phones would be suitable in such a system.

Complementary to the above is the importance of establishing a proper routine for ensuring the availability of spare parts. This should include decisions on re-order levels, ordering procedures etc. Such a routine should includes regular monitoring. Technical performance indicators should be specified, targeted and introduced for reporting operations.

3.6 Case Study Five: Compound Upgrading Programme

Donor: Irish Aid
Project Title Compound Upgrading Programme
Commencement Date July 1991 (in Kamanga Compound)

Being worked on.

3.7 Case Study Six: Lusaka-Kafue Road Rehabilitation

Donor:	USAID
Project Title:	Lusaka to Kafue Road Rehabilitation
Commencement Date:	1990 (completion 1994)
Objectives:	Improve the efficiency of the inter-regional transport system by reducing the operating costs, improving the level of service, and extending the life of the Kafue Lusaka Road
Implementing agency:	Kajima Corporation
Total inputs:	
• Facilities:	53.1 km of rehabilitated road, and better trained and equipped personal at the Roads Department
• Budget:	US\$28.4 million
• Human resources:	both local and expatriate
Project outcome:	successful road rehabilitation on schedule
Project impact:	successful in meeting projective objective

Project Sustainability

The project was financially, administratively and technically sustainable from design to implementation. The extent to which this will remain so in the future depends on the proper usage of the funds from fuel levy and road licence fees both of which are for road rehabilitation. Recent failures to pay road contractors raise serious concerns.

Methodology for strengthening the sustainability of the project

	Design	Implementation	Post Implementation
Methodology	USAID regional strategy	host country tendering	host country responsibility
Practice	As above	host country failures in meeting contractual obligations, particularly with regard to maintenance	sustainability built on a weak foundation

Project Sustainability: being worked on.

3.8 Case Study Seven: Luangwa Integrated Resource Development Project

Donor:	NORAD
Project Title:	Luangwa Integrated Resource Development Project
Commencement Date:	1986 (1999 in third phase)
Objectives:	Improve the status of the wildlife resource in the project area, thereby increase the density of key-animal species while maintaining the biological diversity and creating a favourable environment for further development of tourism and hunting safari industries, which will allow continued generation of benefits for communities and revenues for effective management of the resource
Implementing agency:	Zambia National Parks and Wild Life Services
Total inputs:	
• Facilities:	Construction and maintenance of roads and establish office and residential accommodation
• Budget:	Up to 1997 NOK147.3 million, third phase budget NOK25 million total budget. Budget for infrastructure US\$11.5 million
• Human resources:	377 Local and expatriate
Project outcome:	Successful in that poaching has been reduced and some building of roads and crucial bridges done. The programme is on going
Project impact:	Minimal successes, parks not yet reached self sustenance

2.3 Project Sustainability

The project is partly financially sustainable and fully sustainable with respect to administrative and technical capacity. The Ministry of Tourism retains full responsibility for planning, implementation, reporting and accounting for the programme and the medium term sustainability of the project lies on the extent to which the economic potential of tourism and safari hunting is realised, on one part, and the line Ministries commitment to implement their respective activities, on the other.

3.9 Case Study Eight: Economic Expansion in Outlying Areas in Northern and Eastern Provinces

Donor:	Sida
Project Title:	Economic Expansion in Outlying Areas in Northern and Eastern Provinces
Commencement Date:	1995 (ends 2000)
Objectives:	To contribute to improved living standards in the target groups through increased income by enhancing the awareness of the communities to available opportunities, improve local infrastructure and management training, and facilitate the access of the community to credit.
Implementing agency:	RWA International in association with Terra Nova and Moses Banda Company
Total inputs:	Management assistance, technical training, social and economic appraisal, facilitation of community participation and financial assistance.
• Facilities:	Rehabilitating gravel roads, constructing bridges, deep tanks, constructing market, providing training for business, entrepreneurship, etc.
• Budget:	US\$13.8 million
• Human resources:	Local and expatriate
Project outcome:	successful, economic infrastructure put in place
Project impact:	Not assessed yet, measured via increase in income of target communities. However, preliminary studies show that the project objectives are being realised.

Project Sustainability

Projects are undertaken with the full participation of the community. Community involvement is at all stages in the project circle. The community also meets part of the project cost to ensure their ownership. The project itself is designed to facilitate the community's increased income generation capacity which will ensure the sustainability of the project.

Methodology for strengthening the sustainability of the project

	Design	Implementation	Post Implementation
Methodology	Community participation with project identification exclusively done by the community	Hire of a contractor who works with the community to implement the project.	Community responsibility
Practise	As above	As above	As above

3.10 Case Study Nine: Rehabilitation of Manyinga Mwinulunga Gravel Road

Donor:	Germany (Kreditanstalt fuer Wierderaufbau)
Project Title:	Rehabilitation of Manyinga Mwinulunga Gravel Road
Commencement Date:	January 1996 and completed December 1998
Objectives:	Open up North Western Province (NWP) to Development
Implementing agency:	Gauff Engineering
Total inputs:	
• Facilities:	Construction of gravel road (212 km)
• Budget:	US\$6 million
• Human resources:	250 local and 8 expatriate
Project outcome:	Successfully completed
Project impact:	Successful. NWP has been opened to development

Project Sustainability

The project was not quite financially viable due to the delay by the Zambian government to meet its obligations of providing fuel and paying local workers. The project had to be extended.

Methodology for strengthening the sustainability of the project

	Design	Implementation	Post Implementation
Methodology	On site	Cost sharing using and implemented using tendering by the host country	Responsibility of host country
Practise	As above	The Zambia government could not meet its financial obligations for which the donor had to pay an extra K2 million in time a year.	Zambian government is expected to follow up.

3.11 Case Study Ten: Livingstone Food Security Project

Donor:	Care
Project Title:	Livingstone Food Security Project
Commencement Date:	1994 (to be completed in 2001)
Objectives:	To mitigate household food insecurity
Implementing agency:	Care
Total inputs:	
• Facilities:	Dams, Weirs, Pumps and Spring cups
• Budget:	US\$5 million
• Human resources:	Local
Project outcome:	On going
Project impact:	There has been an improvement in food security and water supply

2.3 Project Sustainability

The project is financially, administratively and technically sustainable by investing heavily on the local community and local institutions.

CHAPTER FOUR

CONCLUSIONS AND RECOMMENDATIONS ON THE ENHANCEMENT OF SUSTAINABILITY

Editorial Note: This Chapter is still being worked on. Below are only tentative conclusions

This Study has come up with a number of conclusions against which recommendations could be made for the enhancement of sustainability. The presentation below is divided into main findings and main recommendations for sustainability enhancement.

4.1 Main Findings

1. Zambia is presently one of the world's most heavily indebted low income countries. The country's external debt stock has progressively been increasing in recent years, reaching US \$7,143 million in December, 1997. The stock of debt of the country remains enormous with debt service absorbing a significant share of resources meant for critical developmental programmes.
2. Aid, as measured by gross overseas development assistance (ODA) increased by an annual average of 40 percent over the period 1960-1996. The bulk of external assistance to Zambia consists of grants. Grants play an ever-increasing role in total gross ODA flows into Zambia. With the exception of the 1978-1982 period and during 1995, external assistance in the form of grants has been more significant than loans. This aspect is evidenced by the worsened debt crisis that has persuaded the bilateral donors to extend their assistance chiefly as grants.
3. Notwithstanding the amount and pattern of external resource inflow to developing countries, there has been an increasing concern among both donors and recipients world-wide that the intended impact of external assistance has remained marginal even where actual volumes have increased significantly. This is in spite of a number of recipient economies taking on board most of the conditionalities specified by donors, including the non-economic ones such as those pertaining to democratic political systems; good governance; and environmental considerations.
4. With respect to aid acquisition process, all the examined donors usually extend support to Zambia after the recipient has made an expression of need, often through an express request. Once the request is received, the donor assesses the feasibility of the proposed area of support using standard principles and sets of criteria that are usually unique, in detail, to the specific donor.

5. there are no specific criteria for capital investment specification in almost all the donor agencies examined in this Study. The principles used by donors for project identification are generally the same for both capital and non-capital grants. Nevertheless, at the level of project sustainability, donors usually look at the technical specifications *vis- -vis* the environment to which the equipment is to be installed and utilised. Quite often, however, technical appropriateness has been overlooked.
6. Increasingly, most of the donors examined have identified poverty reduction as one of the most important defining variables for the purpose of funding. The most prominent donors in this regard are Danida, DFID, UNICEF, and Irish Aid.
7. Another important criteria that donors highlight is the need to integrate community involvement/participation in the projects that they support for sustainability assurance. All the ten donors covered in this Study emphasised the need to involve the beneficiaries in the projects that they support.
8. With regard to project monitoring and evaluation, almost all the donors examined use similar processes with differences being mainly at the level of detail and composition of the evaluation teams. Principally, with regard to monitoring, donors have made this an on-going process that involves all the actors in the project implementation system. Most donors integrate in their systems strong Management Information Systems (MIS) that allows them to collect the relevant data regarding project operations and feedback systems.
9. Donors have also build into their project circles mid-term reviews that are part of the monitoring process *vis- -vis* project performance. Major differences obtain at the level of who is doing the project monitoring exercise, especially with respect to project mid-term review.
10. At the level of project ex-post evaluation, most donors examined still depend on external experts but joint efforts with experts in the recipient country are becoming more frequent especially in the light of the increasing debate regarding the question of *local ownership* of the processes *vis- -vis* capacity building considerations.
11. Most of the donors that are examined in this report prefer not to meet local costs, particularly salaries and operational recurrent costs. In almost all the cases, to the extent that the capital grant aid projects are usually integrated into the government system, the government is expected to meet related costs other than the capital grant itself.
12. The issue of local ownership of programmes is assuming centre stage in development assistance. In the context of projects and programmes, it is generally agreed that the involvement of the beneficiaries is paramount for both project effectiveness and sustainability.

13. Consensus is currently building among donors and development analysts regarding the perceived need to reform technical assistance between donors and recipients. In particular, the major criticism of technical assistance is linked to the general tendency of many donors to impose it on the recipient, thus, leaving the latter with very little room for manoeuvre in decisions pertaining to the transfer of experts.
14. All the ten donors examined in this Report subscribe to the sector-wide approach (SWAp) to external assistance. Donors and recipients alike have concluded that project approach is neither effective nor desirable and a shift to the sector support approach is increasingly being preferred.
15. One noteworthy aspect of the sector support programme is that donors hardly co-ordinate with each other. And yet what is desirable is for donors to seek feasible arrangements that assure the harmonisation and co-ordination of their external assistance in the context of meaningful dialogue with recipient governments and other stakeholders.
16. In view of No. 16 above, recipients have sought basket arrangements whereby donor input is targeted into a common pool of a comprehensive sector programme although the contribution may be earmarked for a specific activity within that common basket. An important aspect of this approach, now commonly referred to as *Sector Programme Support (SPS)* is that it is an improvement over the sector support approach in that policy reforms at the sector level as well as institutional capacity strengthening are an integral part of the assistance.
17. Equally revealing has been the discovery in this Study that all the aid co-ordinating institutions at the macro level suffer from serious structural and human capacity limitations that include weak organisational systems; inadequate and unreliable policy-cum-planning database; the absence of well-trained, remunerated, motivated and experienced personnel; and poor financial management and accounting systems that have tended to threaten accountability and, thus, encourage donors to either include gate-keeping functions in their interaction with the recipient and/or simply go around the government system altogether by creating parallel project management and implementation systems.

4.2 Main Recommendations

In view of the above main findings, the following recommendations are being made.

1. In order for the country to be able to take advantage of the opportunities that are emerging on the global scene with regard to debt reduction, institutional and human resource capacities must be built as a matter of urgency. Zambia needs to train - and retain - qualified negotiators that possess the ability and determination to look at alternative options available to the country in the interest of the country. This also calls for structures that would allow for frequent consultations with the country's

development partners in a manner that is transparent and credible to all stakeholders.

2. The capacity of the recipient government to identify the problem; design project implementation tools; and manage, monitor and evaluate such donor-supported projects during their life cycle is crucial in any meaningful approach to improved donor-recipient interaction and, consequently, project effectiveness and sustainability. This fundamentally calls for improvements in the capacity of the recipient government to be able to discriminate good from bad aid in a way that takes into account the special needs and priorities of the nation.
3. The most basic and broad policy change that is needed to facilitate improved capacity building in recipient countries today is the creation of an enabling macroeconomic environment within which the needed resources are generated in a sustainable way and their utilisation efficiently managed and monitored.
4. Local ownership of externally-funded projects should not only be at the central government level but also at other levels involved in donor-assisted activities. This should include local government, the private sector, NGOs, beneficiary communities, households, and individuals that constitute the final beneficiaries.
5. With respect to capacity enhancement, there is the need for a home-grown capacity building effort. In other words, initiatives towards capacity building must not be supply-driven. Rather, they ought to be driven by client demand. Implied in this principle and quite important to developmental sustainability is another important prerequisite to capacity building in recipient countries, namely, local *ownership* of the process. This entails that there must be nation-wide participation in, and consensus reached on, recipient countries capacity building processes.
6. Apart from the necessity for intra-government coordination *vis- -vis* external resources management, this study has also highlighted the importance of realistic co-ordination between donors and recipients to assure aid effectiveness. Donor-recipient co-ordination is important to the extent that it facilitates the national system to have a more informed picture of the nature and extent of external support and use such knowledge to strengthen both its definition and redefinition of external involvement as well as to consolidate its aid management capacity through an in-depth knowledge of what the donor does. By close monitoring through, for instance, consultative meetings with donors, the government's seriousness of purpose would be revealed, itself an important catalyst for increased and improved external support.
7. This Study has revealed that the role of donors in Zambia today is still crucial. In this regard, it is recommended that a more transparent and well-conceived approach to the integration of donor funds and technical assistance should be sought. In particular, urgent consideration should be given to how donor input in social sector delivery systems could best be co-ordinated with a view to reducing the problem of

duplication of activities which does complicate the aid management function. Donors should move away from aid conditionalities that inhibit smooth capacity building initiatives in the country. In this regard, the following recommendations are made:

- ◊ Donors should ensure that their assistance is not guided by their own development priorities and trends. Rather, external support should be synchronised closely with the country's own priorities and development agenda.
 - ◊ In order to help in the strengthening of local institutions and structures, donors should strive to operate within the existing national organisational framework. They should, therefore, avoid the creation of parallel project management structures that sideline the existing government system.
8. External support for capacity building in Zambia should, in principle, be aimed at Human Resources Development. Essentially, this entails the need to target both poverty alleviation and the optimum use of resources with a view to increased economic (particularly agricultural) output and food security. Donor support should, therefore, aim at targeting the improvement of the capacity of economic output and social welfare of the majority of the people.
9. Donor support should complement government effort to devolve decision-making and implementation functions from the top to local levels. Such a decentralised approach should entail several aspects. In particular, donors should be allowed to channel resources *directly* to the private sector, including NGOs, and to the local levels.