

Terminal Evaluation Summary

1. Outline of the Project		
Country : Zambia		Project Title : Zambia Investment Promotion Project –Triangle of Hope
Issue/Sector : Private Sector Development		Cooperation Scheme : Technical Cooperation Project
Division in charge : Zambia Office		Total Cost : 2.98 million yen (at time of evaluation)
		Country Partner Implementing Organisation: Office of the President, Cabinet Office, Ministry of Commerce, Trade and Industry (MCTI), Zambia Development Agency (ZDA)
Period of Cooperation	(R/D)21st August 2009	Supporting Organisation in Japan: None
	3 years (21st Aug. 2009 – 20th Aug. 2012)	Related Cooperation : The Project for Triangle of Hope, Strategic Action Initiative for Economic Development (ToH SAIED)

1-1 Background of the Project

Based on a request from the Zambian Government, JICA implemented “the Project for Triangle of Hope, Strategic Action Initiative for Economic Development (ToH SAIED)” from July 2006 to March 2009, in which Malaysian consultants recruited by JICA provided the Zambian Government with technical advice in formulating and implementing twelve areas of action agenda aiming at improving the investment environment, compiling and publicizing information necessary for investors, and conducting investment promotion activities. The implementing organizations of ToH SAIED were initially the Ministry of Commerce, Trade and Industry (MCTI) and the Zambia Investment Centre (ZIC) but after January 2007 when the Zambia Development Agency (ZDA) was created combining five governmental agencies including ZIC, ZDA became the implementing agency of the project.

At the ToH SAIED’s final evaluation conducted jointly by JICA and the Zambian Government in November 2008, a need to strengthen ZDA’s capacity (human resources, partnerships with relevant governmental agencies and the private sector, information provision to its clients, and general administration) was recognized in promoting investments in Zambia, and the necessity for further supporting the monitoring of the ToH Action Agenda (ToH AA) was identified with a view to accelerating the realization of the twelve areas of Action Agenda.

Based on the Record of Discussions (R/D) signed on 21 August 2009, JICA started implementing the “Zambia Investment Promotion Project - Triangle of Hope- (ZIPP –ToH)” in August 2009 with the expected duration of three years, aiming at strengthening the capacity of ZDA and other governmental agencies so that Zambia is able to promote investment in an effective and sustainable manner.

1-2 Project Overview

(1) Overall Goal

To increase both Foreign Direct Investment (FDI) and domestic investment to Zambia.

(2) Project Purpose

To enable Zambia attain a friendly environment for investors.

(3) Project Outputs

- 1) To enable ZDA to provide quality services for investors in collaboration with other relevant organizations.
- 2) To enhance ZDA 's capacity for promoting FDI through investment promotion missions.
- 3) To ensure smooth Implementation of ToH AA.

1-3 Project Inputs

Japanese side:

- Appointment of 4 experts
- Hiring 3 Consultants (2 Malaysians and 1 Zambian)
- Hosting of 4 Trainees in Japan
- Support funding for local activities (40 Million Japanese Yen)
- Providing of Equipment (1 Vehicle and office equipment)

Zambian side:

- Appointment of 65 counterparts
- Providing of office Space for experts
- Cost of operating Project

2. Evaluation Team

Member of Evaluation Team	Team Leader	Mikiya SAITO	Director, Private Sector Development Division, Industrial Development and Public Policy Department, JICA
	Investment Promotion Cooperation Planning	Toru HOMMA Keiji ISHIGAME	Senior Advisor, JICA Deputy Director, Private Sector Development Division, Industrial Development and Public Policy Department, JICA
	Evaluation Analysis	Izumi SAKAYA	CEO, Prastha, Limited
Period of Evaluation	1st June 2012 – 25th June 2012		Type of Evaluation : Terminal Evaluation

3. Overview of Evaluation Results

3-1 Achievements (result and attainment status for Overall Goal)

(1) Project achievements

(Result 1) To enable ZDA to provide quality services for investors in collaboration with other relevant organizations.

1) Number and quality of sector and subsector profiles

Eight (8) sector profiles (Agriculture; Energy; Mining; Manufacturing; Infrastructure; Education; Health; and Tourism), four (4) sub-sector profiles (Agro-processing; Mineral beneficiation; Copper fabrication; and

Iron and steel) and two (2) product profiles (Computers; and Leather and leather products) are completed with quality.

2) Degree of information sharing within ZDA

The activities conducted include workshops among ZDA staff on customer-oriented services to enhance awareness of the staff; analysis and clarification of work-flow and information-flow of selected works. However, information sharing among the staff still needs strengthening.

3) Degree of investment record tracked

The degree of tracking of investment records is increasing. In September 2011 ZDA introduced a database management system called Q-Bee. The Project is in the process of setting up the system, with Q-Bee, where all the information on investors at every stage from inquiry to approval to monitoring/ aftercare will be collected, accumulated, shared and analyzed.

4) Number and quality of revised investment promotion tool kits

A number of quality investment promotion toolkits, which are easy to understand for investors have been prepared and updated during the Project, including “Investor’s Guide Handbook”, “Zambia, Africa’s New Frontier for Investments and Profits”, “Cost of Doing Business in Zambia” and “Why Invest in Zambia” (English and Japanese versions). Most of them are available on the ZDA website.

5) Number and quality of publicized manuals for investors / Degree of clarification of current licensing procedures

An application manual “Application Manual for Investors: Certificate of Registration and other Licenses” was prepared, published and uploaded on the ZDA website. The Investment License Application Form is also available on the web. Current licensing procedures were clarified through a tracer study and a baseline survey during the Project for simplification of procedures. Further discussions within ZDA and with Private Sector Development Reform Programme (PSDRP) which also deals with business license reform on improvement of important licensing procedures are in progress.

6) Number of channels to obtain feedback from ZDA clients

ZDA has several channels to receive feedback from its clients; i) an officer in charge of aftercare was introduced by the Project and is currently receiving feedback from current investors, ii) in many opportunities in the process of Project activities, especially preparation of sector profiles where workshops with the private and public sectors were held, ZDA received feedback from investors, iii) ZDA collects the responses from participants of investment promotion missions and seminars, and iv) utilization of the ZDA website for feedback from customers is in progress with analysis of access data.

(Result 2) To enhance ZDA’s capacity for promoting FDI through investment promotion missions.

1) Quality of presentation materials for investment promotion missions / Number of Joint Venture (JV) proposals

A number of investment promotion toolkits were prepared and were utilized for investment promotion missions and seminars. The quality of materials was generally appreciated by the participants.

Under the Project, eight (8) investment promotion missions were undertaken to India, Malaysia, Thailand and Republic of South Africa. Fifteen (15) investment promotion seminars were also held during the missions. So far thirty (30) JV proposals have been submitted by Zambian companies from these missions.

2) A number of promising projects emerged from the investment promotion missions.

As visible results of the investment promotion missions under the Project, nine (9) investment projects have been realized (licensed) and one (1) investment project is in the process for licensing. Annex 14 shows a summary of these ten (10) investment projects. Further, more than thirty (30) investment projects are under negotiation. However, more investments would have been expected with more careful and appropriate follow-up activities.

(Result 3) To ensure smooth Implementation of ToH AA.

1) Contents of consolidated ToH AA

A workshop was held in June 2011 to review and consolidate the ToH AA. As a result, the total number of ToH AA recommendations were streamlined from 237 to 100 core recommendations, by sorting out similar issues/activities, and classified to five (5) categories.

2) Progress of the implementation of ToH AA

Implementation of the ToH AA recommendations slowed down after the Mid-term Review, partly due to the General Elections and the subsequent restructure of the Government ministries, some of which are key in implementing the Project. As of May 2012, the number of recommendations yet to be implemented was 39.

(2) Project Purpose

1) Level of satisfaction of investors/clients to the services and policy environment

The Zambian companies, business associations and foreign investors observed that the policy environment of Zambia and the services provided by ZDA had been improving over the last few years and they were generally satisfied with the current business environment. Many ZDA staff members also felt that they received better responses than before from clients about ZDA's services. In addition, the World Bank's annual study report "Doing Business 2011" rated Zambia among the top 10 reformers of the business environment globally.

(3) Overall Goal

1) Status on FDI inflow and domestic investment

Investment in Zambia has been rapidly increasing in recent years. Besides the contribution made by the Project, it is clear that there are many other important determinants of investment. If the efforts of the Project are maintained, a favorable business environment is maintained by improving relevant policies, and ZDA's capacity is strengthened, there will be a further increase in the number of FDI and domestic investment.

3-2 Summary of Evaluation Results

(1) Relevance

The relevance of the Project is very high because of the following reasons.

1) Consistency with the Zambian Government Policy

"Zambia Vision 2030", which is Zambia's long term national development plan, and Sixth National Development Plan 2011-2015 (SNDP) stresses the necessity of raising investment by improving the investment environment in collaboration with the private sector, in order to accelerate economic growth. The new government since September 2011 has continued with major planning instruments in line with the Vision 2030 and SNDP without any changes in policy on investment promotion.

2) Consistency with Needs of Beneficiaries

The direct beneficiaries are Zambian C/P and staff of ZDA. They are in need of capacity development to

achieve the above-mentioned ZDA's objectives. Foreign and Zambian investors are also beneficiaries of the Project. They seek a favorable business environment such as improved services by ZDA and better policy environment for business brought about by realization of the ToH Action Agenda.

3) Consistency with ODA Policy of Japanese Government

The Project is consistent with Japan's ODA policy as Japan aims to support investment promotion and the private sector. Further, in Japan's ODA programme towards Zambia formulated in 2012, one of the focal areas of assistance is "to activate industries" and the Project is considered to contribute to this area.

4) Advantage of Japan and Malaysia's Cooperation in the Project

Japan has a technical advantage in providing capacity development to investment promotion institutions in a number of countries. Malaysia on the other hand has the advantage of having achieved economic development by foreign investment promotion and has therefore got knowledge and experiences which can be utilized.

(2) Effectiveness

The effectiveness of the Project is high as the Project has achieved the Project Purpose to a satisfactory level.

Among the three Outputs, Output 1 and Output 2 have greatly contributed to the achievement of the Project. As for Output 3, although it is quite certain that implementation of some recommendations of the ToH AA contributed to achieving the Project Purpose, it is difficult to measure the extent of the actual effects of implementation of the recommendations.

(3) Efficiency

The degree of efficiency of the Project is assumed to be fairly high judging from the performance of inputs and outputs described below.

The Project has so far had four (4) Japanese experts, two (2) Malaysian consultants and a Zambian ToH National Coordinator, from the Japanese side. In general, they have managed to conduct various activities in an efficient manner and appropriately undertaken technical transfer to Zambian C/P.

After the Mid-term Review of the Project, the efficiency of activities was accelerated by the addition of a new Japanese expert. However, the activities could have been conducted more efficiently had the consultant been engaged at an earlier stage in the Project.

Allocation of the Zambian C/P of ZDA was mostly appropriate for the activities. Since a relatively large number of staff were involved in the Project, they did not initially consider the Project as their own; but as the Project progressed they gradually started to strengthen Project ownership.

Malaysian technical expertise and experiences of investment promotion were applied to Project activities such as the investment promotion missions and preparation of investment toolkits under the guidance of the Malaysian consultants. They made the Project quite effective and efficient.

Sharing of information and exchange of opinions with another cooperation project between MCTI and JICA "The Project for Development of an Industry Strategy" has contributed to efficient implementation of the Project.

Harmonization of ToH AA with PSDRP has begun. Some of ToH AA recommendations were integrated within the PSDRP framework and each relevant ministry has a single focal point officer in charge of both ToH and PSDRP for better coordination.

(4) Impact

The implementation of the Project has some positive impacts as seen below. No negative impacts have been observed.

1) Materialization of Actual Investment Projects

A lot of investment promotion projects have been realized as a result of efforts made in the investment promotion missions carried out as a part of capacity development of ZDA under the project.

2) Investments from Japan

Under the Project, an investment promotion seminar was held in the Republic of South Africa, targeting Japanese companies operating there. Many of the participants were impressed with the investment opportunities in Zambia. Additionally, a large scale Japanese company on the Zambian market evaluated ZDA's services. Furthermore, other investment promotion seminars are scheduled to be held in July 2012 in Japan. With these activities new investments from Japan will be expected.

3) Investment Policies being Mainstreamed in Relevant Ministries

With the progress of ToH AA, policies to improve the investment environment have been mainstreamed in the relevant ministries of ToH. Such policies are leading to diversification of sectors of private investment, by bringing about new FDI in sectors like education and health, which did not afford a lot of FDI before.

4) Expansion of Kaizen

One of the Project activities, promotion of Kaizen, has had a remarkable impact. The number of participating groups and their members for Kaizen activities registered with ZDA increased. Expansion of Kaizen would increase productivity at the national level in the long run.

(5) Sustainability

The sustainability of the Project will be by and large secured, although there are some uncertain factors.

1) Policy Aspect

The new government has continued to follow the Vision 2030 and SNDP. It is reasonably expected that private sector-driven development will continue to be emphasized and investment promotion will continue to be a policy with priority.

2) Institutional Aspect

Currently, review for amendment of the ZDA Act is in progress and restructuring of ZDA is anticipated. Although the details of the restructuring plan are not yet known, it is expected that ZDA's function as an investment promotion agency will be made clearer than at present. This is favorable for securing sustainability of the Project.

As for the ToH AA, the Zambian Government is likely to continue to maintain the ToH framework after the termination of the Project. However, a detailed plan such as allocation of Monitoring Staff has not been decided.

3) Financial Aspect

The annual budget of ZDA received from the Government has been around 10 billion Zambian kwacha since 2008 and it is expected to remain at the same level for coming years. With increasing investment in Zambia and increasing amount of work for ZDA, it is obvious that the funds tend to be insufficient for ZDA to fully conduct its activities. In view of the foregoing, it would still be possible to sustain activities of the Project as technical skills have been imparted to relevant staff.

4) Technical Aspect

ZDA staff members have improved their capacity to such an extent that they will be able to sustain

and expand the Project effects and activities. Therefore, technical sustainability will be secured to a large extent. However, it appears that ZDA does not have a mechanism for staff members to disseminate skills and knowledge to other staff members. Another factor which could threaten technical sustainability is the fact that some of the capable ZDA staff have left the organization.

3-3 Factors that contributed to realization of effectiveness

(1) Factors in terms of planning

- Experience and knowledge in investment promotion of Malaysia have been utilized in the capacity development of ZDA and the promotion of the ToH AA.
- The activities for capacity development of ZDA staff through actual investment promotion missions were extremely practical and effective.

(2) Factors in terms of implementation process

- Communication among Japanese Experts, Malaysian and Zambian Consultants and Zambian C/Ps was smooth especially after the mid-term review.
- There was an increased level of teamwork among Zambian C/P's as the Project progressed. ZDA top management was actively involved in the project.
- After mid-term review, an additional input of Japanese expert in charge of output 1 was very effective.

3-4 Problematic issues, and factors that caused problems

(1) Factors in terms of planning

- The project contained two components, namely capacity development of ZDA and the improvement of the promotion of investment related policies for all ministries at different levels. The framework of the system was inadequate to manage all the project activities.

(2) Factors in terms of implementation process

- The delay in the progress of implementation of the ToH Action Agenda was caused by factors outside the control of the project. The delay was caused partly by the general elections and restructuring of ministries in 2011.
- During the Project period, some capable staff left ZDA. There is a concern this might affect the sustainability, though no negative impact has been seen as yet.

3-5 Conclusion

The Project has shown satisfactory progress and mostly achieved the Project Purpose and Outputs towards the completion of the Project.

From the viewpoint of the five evaluation criteria, “relevance” of the Project is very high while “effectiveness” is high and “efficiency” is fairly high. As for “impact”, some positive impacts have been observed and no negative impacts have been found. It seems that “sustainability” of the Project will be by and large secured with continuous efforts by the Zambian side.

Based on the above findings the Project will be finalized in August 2012 as scheduled.

3-6 Recommendations (Specific measures, proposals or advice for this project)

(1) Recommendations for the Remaining Period of the Project

1) Securing Sustainability of ToH AA Monitoring

In order to secure the sustainability of ToH AA monitoring after the termination of the Project, it is necessary that the remaining 39 recommendations of the ToH AA are re-examined and a detailed plan of the integration of ToH into the PSDRP framework is clearly outlined.

(2) Recommendation for the Period after the Project

1) Development of investment promotion tailored for specific target countries/sectors

For effective investment promotion, it is recommended that more specific approaches to target countries/sectors be adopted, such as tailored presentations in the seminar and preparation of tailored promotion materials.

2) Cooperation with Zambian Diplomatic Missions Abroad

Under the Project a number of investment promotion missions were sent to India and Malaysia where the Zambian embassy in the respective countries provided the mission with effective support, which resulted in materialization of several investment projects. This approach of having cooperation with diplomatic missions abroad should be adopted for more effective investment promotion missions. ZDA should continue to provide training for commercial attaches of foreign missions to strengthen their capacity for this purpose.

3) Staff Training of ZDA

At present ZDA does not conduct internal staff training. The knowledge and skills which have been acquired under this project through various training activities should be disseminated to other staff members to secure sustainability. Therefore introduction of internal staff training for this purpose is important.

4) Funding for ZDA

It is found that financial sustainability of the Project is not totally certain because of the budget constraints of ZDA. It is requested that the GRZ consider consolidation of the financial basis of ZDA, taking into account the importance of the role of ZDA in promoting investment.

3-7 Lesson Learned

(1) Project Design

When the project includes more than one component which has activities and players at different levels, it may impair the efficiency of the project. Therefore the project should be very carefully designed.

(2) Effectiveness of Capacity Development through Actual Investment Promotion Missions

It is effective to learn from hands-on experience through actual investment promotion missions, in addition to obtaining knowledge from training and lessons, for strengthening capacity in terms of investment promotion.

(3) Asian Experiences

There is a possibility that other similar projects in African countries can also benefit by referring to implementation method of this project with utilizing experiences and knowledge of Malaysia which achieved economic development through mainstreaming of foreign investment promotion.

(4) Diversification of Investment to Non-traditional Private Investment Sectors

Under this project, there was an attempt to diversify investment through promotion of private investment toward non-traditional investment sectors such as education and health. It's effective to promote

diversification of the industrial structure in this way.

(5) Utilization of the Organization for Economic Cooperation and Development (OECD) Policy Framework for Investment (PFI)

The OECD PFI as the internationally-recognized investment policy benchmarking tool was utilized for the preliminary survey at the beginning of ZDA capacity building activities. The PFI is applicable to future projects for capacity development of investment promotion agencies in general.