

Country Name	Zambia Investment Promotion Project-Triangle of Hope (ZIPP-ToH)
Republic of Zambia	

I. Project Outline

Background	Zambia's economy had been dependent on copper production since its independence, and industrial diversification had been a long standing issue. The Zambian Government aimed at promoting industrial diversification and economic growth by increasing investments in the country. Under such situation, JICA implemented "the Project for Triangle of Hope, Strategic Action Initiative for Economic Development (ToH SAIED)" from July 2006 to March 2009, in which JICA experts provided the Zambian Government with technical advice in formulating and implementing twelve areas of action agenda (ToH Action Agenda: ToH AA) aiming at improving the investment environment, compiling and publicizing information necessary for investors, and conducting investment promotion activities. At the terminal evaluation of ToH SAIED in November 2008, a need to strengthen capacity (human resources, partnerships with relevant governmental agencies and the private sector, information provision to its clients, and general administration) of Zambia Development Agency (ZDA), which became an implementing agency of the project in 2007, was recognized in promoting investments in Zambia, and the necessity for further supporting the monitoring of the ToH AA was identified with a view to accelerating the realization of the twelve areas of action agenda.																																		
Objectives of the Project	Through enabling ZDA to provide quality services for investors in collaboration with other relevant organizations, enhancing ZDA's capacity for promoting FDI through investment promotion missions, and ensuring smooth implementation of ToH AA, the project aimed at attaining friendly environment for investors, thereby contributing to an increase of FDI to Zambia and domestic investment. The project objectives set forth are as follows:																																		
	<ol style="list-style-type: none"> 1. Overall Goal: Foreign Direct Investment (FDI) to Zambia and domestic investment will be increased. 2. Project Purpose: Zambia can attain friendly environment for investors. 																																		
Activities of the project	<ol style="list-style-type: none"> 1. Project site: Lusaka (capital) 2. Main activities: (1) Prepare subsector profiles, establish an investment monitoring system, and prepare investment promotion tool kits and manuals for investors; (2) Accumulate experiences among ZDA staff through investment promotion missions; and (3) Consolidate and monitor ToH AA etc. 3. Inputs (to carry out above activities) <table border="0" style="width: 100%;"> <tr> <td colspan="2">Japanese Side</td> <td colspan="3">Zambian Side</td> </tr> <tr> <td>1) Experts: 4 persons</td> <td></td> <td>1) Staff allocated: 65 persons</td> <td colspan="2"></td> </tr> <tr> <td>2) Consultants: 3 persons (2 Malaysians, 1 Zambian)</td> <td></td> <td>2) Office space for experts</td> <td colspan="2"></td> </tr> <tr> <td>3) Trainees received: 4 persons</td> <td></td> <td>3) Cost of operating project</td> <td colspan="2"></td> </tr> <tr> <td>4) Equipment (1 Vehicle and office equipment)</td> <td></td> <td></td> <td colspan="2"></td> </tr> <tr> <td>5) Support funding for local activities</td> <td></td> <td></td> <td colspan="2"></td> </tr> </table>					Japanese Side		Zambian Side			1) Experts: 4 persons		1) Staff allocated: 65 persons			2) Consultants: 3 persons (2 Malaysians, 1 Zambian)		2) Office space for experts			3) Trainees received: 4 persons		3) Cost of operating project			4) Equipment (1 Vehicle and office equipment)					5) Support funding for local activities				
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Ex-Ante Evaluation	2008	Project Period	August 2009 – August 2012	Project Cost	(ex-ante) 210 million yen (actual) 252 million yen																														
Implementing Agency	Ministry of Commerce, Trade and Industry (MCTI), Zambia Development Agency (ZDA)																																		
Cooperation Agency in Japan	N/A																																		

II. Result of the Evaluation

1 Relevance
<p><Consistency with the Development Policy of Zambia at the time of ex-ante evaluation and project completion></p> <p>The project was consistent with Zambia's development policy on 'improving the investment environment' and 'increasing foreign and domestic investments' as set forth in the "Zambia Vision 2030", "Fifth National Development Plan 2006-2010", and "Sixth National Development Plan 2011-2015" at the time of both ex-ante evaluation and project completion.</p> <p><Consistency with the Development Needs of Zambia at the time of ex-ante evaluation and project completion></p> <p>Staff of ZDA were in need of capacity development to improve ZDA's services and promote investments at the time of ex-ante evaluation (as mentioned in "Background" above) and project completion (as observed during the terminal evaluation that foreign and Zambian investors sought a favorable business environment such as improved services by ZDA).</p> <p><Consistency with Japan's ODA Policy at the time of ex-ante evaluation></p> <p>The project was consistent with Japan's ODA policy, as it is stated in the Country Assistance Program for Zambia (2004) that support is provided for industrial development such as commercial agriculture and tourism development etc. that are not dependent on mineral resources, and this project was positioned as a program to support industrial diversification.</p> <p><Evaluation Result></p> <p>In light of the above, the relevance of the project is high.</p>

2 Effectiveness/Impact

<Status of Achievement for the Project Purpose at the time of Project Completion>

The Project Purpose was mostly achieved by the time of project completion. Capacity of ZDA improved as it became able to undertake, through project activities, collection and sharing of investment information (i.e., development of an investment record database management system (“Q-Bee”), sector and subsector profiles and investment promotion tool kits), investment promotion missions and review and implementation of ToH AA. Consequently, according to interview and questionnaire surveys, Zambian companies, business associations and foreign investors observed that the policy environment of Zambia and the services provided by ZDA had improved and they were generally satisfied with the business environment at the time of project completion. Many ZDA staff members also felt that they received better responses than before from clients about ZDA’s services.

<Continuation Status of Project Effects at the time of Ex-post Evaluation>

The project effects have been partially maintained since project completion. While all the information on investors at every stage from inquiry to approval has been collected, accumulated, shared and analyzed using Q-Bee system and sector and subsector profiles have been yearly updated, in 2011/2012 there was a delay in updating investment promotion tool kits due to numerous policy changes (inconsistencies) following the change of government in 2011¹. ZDA has undertaken few investment promotion missions due to low levels of government funds allocated and released to the agency to perform its mandate, and no Joint Venture (JV) proposal has been submitted to ZDA since project completion. Some progresses have been observed in terms of implementation of ToH AA such as development of the Multi-Facility Economic Zones (MFEZs) .

Under such situation, in the questionnaire survey conducted to 15 respondents (5 Zambian companies, 5 business associations and 5 investors) for this ex-post evaluation, 60% (9/15) of respondents are satisfied with services of ZDA in general and 47% (7/15) think that the business environment in Zambia is favorable for investors². To break down the satisfaction level by contents of ZDA’s services, more than 80%³ of respondents are satisfied with sector profiles, information on investment procedures and investment guidebook. However, 40% to 50%⁴ of respondents are not satisfied with investment seminars/meetings and ZDA’s answering inquiries, and only 13%⁵ are satisfied with ZDA’s support for preparation of JV proposals. Some respondents who chose negative choices commented that the government has been unable to maintain policy consistency in terms of regulations and procedures of doing businesses in Zambia, the fact that ZDA is only located in Lusaka makes it inconvenient and difficult for business communities in local provinces to obtain support from ZDA, and investment incentives have not been given equally to all investors but rather restricted to only those investing in the MFEZs.

<Status of Achievement for Overall Goal at the time of Ex-post Evaluation>

The Overall Goal was not achieved at the time of ex-post evaluation. The amount of FDI after project completion has been somewhat stable but lower than that of during project implementation. While the amount of domestic investment after project completion has been increasing in general, it cannot be compared with that of during project implementation due to lack of data. Nevertheless, the business and political environment has remained stable, ZDA and line ministries remain committed to attracting investment, at time of ex-post evaluation, and high volumes of investment pledges were made while others are being fulfilled.

<Evaluation Result>

In light of the above, the target set in the indicator for the Project Purpose was mostly achieved by the time of project completion, however, project effects have been partially maintained after project completion and the target set in the indicator for the Overall Goal was not achieved at the time of ex-post evaluation, while positive aspects have been observed such as ZDA’s commitment to pushing forward the TOH AA. Therefore, the effectiveness/impact of the project is fair.

Achievement of project purpose and overall goal

Aim	Indicators	Results																																			
(Project Purpose) Zambia can attain friendly environment for investors.	Level of satisfaction of investors/clients to the services and policy environment	<p>Status of the achievement: mostly achieved (partially continued)</p> <p>(Project Completion) According to interview and questionnaire surveys, foreign companies, Zambian business associations (Zambia Association of Chambers of Commerce and Industry) and foreign investors (represented by the Finland, India and Japan embassies, respectively) 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 business environment at the time of project completion.</p> <p>(Ex-post Evaluation) Results of questionnaire survey to 15 respondents (5 Zambian companies, 5 business associations and 5 investors) that have used the services of ZDA since project completion:</p> <p>Q1: Please rate the services of ZDA you have used.</p> <table border="1"> <thead> <tr> <th></th> <th>Excellent</th> <th>Good</th> <th>Fair</th> <th>Bad</th> <th>Very bad</th> <th>No answer</th> </tr> </thead> <tbody> <tr> <td>Sector profiles in Zambia</td> <td>0</td> <td>6</td> <td>6</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>Preparation of joint venture proposals</td> <td>0</td> <td>1</td> <td>1</td> <td>5</td> <td>4</td> <td>4</td> </tr> <tr> <td>Information on investment procedures</td> <td>3</td> <td>6</td> <td>4</td> <td>2</td> <td>0</td> <td>0</td> </tr> <tr> <td>Investment guidebook</td> <td>2</td> <td>7</td> <td>3</td> <td>2</td> <td>1</td> <td>0</td> </tr> </tbody> </table>		Excellent	Good	Fair	Bad	Very bad	No answer	Sector profiles in Zambia	0	6	6	1	1	1	Preparation of joint venture proposals	0	1	1	5	4	4	Information on investment procedures	3	6	4	2	0	0	Investment guidebook	2	7	3	2	1	0
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¹ For example, the Sixth National Development Plan (SNDP) was revised together with many other regulations, laws and policies in an effort to align them to their Party Manifesto, and that caused policy inconsistencies.

² The total number of ZDA service users roughly are over 10,523 comprising of small and medium enterprises and large corporations (foreign owned) in the past 4 years according to ZDA Annual Reports, 2012,2013, 2014 and 2015.

³ This includes the number of respondents who answered ‘Excellent’, ‘Good’ and ‘Fair’.

⁴ This includes the number of respondents who answered ‘Bad’ and ‘Very Bad’.

⁵ This includes the number of respondents who answered ‘Excellent’, ‘Good’ and ‘Fair’. The particularly low level of satisfaction with the support for preparation of JV proposals can be attributed to the fact the absence of submission of JV proposals since project completion. ZDA explained that the slow progress of JV is partly due to the attitude of firms to press the responsibility to their JV partners, on which ZDA is blamed.

	Investment seminar /One on one meetings	1	2	5	3	4	0
	Answering inquiries	2	3	4	3	3	0
	Q2: Are you satisfied with services of ZDA?						
	Yes, very much	Yes, to some extent	No, not so much	No, not at all			
	3	6	3	3			
	Q3: Do you think that the business environment in Zambia is favorable for investors?						
	Yes, very much	Yes, to some extent	No, not so much	No, not at all	No answer		
	3	4	3	3	2		
(Supplemental Information 1) Whether sector and subsector profiles and promotion tool kits have been updated regularly since project completion	Status of the achievement: (partially continued) (Ex-post Evaluation) The sector profiles are updated yearly. They were allocated to specific officers and it has been their responsibility to update yearly his/her sector profile together with the sub-sector profiles. However, in 2011/2012 there was a delay in updating investment promotion tool kits due to numerous policy changes (inconsistencies) following the change of government in 2011.						
(Supplemental Information 2) Whether all the information on investors at every stage from inquiry to approval to monitoring/aftercare has been collected, accumulated, shared and analyzed with Q-Bee since project completion	Status of the achievement: (continued) (Ex-post Evaluation) All the information on investors at every stage from inquiry to approval has been collected, accumulated, shared and analyzed using Q-Bee system.						
(Supplemental Information 3) How many investment promotion missions have been undertaken to which countries since project completion	Status of the achievement: (not continued) (Ex-post Evaluation) ZDA has undertaken few investment promotion missions since project completion due to lack of funding.						
(Supplemental Information 4) Whether the investment promotion missions have utilized and been satisfied with the investment promotion tool kits	Status of the achievement: (Partially continued) (Ex-post Evaluation) ZDA has undertaken few promotions missions since project completion in which tool kits have been utilised. However further tool kits have been uploaded on their website.						
(Supplemental Information 5) How many JV proposals have been submitted by Zambian companies and how many investment projects have been realized (licensed) since project completion	Status of the achievement: (not continued) (Ex-post Evaluation) No JV proposal has been submitted to ZDA since project completion.						
(Supplemental Information 6) Whether implementation of ToH Action Agenda has progressed since project completion	Status of the achievement: (partially continued) (Ex-post Evaluation) The status of the 10 Action Agenda prioritized from 12 Agenda during the project implementation is as follows.						
	Prioritized Action Agenda	At project completion	At ex-post evaluation				
	1. Lusaka MFEZ	Progressed a little.	Development of MFEZ has been embedded in the ZDA Act.				
	2 Lusaka Air Hub Vision	Not yet	Expansion of KKI airport began in June 2015 and scheduled to be completed in 54 mouths.				
	3 Inland port (operate at least one)	Not yet	LS-MFEZ bids for a dry port developer were floated in November, 2015 and construction is expected to start soon				
	4 Tourism	Not yet	Tourism Circuit has become part of the tourism promotion policy. Government developed airport infrastructure.				
	5 Revival of the cotton sector	Not yet	Government has encouraged private sector involvement and recent re-opening of largest government owned textile on 1 st August 2016 is a great boost for the sector				

		6 New non-traditional agricultures	Progressed a little	Farm blocks (large farmland reserved for investors) were developed.
		7 Targeted approach for investment promotion	Implemented.	ZDA continues the approach.
		8 Follow-ups of companies that visited Zambia	(No information)	(No information)
		9 Medical and education sectors	Implemented.	Investment is being promoted (government has liberalised both sectors)
		10 Reduce corruption and enhance accountability (E-governance, etc.)	Not yet	Government has continued to promote E-governance; Lusaka One-Stop Shop provides procedural services to investors.

(Overall goal) Foreign Direct Investment (FDI) to Zambia and domestic investment will be increased.	Status of FDI inflow and domestic investment	Status of the achievement: not achieved (Ex-post Evaluation) The amount of FDI and domestic investment from 2011 (one year before project completion) to the time of ex-post evaluation is shown below.						
				2011	2012	2013	2014	2015
		FDI	Pledged Amount (million USD)	5,414	10,072.8	5,471.0	5,129.0	3,321.0
			Of which Non-mining	4,431	5,837.0	5,149.0	5,149.0	3,278.0
			Actualized Amount (million USD)	1,982	504.8	275.8	125.0	339.8
			Employment (persons)	39,845	4,398	3,864	1,465	7,147
		Domestic Investment	Pledged Amount (million USD)	N/A	1,041.7	1,030.2	223	1,920.6
			Of which Non-mining	N/A	N/A	N/A	N/A	N/A
			Actualized Amount (million USD)	N/A	N/A	N/A	N/A	N/A
Employment (persons)	N/A		N/A	N/A	N/A	N/A		

Source: Terminal Evaluation Report, questionnaire survey and interview with ZDA, 5 Zambian companies, 5 business associations and 5 investors

Note: In PDM, only one indicator is set to evaluate the achievement level of Project Purpose (level of satisfaction of investors/clients to the services and policy environment). As it is difficult to conduct a large scale survey on satisfaction level of investors/clients in internal ex-post evaluation, supplemental information was used to verify whether project effects have been maintained to the time of ex-post evaluation.

3 Efficiency

The project cost was higher than planned (ratio against the plan: 120%), as an additional Japanese expert was assigned, and the project period was as planned (ratio against the plan: 100%). Therefore, the efficiency of the project is fair.

4 Sustainability

<Policy Aspect>

The trade and industrial policies effective at the time of ex-post evaluation such as “Commercial, Trade and Industrial Policy (2007)”, “Micro, Small and Medium Scale Enterprises (MSME) Policy (2008)”, “Competition Policy (2009)”, “Citizen's Economic Empowerment Commission (CEEC) Policy (2007)” support promotion of an enabling environment for private sector. Also, “Revised Sixth National Development Plan 2013-2016” states that the country needs to accelerate infrastructure development, economic growth and diversification that will be able to promote rural investment and accelerate poverty reduction and enhance human development⁶.

<Institutional Aspect>

During the terminal evaluation of this project (2012), review for amendment of the ZDA Act was in progress and restructuring of ZDA was anticipated. However, the amendment of the Act has not yet been enacted by parliament at the time of ex-post evaluation. Although the total number of staff of ZDA is decreasing, (i.e., there is 95 staff in total in ZDA against an establishment of 138), the number of staff of the sections most relevant with investment promotion is considered adequate: in the Business Development department, the number of quota (required number of staff) is 12 and 12 staff are actually assigned, and in the Investment Promotion department, the number of quota is 20 and 19 staff are actually assigned. On the other hand, it is not clear whether there is sufficient number of staff in the relevant authorities such as MCTI, Office of the President, Cabinet Office etc. to implement and monitor ToH AA, due to unavailability of data.

<Technical Aspect>

Project counterparts still work in MCTI and ZDA etc. at the time of ex-post evaluation, however, some of them have retired, transferred to other sections or changed their jobs. The skill level of staff in ZDA is considered sufficient to properly conduct investment promotion activities, as it has been acquired through orientation/exposures to conduct investment promotion activities. On the other hand, it is not clear whether the skill level of staff in the relevant authorities such as MCTI, Office of the President, Cabinet Office etc. is sufficient to implement and monitor ToH AA, due to unavailability of data.

<Financial Aspect>

The government remains committed to provide financial resources to ZDA. For example, the actual expenditure for ZDA's investment promotion-related activities in 2015 was 950,823 kwacha (approximately equivalent to 9 million yen), and it covered targeted foreign investment missions, investment promotion annual events, local investment promotion and investment facilitation and inward missions. However, such an amount is not sufficient for ZDA to fully continue the investment promotion activities initiated under this project. On the other hand, it is not clear whether the relevant authorities such as MCTI, Office of the President, Cabinet Office etc. have sufficient amount

⁶ The policy changes mentioned under “Effectiveness/Impact” affected ZDA's performance at a more operational level, while the overall policy direction to promote investments remains the same.

of budget to implement and monitor ToH AA, due to unavailability of data.

<Evaluation Result>

In light of the above, slight problems have been observed in terms of the institutional, technical and financial aspects of the implementing agency. Therefore, the sustainability of the effectiveness through the project is fair.

5 Summary of the Evaluation

Through the invest promotion activities initiated under the project, the target set in the indicator for the Project Purpose was mostly achieved by the time of project completion, however, project effects have been partially maintained since project completion mainly due to lack of funding. The target set in the indicator for the Overall Goal was not achieved at the time of ex-post evaluation, i.e., the amount of investment did not increase after project completion. In terms of sustainability, there are slight challenges in institutional, technical and financial aspects, as the government is facing the financial constraints and enough information was not collected about whether related authorities other than ZDA are capable to continue the project effects. Regarding efficiency, project cost exceeded the plan, as an additional Japanese expert was assigned.

Considering all of the above points, this project is evaluated to be partially satisfactory.

III. Recommendations & Lessons Learned

Recommendations for Implementing agency:

As mentioned above, it is not clear how many recommendations have been completed, how many are yet to be implemented, and how many are difficult to implement etc. among 100 ToH AA recommendations, due to unavailability of data. MCTI and ZDA should use the monitoring sheet which was developed under the project to monitor the implementation of ToH AA framework to ensure smooth implementation and tracking of results.

Lessons learned for JICA:

If the ZDA/MCTI had a stronger commitment to incorporate the project activities into its annual work plan and budget, it could have continued the activities more efficiently. In a future project in which the activities initiated under it are expected to continue after its completion, the implementing agency should institutionalize such activities, i.e., incorporate project activities in the job description of officers in charge in the organization.



Lusaka One Stop Shop which is comprised of six organisations that facilitates investments in Zambia



Lusaka South Multi Facility Economic Zone office block