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**In-depth evaluation of UNCTAD's technical  
cooperation activities dedicated to least developed  
countries, landlocked developing countries, small  
island developing States and other structurally  
weak, vulnerable and small economies<sup>1,2</sup>**

**Case study on Zambia**

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<sup>2</sup> The submission of the present document was delayed because the independent evaluation team has sought to be comprehensive in its review, which included analysing a significant number of documents, speaking to a large sample of UNCTAD staff concerned, and interviewing beneficiaries.

*Executive summary*

This document is part of an in-depth evaluation of UNCTAD technical cooperation activities dedicated to least developed countries (LDCs), landlocked developing countries (LLDCs) and other structurally weak, vulnerable and small economies (SWVSEs). It focuses on activities implemented in one country taken as a case study. Zambia is both an LDC and an LLDC and therefore faces specific challenges in terms of developing external trade and attracting foreign investment. The review of activities shows that UNCTAD has implemented many activities supporting Zambia's own policies and strategies to better integrate into the world trading system. The programmes have been highly relevant and were considered as efficient in helping the country in policy design and policy implementation. Very close attention should be paid to ensuring balance between the demand-driven nature of activities, the generic form of many of UNCTAD's technical cooperation activities, and the need for customization and higher flexibility as expressed by the beneficiary country.

Issues of sustainability and continuity of activities remain a worry for the beneficiary country and there is a need for a better "adaptability" or customization of the tools and support provided by UNCTAD, and an ability to adjust rapidly to changing economic, trade and investment environments. A better defined "country approach" taking fully into consideration the country's national priorities should enhance the efficiency, effectiveness and impact of UNCTAD's activities. It should be coupled with better and more precise reporting on activities per country that are implemented in the context of regional/interregional programmes.

## Contents

	<i>Page</i>
Abbreviations.....	4
I. Zambia: overall context and key challenges as an LDC and LLDC.....	5
II. Review of UNCTAD’s activities in Zambia.....	7
III. Evaluation of a sample of programmes or activities implemented by UNCTAD in Zambia	13
A. Implementation of DMFAS 5.1 in Zambia – Cluster 11 - ZAM/9X/9DL.....	13
B. JITAP Phase II, Regional Africa, operation in Zambia – Cluster 1 - RAF/0T/3AI.....	16
C. Blue Book on Best Practice in Investment Promotion and Facilitation for Zambia – Cluster 7 - ZAM/0T/6AU.....	19
D. Migration to ASYCUDA++. Computerization of customs procedures and data Cluster 12 - ZAM/0T/1AW.....	21
IV. Conclusions and recommendations.....	24

### Abbreviations

ALDC	Division for Africa, Least Developed Countries and Special Programmes
ASYCUDA	Automated System for Customs Data
BOZ	Bank of Zambia
DFID	United Kingdom Department for International Development
DIAE	Division on Investment and Enterprise
DITC	Division for International Trade in Goods and Services, and Commodities
DMFAS	Debt Management and Financial Analysis System
DTL	Division on Technology and Logistics
EIF	Enhanced Integrated Framework
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GDS	Division on Globalization and Development Strategies
IMF	International Monetary Fund
IPR	Investment Policy Review
ITC	International Trade Centre
JITAP	Joint Integration Technical Assistance Programme
LDC	Least Developed Country
LLDC	Landlocked Developing Country
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
MTS	Multilateral Trading System
NEP	National Enquiry Points
NSC	National Steering Committee
PFI	Policy Framework for Investment
SWVSE	Structurally Weak, Vulnerable and Small Economy
WTO	World Trade Organization
ZDA	Zambia Development Agency
ZRA	Zambia Revenue Authority

## I. Zambia: overall context and key challenges as an LDC and LLDC

1. Once a middle-income country, Zambia faced a long degradation of economic conditions in the 1970s, with a decline in gross domestic product (GDP) per capita between the 1960s and the 1990s, driven by a decline in copper prices on the world market and decrease in domestic production. In 2009, the resource-endowed country ranked 164th out of 182 countries on the Human Development Index and a large percentage of the population lives below the poverty line. Zambia was granted LDC status in 1991. Zambia's economy started growing in the late 1990s, thanks to the economic and public-sector reforms initiated in 1991. Key milestones included privatization of the mining sector, promotion of the private sector, infrastructures development, and fiscal management and debt reduction initiatives in the mid-2000s.

Table 1

### **Economic and social indicators**

	2008
Population (millions)	12.6
Gross national income per capita (\$, current prices)	1,053
Poverty (% of population below national poverty line)	68
Urban population (% of total population)	35
Life expectancy at birth (years)	45
Literacy (% of population age 15+)	71
Agriculture (% of GDP)	21.2
Industry (% of GDP)	46.3
Manufacturing (% of GDP)	11.6
Copper products exports (% of total exports)	64.3

*Sources:* World Bank, Comtrade, TAC.

2. Zambia possesses large mineral resources (ores and metals) and fertile agricultural soil. Mining products are still dominating merchandise exports, but diversification of Zambian exports has risen thanks to agricultural products (cotton, husbandry and horticulture). In addition to mining, in the last 10 years, growth was driven by strong expansions in services and construction, and to a lesser degree in manufacturing. Resurgent attractiveness of Zambia is evidenced in the increase of foreign direct investment (FDI) in mining and manufacturing, as well as in the tourism or transport sectors. The development of the credit distribution to the private sector for agriculture, trade and personal loans has also broadened economic growth factors, notably in urban areas.

3. Zambian economic growth has shown some resilience to the global crisis (+6.3 per cent for real GDP in 2009), thanks to the increase in copper production and a salient agricultural production. In parallel, while decreasing international food and commodities prices had an adverse impact on revenue collections, domestic prices' dynamics eased significantly and the current account deficit narrowed. The Zambian Kwacha depreciated by more than 80 per cent after the burst of global financial turmoil in 2008–2009; in

parallel, the banking system was subject to the global restriction on access to foreign capital. The Special Drawing Rights allocation by the International Monetary Fund (IMF) in September 2009 has boosted international reserves and the banking sector's confidence; the exchange rate has thus recently strengthened and stabilized, supported by the recovery in copper prices.

Table 2

**Recent economic performance**

	2003	2004	2005	2006	2007	2008	2009	2010f
GDP (%)	5.7	5.4	5.2	6.2	6.2	6.0	6.3	5.8
Inflation (%)	21.4	18.0	18.3	9.0	10.7	12.4	13.4	8.2
Exports (\$ billion)	1.3	2.1	2.5	4.2	4.8	5.3	4.6	6.5
Imports (\$ billion)	1.8	2.2	2.6	3.2	4.5	5.5	4.5	6.1
Current account (\$ billion)	-0.6	-0.4	-0.6	0.1	-0.7	-1.0	-0.4	-0.6
External debt (\$ billion)	6.8	7.5	5.4	2.3	2.8	3.0	-	-
Exchange rate (average) – \$	4,733	4,779	4,464	3,603	4,003	3,746	5,046	-

Sources: IMF, World Bank, TAC.

4. Zambia was officially included in the list of LDCs in 1991.<sup>3</sup> The LDC status currently provides special support measures which differ among the various development partners, but they primarily relate to trade preferences (for example, Zambia is a beneficiary of the Generalized System of Preferences) and official development assistance, including development financing and technical cooperation. In addition, LDCs receive support under the Enhanced Integrated Framework (EIF) to develop the necessary capacities in the area of trade, including improving upon their supply response to trade opportunities and better integrating into the multilateral trading system.

5. The 2009, UNCTAD's *Least Developed Countries Report* indicated that Zambia belongs to different groups of countries: **minerals exporters** in export specialization, **net food exporters** and **net exporters of agricultural raw materials** in net agricultural trade. In addition, with distances from the nearest seacoast of more than 2,000 km and surrounded by eight neighboring countries, Zambia is classified as an LLDC. Zambia also belongs to the unofficial category of SWVSEs, based on smallness and vulnerability factors.

6. Dedicated programmes of actions have to be implemented in LLDCs and therefore in Zambia in particular, to reduce transportation constraints and poverty resulting from their remoteness and isolation from world markets. Transit time for goods from or to Zambia is extremely long because of substantial distance and often inefficient transit transport conditions in the country and the surrounding transit developing countries. The distance is highly correlated with transport costs (the Zambian Ministry of Commerce, Trade and Industry estimates that 70 per cent of the cost, insurance and freight price of internationally traded goods in or from Zambia is related to transport cost), so Zambian competitiveness on the world market is eroded. As dominant exports are commodities and as such exports are transport-intensive, higher payments of transport and insurance services imply an

<sup>3</sup> General Assembly resolution A/RES/46/206 adopted at its forty-sixth session.

equivalent reduction in export earnings. Higher transport costs borne by Zambia can be considered as a major restrictive barrier to trade, thus lowering Zambia integration in the multilateral trading system.

7. The main priority for LLDCs is to establish transit systems that benefit both the country and transit countries. In reference to the United Nations Almaty Programme of Action, specific actions comprise the creation of an exchange platform for all stakeholders to raise issues, forge partnerships and disseminate best practices, and to develop trade routes to secure access to and from the sea and reduce costs of imports and exports. These initiatives are also coherent with the strategy aimed at creating strengthened regional markets; indeed, greater trade integration at the regional level is also identified as a solid buffer against remoteness from the main global trading routes. In the case of Zambia, a number of trade transit corridors were created to link effectively the main cities in Zambia to different port facilities on the Indian Ocean (the United Republic of Tanzania and Mozambique), as well as on the Atlantic Ocean (Walvis Bay in Namibia), thus also enhancing the interlinkages between the different countries of the Southern African Development Community and benefiting Zambia as a transit country.

8. Low development levels are often associated with major administrative bottlenecks, limited human domestic resources (in terms of skills) and capacity limitations. This has direct adverse impact on public service delivery, especially to vulnerable groups. Considerable interest by the Zambian Government and cooperating partners to reform public service delivery institutions has increased the efficiency of governance. In addition, the economic growth derived on huge resources exploitation has not come along with widespread wealth redistribution among the population, showing a critical challenge for the administration. National strategies aimed at turning natural resources endowment into opportunities for industrialization are essential in Zambia's development policies.

## II. Review of UNCTAD's activities in Zambia

9. Table 4 below shows the list of UNCTAD's technical cooperation projects in Zambia. The total number of completed or ongoing projects in Zambia identified in these two sources is 18 for the period 2000–2009, covering 7 country-specific and 11 regional projects. However, the list presented here may not be fully exhaustive as many regional programmes do not provide the detailed list of beneficiaries. In terms of amounts spent, the simplifying assumption used here is to allocate the total amount of the regional project, as detailed breakdowns by country are usually not available (see para. 12).

10. The total amount of country and regional projects concerning Zambia (as identified in our list) stands at \$34.2 million during the whole period 2000–2009. The sum expended over the same period for the country-specific programmes is \$488,283, with one project (ZAM0T1AW – Migration to ASYCUDA++) representing more than 50 per cent of that amount.

11. The specific research undertaken on Zambia has illustrated a problem of reporting and lack of detailed data and information, notably regarding the activities implemented in regional/interregional projects. For instance, the final report and audit of the interregional project ROA2180 (M4) do not provide information on the allocation of resources between the three transit corridors in Africa (Trans Caprivi: Namibia and Zambia), Asia and South America. In addition, the fact that several activities fall under one single heading is unusual as they cover very different types of countries: for example, the project INT0T6BS addresses investment policy issues both in Viet Nam (Investment Policy Review (IPR); follow-up technical assistance) and in Zambia (follow-up technical assistance): Viet Nam is a lower-middle-income economy and does not belong to any of the four categories under

review (LDCs, LLDCs, small island developing States and other SWVSEs). In parallel, the information on follow-up projects and the links between various activities is not clear, making the analysis more difficult. For example, activities related to the Debt Management and Financial Analysis System (DMFAS) have been undertaken by the Division on Globalization and Development Strategies (GDS) since 1987 through a succession of country programmes, with detailed and clear annual information, but also as components of much broader regional programmes, where such details are not available. Similarly, the final report of the Joint Integration Technical Assistance Programme (JITAP) – Phase II project (RAF0T3AI) presents a detailed use of funds per country (the allocated amount to Zambia from the Common Trust Fund was \$816,810), but it appears that this amount is consolidated for the three agencies implementing the programme (the World Trade Organization (WTO), International Trade Centre (ITC) and UNCTAD), and not providing the resources available to UNCTAD for each country.

12. The breakdown of the technical cooperation projects shows that the Division on Investment and Enterprise (DIAE) has carried out the largest number of projects in Zambia (7 out of 18), notably concerning investment policies and investment facilitation programmes at the regional level. The Division for International Trade in Goods and Services, and Commodities (DITC) and the Division on Technology and Logistics (DTL) have been in charge of four projects each. While only one project was bilateral for the DITC, the DTL was in charge of three bilateral projects. The other three projects were carried out by the GDS. The Division for Africa, Least Developed Countries and Special Programmes (ALDC) has not directly delivered technical cooperation activities through bilateral or regional projects in Zambia during the last decade.

13. As shown in table 3, a breakdown of the bilateral technical cooperation projects indicates that the DTL has expended the largest amounts in Zambia, due to the above-mentioned project ZAM0T1AW. The two other divisions – DIAE and GDS – have expended lesser amounts of resources in Zambia, but over a more recent period (2005–2008 against 2000–2004 for the DTL).

Table 3

**UNCTAD activities in Zambia under country programmes, by division**  
(amounts spent in \$ thousands)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2000-2009
DIAE							63.4	23.0	44.2		130.6
DITC											
DTL	10.4	109.0	44.1	68.0	30.1	-0.7	6.2				267.0
GDS	29.3	-0.7				12.4	1.1	34.3	14.3		90.7
Total	39.6	108.3	44.1	68.0	30.1	11.7	70.7	57.4	58.5		488.3

Sources: UNCTAD, TAC.



Table 4

**List of UNCTAD projects in Zambia (\*)**  
(annual amounts in \$)

Project Symbol	Project Title	Start Date	End Date	Cluster	Beneficiary**	2005	2006	2007	2008	2009
ZAM92026	Competition Law & Policy & Consumer Protection	1994	1998	DITC/Competition and Consumer Policies Branch	Zambia					
ZAM97A46	Computerization of Customs Procedures	1997	2002	SITE/Trade Logistics Branch	Zambia					
ZAM0T1AW	Migration to ASYCUDA++	2001	2006	SITE/Trade Logistics Branch	Zambia	-703	6,215			
ZAM0T6AU	Zambia Blue Book	2006	2007	DITE	Zambia		63,356	11,591		
ZAM0T7BH	Business linkages	2007	2008	08 - Investment facilitation	Zambia			11,421	44,212	
ZAM0T8BM	Installation of Version 5.3 of the Debt Management and Financial Analysis System in the Bank of Zambia	01-Sep-08			Zambia					
ZAM9X9DL ZAM99A41	Implementation of DMFAS 5.1	01-Jan-99		11 - Strengthening the Debt Management Capacity of Developing Countries	Zambia	12,361	1,091	34,343	14,313	
INT0T1CH	Capacity-Building on Good Governance in Investment Promotion	01-Oct-01		08 - Investment facilitation	Interregional: Ethiopia, Kenya, Lesotho, Maldives, Mali, Rwanda, Utd. Rep. of Tanzania, Uganda, Zambia	31,642	25,701	48,501	160,306	
R0A2180 (M4)	Capacity-Building in Trade and Transport Facilitation for Landlocked and Transit Developing Countries	2004	2007	SITE	Interregional: Zambia, Namibia, Lao People's Dem. Rep., Thailand, Paraguay, Uruguay	107,037	241,857	236,082		

Project Symbol	Project Title	Start Date	End Date	Cluster	Beneficiary**	2005	2006	2007	2008	2009
INT0T2AO	Strengthening the Debt Management Capacity of Developing Countries	01-Aug-02		11 - Strengthening the Debt Management Capacity of Developing Countries	Interregional	2,579,059	2,695,569	3,049,395	4,294,835	2,907,171
INT0T3AC	Biotrade Facilitation Programme for Biodiversity Products and Services	01-Jan-03		05 - Trade, Environment and Development	Interregional: Plurinational State of Bolivia, Botswana, Brazil, Colombia, Ecuador, Indonesia, Malawi, Namibia, Peru, Philippines, South Africa, Uganda, Bolivarian Rep. of Venezuela, Viet Nam, Zambia, Zimbabwe	1,141,552	1,428,885	965,343	333,282	381,800
INT0T3AW	Examen des politiques d'investissement et Programme de suivi	01-Jan-03		07 - Investment policies	Interregional: Algeria, Belarus, Benin, Botswana, Burkina Faso, Burundi, Colombia, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Ghana, Islamic Republic of Iran, Kenya, Lao People's Dem. Rep., Lesotho, Nepal, Mauritania, Mauritius, Morocco, Nigeria, Peru, Rwanda,	215,652	268,710	225,935	544,304	374,050

Project Symbol	Project Title	Start Date	End Date	Cluster	Beneficiary**	2005	2006	2007	2008	2009
					Sierra Leone, Sri Lanka, United Republic of Tanzania, Uganda, Uzbekistan, Viet Nam, Zambia					
RAF0T3AI	Joint Integrated Technical Assistance Programme, Phase II, JITAP	01-Apr-03		01 - Capacity Building on Trade Negotiations and Commercial Diplomacy	Interregional: Benin, Botswana, Burkina Faso, Cameroon, Cote d'Ivoire, Ghana, Kenya, Malawi, Mali, Mauritania, Mozambique, Senegal, Utd. Rep. of Tanzania, Tunisia, Uganda, Zambia	757,385	704,499	369,135	172,000	25,815
RAF0T6BC	Establishment of the Southern and Eastern African Technical ASYCUDA Centre (SEATAC)	01-Oct-06		12 - Transport and Trade Facilitation	Interregional: Botswana, Burundi, Ethiopia, Madagascar, Malawi, Namibia, Rwanda, Sudan, Utd. Rep. of Tanzania, Uganda, Zambia, Zimbabwe			320,772	437,137	273,497
INT0T6BS	Investment Policy Review of Viet Nam. Follow-up Assistance, Viet Nam and Zambia	01-Jan-07		07 - Investment policies	Interregional: Viet Nam, Zambia			137,955	38,605	8,905
INT0T7AE	Building Productive Capacities for Least Developed	01-Jan-07		09 - Enterprise development	Interregional: Mozambique, Utd. Rep. of Tanzania, Zambia			105,187	149,964	29,146

Project Symbol	Project Title	Start Date	End Date	Cluster	Beneficiary**	2005	2006	2007	2008	2009
	Countries									
INT0T8AC	Assistance in Formulating Investment Policies and Building Human and Institutional Capacities for Sustainable Development	01-Jan-08		07 - Investment policies	Interregional: Albania, Plurinational State of Bolivia, Burkina Faso, Burundi, Colombia, Ethiopia, Gaza-West Bank, Georgia, Guatemala, Iraq, Kenya, Mauritania, Moldova, Mozambique, Rwanda, Serbia, Sierra Leone, Utd. Rep. of Tanzania, Uganda, Ukraine, Zambia				402,185	334,260
INT0T8AZ	Strengthening the Creative Industries in Five Selected ACP Countries through Employment and Trade Expansion	01-Apr-08		02 - Trade Analysis Capacities and Information Systems	Interregional: Fiji, Mozambique, Senegal, Trinidad and Tobago, Zambia				93,336	49,100

\* Based on information available on UNCTAD's Technical Cooperation Web-Portal and on the annual documents "Review of the technical cooperation activities of UNCTAD and their financing – Annex II: Statistical tables", available since 2000.

\*\* For regional projects, annual amounts are meant for the whole project.

### III. Evaluation of a sample of programmes or activities implemented by UNCTAD in Zambia

14. Among the programmes or activities implemented by UNCTAD in Zambia, four were selected for a more in-depth investigation, one from GDS, one from DITC, one from DIAE and one from DTL.

Table 5

#### List of 4 representative programmes assessed

Division	Cluster - reference	Programme
GDS	Cluster 11 - ZAM/9X/9DL	DMFAS, Zambia (cluster 11)
DITC	Cluster 1 - RAF/0T/3AI	JITAP Phase II, Regional Africa (cluster 1)
DIAE	Cluster 7 - ZAM/0T/6AU	Blue Book, Zambia (cluster 7)
DTL	Cluster 12 - ZAM/0T/1AW	Migration to ASYCUDA++, Zambia (cluster 12)

15. The evaluation team met UNCTAD's officers in charge of these programmes in Geneva in June 2010, as well as representatives from beneficiary institutions in Zambia during a mission to Lusaka in June/July 2010. The following institutions were visited during the mission (the programme discussed in the meetings is indicated in bracket):

- (a) Ministry of Commerce, Trade and Industry (JITAP, BLUE BOOK);
- (b) Ministry of Finance and National Planning (DMFAS);
- (c) Bank of Zambia (DMFAS);
- (d) Zambia Development Agency (BLUE BOOK);
- (e) Zambia Bureau of Standards (JITAP);
- (f) University of Zambia (JITAP); and
- (g) Zambia Revenue Authority (ASYCUDA).

There was also a discussion in Geneva with Mrs. Lillian S. Bwalya, representative of the Permanent Mission of Zambia, in June 2010.

16. The rest of this section is an evaluation of each of these four programmes. It is based on a thorough review of relevant documents (such as UNCTAD documents, programmes' reports, publications, etc.) as well as on the information and comments provided during the meetings in Geneva and in Lusaka. The comments and analysis may also incorporate elements not directly related to the specific programme indicated, but related to previous or subsequent activities implemented by UNCTAD in the same area (e.g. migration from DMFAS 5.1 to DMFAS 5.3, or Blue Book and IPR).

#### A. Implementation of DMFAS 5.1 in Zambia Cluster 11 - ZAM/9X/9DL

##### 1. Objective

17. This project is designed to undertake one mission to Zambia. The project will install UNCTAD's computerized system, the Debt Management and Financial Analysis System (DMFAS 5.1) in the Ministry of Finance (MOF) and the Bank of Zambia (BOZ). The project will also train relevant staff in its use.

<b>Donors</b>	Financed by the Government of Zambia (invoice)
<b>Partners</b>	UNCTAD, Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI)
<b>Beneficiaries</b>	MOF and BOZ
<b>Amount</b>	\$34,748
<b>Effective period</b>	October 1999 – May 2000
<b>Output type</b>	Debt Management and Financial Analysis System Update

*Note:* Signing of project document for installation of 5.1 (WB project: ZAM/99/A41) in 1999. Installation of DMFAS 5.1 in May 2000.

## 2. Context

18. The Government of Zambia and UNCTAD have cooperated in the area of debt management within the framework of the DMFAS programme since 1987. Both the Government of Zambia and UNCTAD agreed that this cooperation should continue. This agreement served as a basis for continued cooperation and outlines the modalities of an installation of DMFAS version 5.1 in MOF and BOZ.

19. Based on joint discussions held with both Zambian and Zimbabwean officials in Harare in July 1999, the two countries agreed to upgrade to DMFAS 5.1 and requested UNCTAD to make both installations during one mission to the region. In separate discussions held with MEFMI, it was agreed that MEFMI would support both countries by providing a computer expert who will make the necessary preparations before the arrival of the UNCTAD team. The purpose of this arrangement is to reduce at maximum the cost and implies that certain cost items, such as travel, will be shared equally between the two countries.

## 3. Activities

20. Activities include:

- (a) Missions and Workshops: MEFMI's expert mission; DMFAS' expert mission, February 2000;
- (b) Trainings: Training for MOF's and BOZ's staff (7 officials), February 2000;
- (c) Institutional building: Capacity-building on the technical level of debt management; and
- (d) Other activities: No.

#### 4. Relevance and country specificity

21. This project was country demand-driven and financed by Zambia's Government. It was realized in cooperation with Zimbabwe's Government and with the participation of MEFMI. It is part of a long-term cooperation between UNCTAD and Zambia within the framework of debt management since 1987. This project is an update of the UNCTAD specific Debt Management System installed before. It was followed by subsequent upgrades of the software.

22. Being related to software update and installation, the project is not designed specifically for Zambia or for any particular group of countries such as LDCs or LLDCs. This debt management software is used by more than 60 countries of different economic development level.

23. The major objective of this DMFAS project is to help Zambia manage its external debt and to produce transparent, reliable debt information. Considering the importance of the issue for any LDC and for Zambia, and taking into consideration the technical nature of external debt management, it is clear that the project is highly relevant in terms of capacity-building within the relevant administrations. The relevance of the project was clearly confirmed by officials from the Ministry of Finance and National Planning and the Bank of Zambia, which are the two users of DMFAS. The software is used in daily management processes and is considered as very useful.

#### 5. Efficiency

24. All the activities were satisfactorily implemented, and the beneficiary administrations have expressed a strong appreciation for UNCTAD's work in terms of software installation, trainings, follow-up information (e.g. meetings of DMFAS users in Geneva), and response to queries related to the software.

25. However, there were three key limitations or weaknesses that were highlighted by DMFAS users in Zambia:

(a) There is a permanent need for training, as the number of officials is small and the turnover high. In parallel, there is a need to enhance the "analytical" sides of the training, so that economic and financial analysis conducted at the Ministry of Finance and National Planning as well as in the Bank of Zambia can fully benefit from the DMFAS outputs;

(b) The software is considered as too "captive". It was mentioned that the main "competitive advantage" of UNCTAD in this field was the long-time history of relationship between the country and UNCTAD and the fact that updating was always considered as less difficult than having entirely new software and IT environment. Any specific add-on is almost impossible, and the integration/interface with other tools very difficult. For example, Zambia is part of the MEFMI project, but for other participating countries (Swaziland, the United Republic of Tanzania, Kenya and Malawi) are using software provided by the Commonwealth Secretariat and interfacing the two software appears technically complex. Zambian authorities also expressed their desire to incorporate elements of domestic debt management in the tool, but that required a major update and could not be done easily as the software was developed on "closed" architecture;

(c) The previous point is related in part to security issues, as indeed debt data are very sensitive and cannot be exposed to potential changes or inadvertent manipulation. However, such security rules make the software more difficult to use. In Zambia, the Ministry of Finance and National Planning is not using the same version as the Bank of

Zambia, and integration of data from the two different administrations has to be made manually because of the security procedures and restrictions.

26. There was also a concern on the increasing cost for the beneficiary country, as the Zambian authorities were currently discussing about upgrading to version 6.0 of DMFAS. Notwithstanding the fact that the license fee for the new version is \$50,000 (single institution) or \$75,000 (for two institutions), the overall “package” including trainings and other specific requests from Zambia (Oracle upgrade, pre-conversion/validation of database) was proposed at a price tag above \$500,000, which appeared very high to the authorities, in particular because some of the competing software seemed to be offered free of charge. From UNCTAD’s perspective, this approach to recover the costs was endorsed by the DMFAS Advisory Group, which comprises representatives from member States and other stakeholders. The last meeting of this group took place in November 2009 as a side event of UNCTAD’s Debt Management Conference.

## **6. Effectiveness, impact and sustainability**

27. The broad impact of DMFAS tools and UNCTAD’s support in the field of debt management cannot be directly assessed or quantified, as the evolution of external debt and related development constraints are massively affected by a large number of other factors, including domestic economic performance and external accounts. We note that the overall ratio of external debt to GDP has declined substantially over the period (from 210 per cent in 1990 to 137 per cent in 2004, before plunging to around 20 per cent after the 2005 debt reduction under the HIPC initiative).

28. However, the daily use of DMFAS by relevant authorities in Zambia, the stated improvement in debt management and debt negotiations at both the Ministry of Finance and National Planning and the Bank of Zambia, and the use of DMFAS outputs in economic/analytical terms in the context of the beneficiary policy process, are undisputable markers of an effective tool having an impact on domestic capacities and policies.

29. In terms of sustainability, the experience over the past 23 years of successive and successful updating and implementation of various DMFAS versions is a testimony to the sustainability of such support. From the beneficiary’s perspective, such sustainability is related to trainings (both technical/IT and analytical/economics) and to the ability of UNCTAD to continue its “rapid answer” supporting services.

## **B. JITAP Phase II, Regional Africa, operation in Zambia Cluster 1 - RAF/0T/3AI**

### **1. Objective**

30. The objective of JITAP II is to build and strengthen the capacity of selected African countries to integrate into the Multilateral Trading System (MTS). More specifically, capacity in partner countries is to be built or strengthened in three main areas: (a) capacity for national implementation of WTO agreements, trade negotiations and related policy formulation; (b) development of a national knowledge base on the MTS; (c) enhancing the capability of enterprises to export to new/existing markets.

<b>Donors</b>	Common Trust Fund
<b>Partners</b>	UNCTAD, WTO, ITC
<b>Beneficiaries</b>	Ministry of Commerce, Trade and Industry (MCTI); public and private sector and academia institutions, involved in trade; and



	organizations that are members of the National Steering Committee (NSC)
<b>Amount</b>	\$818,610
<b>Effective period</b>	February 2004–October 2007
<b>Output type</b>	Institutional setup, MTS information system and dissemination, MTS knowledge base and networks, export strategies for trade in goods and services, networking and programme synergies, national ownership

## 2. Context

31. The origin of JITAP goes back to a meeting of African countries after the setting up of WTO in 1995, where issues and questions were raised about the challenges of the new MTS for Africa. JITAP was conceived as a structured set of activities designed to help African countries positively integrate into this new multilateral trading system. JITAP mobilized the expertise and support of WTO, UNCTAD and ITC, and was the first program that the three organizations have established to deliver jointly a broad range of selected technical assistance inputs to a number of countries simultaneously, focusing mainly on capacity-building. In a first stage, eight countries participated in JITAP: Benin, Burkina-Faso, Côte d'Ivoire, Ghana, Kenya, Tunisia, Uganda, and the United Republic of Tanzania; four among them are LDCs. A second list of eight countries was added after a positive evaluation in 2003 – Botswana, Cameroon, Malawi, Mali, Mauritania, Mozambique, Senegal and Zambia. Thirteen donors contributed to the funding of the programme.

## 3. Activities

32. Activities include:

- (a) Missions and Workshops: field missions for the programme coordinator, monitoring missions, high-level workshop (2005 and 2006) and three subregional workshops;
- (b) Trainings: eight training workshops between February 2005 and November 2006;
- (c) Institutional building: Capacity-building for integration in world trading system (negotiation, policy positions); and
- (d) Other activities: No.

## 4. Relevance and country specificity

33. JITAP is targeted at selected LDCs and other African countries. Because of the origin of the project, it is targeting African countries, including LDCs and non-LDCs, and with a balance between French-speaking and English-speaking countries because of the interest and priorities of donor countries. The positive evaluation made on the first phase including eight countries is a sign of the relevance and usefulness of the activities implemented under the programme.

34. Considering the massive challenges faced by LDCs to benefit fully from the new MTS and the sheer constraints on domestic capacities, the relevance of programmes supporting the country in their integration into this new system is highly relevant.

35. However, the specific issues facing LDCs and, even more so, LLDCs were not fully and explicitly incorporated in the design of the programme. This does not mean that the precise activities were not fine-tuned to each country's characteristics, but this would not be

a substitute for specifically-designed programmes for categories of countries, as the EIF recognizes (for LDCs) and as the very particular issues for LLDCs would suggest.

## **5. Efficiency**

36. The assessment of the efficiency of JITAP activities is made more difficult because of the joint approach by three different organizations (UNCTAD, WTO and ITC). The first evaluation was made on the whole programme and not specifically on UNCTAD's role, but was positive enough to induce a full extension to another set of eight countries. Most individuals having benefited from the programme who were interviewed for this evaluation could not identify with precision which institution among the three was involved in any specific activity. However, this can be read as a very positive mark for a truly joint approach, and should not be considered as a negative factor.

37. There were three issues raised in terms of efficiency of the programme:

(a) The addition of UNCTAD's standard overhead fee and the administrative cost of the project management unit resulted in total administrative costs that were considered too high by the beneficiary. The share of donors' money going to the administration of the project instead of its implementation was therefore excessive, which raises questions on joint approaches and the need to share such overheads;

(b) Another issue relates to the overlap with the EIF initiative targeting LDCs. There are many similarities, and therefore potential overlap, between JITAP and EIF (notably in terms of needs assessment and coordination), but there were no structured links between the two programmes, even though there were informal exchanges. Considering the limited absorption capacities of Zambia, such overlap reduces the overall efficiency of JITAP;

(c) Finally, the efficiency of the programme was hampered by the rapid expansion of the tasks and functions to be performed by the local administrations and organizations (reference centers, notification points) and pressures on the initial equipment provided (copiers, computers, printers) as well as the slow Internet access (for electronic downloads and web accesses).

## **6. Effectiveness, impact and sustainability**

38. All beneficiaries interviewed in this evaluation considered the trainings and information provided useful and effective in improving their understanding of the MTS and their design of trade policies. In particular, JITAP's outputs were considered as important at the Government level in helping the country for the preparation for the Fifth WTO Ministerial Meeting held in 2003 in Cancun, where Zambia was leading the group of LDCs.

39. JITAP's achievements are testified by the initial setting up of a Trade Expansion Working Group, created in 2006 and mandated to coordinate all the Trade-related Technical Assistance in the country; more particularly, it recommended improving the effectiveness of Reference Centres and National Enquiry Points (NEPs).

40. Outputs were properly delivered, but the degree of effectiveness is uneven and the assessment mixed:

(a) Module 2 consisted in the implementation of four NEPs and three Reference Centres. However, local staff is lacking continuous training to keep up with the permanent changes in the MTS and communication infrastructures are weak due to lack of budgetary resources. Most information points lack capacity to promote their services and the available materials, and the use of such NEPs and Reference Centres has been declining;

(b) Module 3 consisted in enhancing the knowledge about the MTS and establishment of networks. The trainings were considered as very effective, but the MTS-related trainings provided jointly by ITC, UNCTAD and WTO have only had 41 participants, and only one Professional Network is in place but does not have any work plan. Overall, it appears that JITAP II has not been able to generate proper expertise in international trade/WTO matters and a critical mass of MTS knowledge providers;

(c) Module 4 consisted in identification of priority product and services sector and formulation of strategy for these sectors. Zambia has prioritized nine sectors for strategy development; JITAP has made contributions in four of them. At the close of the programme, two JITAP-supported sector strategies were being finalized (horticulture/floriculture and honey). However, it is too early to assess how they have contributed to an enabling policy environment for improving supply capacities and how they have contributed to enhancing the trade policies in Zambia;

(d) Module 5 consisted in networking promotion and programme synergies creation. Zambia reported modest form of cooperation among and between most MTS stakeholders in the country due to lack of coordination.

41. The paradox of a high value assigned to the outputs of the initial phases of JITAP – when political interest for the matter of MTS was very high because of Zambia’s role in the Doha Development Agenda negotiation process, and a more negative view on the overall effectiveness of the programme later on – points towards important issues of sustainability. The “unanswered” need for continuous skill-building, the high turnover of relevant staff in domestic institutions, the long-term nature of institutional capacity-building and absorption constraints are strong limitations on the effectiveness and the overall impact of the programme, despite a clear local ownership at the time of design and start of implementation.

## **C. Blue Book on Best Practice in Investment Promotion and Facilitation for Zambia**

### **Cluster 7 - ZAM/0T/6AU**

#### **1. Objective**

42. The Blue Book for Zambia will identify impediments to FDI and concrete and measurable activities for the Government to undertake to remove these impediments in a 12-month period. The Blue Book will help guide Government and monitor its progress in dealing with a range of investment-related issues and government-business dialogue.

<b>Donors</b>	JBIC
<b>Partners</b>	UNCTAD
<b>Beneficiaries</b>	Ministry of Commerce, Trade and Industry
<b>Amount</b>	\$83,950.12
<b>Effective period</b>	18 April 2006 – 30 April 2007
<b>Output type</b>	Blue Book and Policy measures

#### **2. Context**

43. The Government of Zambia has, in its own words, committed itself to “create a vibrant private sector that would be exposed to competitive best practices at the international level”. As part of this, it has drafted a private sector development action plan,

an investment promotion programme called the ‘Triangle of Hope’, and will, over the next two years, increase capacity in a number of institutions through the Millennium Challenge Account. It also passed legislation to establish the Zambia Development Agency (ZDA), a body intended to facilitate investment. UNCTAD’s “Blue Book on Best Practices in Investment Promotion and Facilitation for Zambia” focuses on strengthening the country’s investment climate. It followed the IPR produced by UNCTAD in 2004–2005, and identified a number of practical measures, drawing from the IPR of Zambia and different action plans that can be implemented within a year.

### **3. Activities**

44. Activities include:

(a) Missions and Workshops: presentation of the first draft of measures, July 2006; presentation on final 10 measures, September 2006;

(b) Trainings: Training of ZDA staff was carried out in Lusaka by UNCTAD, September 2007;

(c) Institutional building: creation of ZDA, September 2007; and

(d) Other activities: launch event, March 2007; Africa Investor Award in category “Smart Regulation”, November 2007; investor forum for Indian pharmaceutical companies, June 2007; one-stop border post opened, December 2009.

### **4. Relevance and country specificity**

45. The programme was fully incorporated into a national strategy (National Development Plan of Zambia, Private Sector Development Initiative) and demand-driven. It is in line with the country’s recognized need for economic diversification and increased foreign investment.

46. Notwithstanding the fact that the design of the project is common to other countries, its very nature of specific and detailed analysis of the challenges and issues facing the country implies that all analytical aspects, implemented activities and policy recommendations fully consider Zambia’s specificities as LDC and LLDC.

47. The relevance of the programme is enhanced by the characteristics of the Blue Book, delivering the analytical background and following-up on the IPR, but putting forward recommendations that are considered as very operational by beneficiaries. All measures were elaborated in close cooperation with national stakeholders and therefore take into consideration the country’s problems and weaknesses, while having a reasonable cost of implementation

### **5. Efficiency**

48. This programme is part of the ongoing cooperation between UNCTAD and Zambia, and builds on the previous IPR. This continuity ensures a better efficiency as the Blue Book fully uses the analytical outputs of the IPR as well as stakeholders’ reactions to this previous exercise. The very “consultative” nature of UNCTAD’s process when preparing the Blue Book and the substantial participation of local stakeholders are also enhancing the programme’s efficiency.

49. UNCTAD has wide experience and expertise in investment policies. It has established a very good reputation in the field of FDI analysis (IPR, *World Investment Reports*, Blue Books on other countries), and is perceived as a “neutral” organization in the debate on trade, investment and development. The evaluation team was told during a meeting with the Ministry of Commerce, Trade and Industry that a minor problem arose

when an initial version of the IPR report was issued with the Government's logo: the authorities preferred to have UNCTAD's logo to enhance the credibility of the document, a clear tribute to UNCTAD's image in the field. Furthermore, UNCTAD continues to support the country during measures' implementing stage and has the necessary competences for this.

50. One issue that was raised was about the efficiency of the programme related to the need for further and deeper coordination between various donors or institutions engaged in advisory services to the authorities about foreign investment. The country collaborates regularly with the World Bank on both "investment climate" issues and the Private Sector Development Initiative, and the efficiency would have benefited from better interactions between the various institutions. Conversely, the country is currently working with the Organization for Economic Cooperation and Development on a Policy Framework for Investment, and beneficiaries recognized the usefulness of the Blue Book recommendations in this process.

## **6. Effectiveness, impact and sustainability**

51. The principal output of this project is the establishment of a list of 10 complementary measures identified in the Blue Book on Best Practice in Investment Promotion and Facilitation for Zambia. Out of these 10 recommendations, 4 have been implemented and the others are under review.

52. The four measures listed by the Blue Book and implemented included the establishment of the Zambia Development Agency, the organization of an investment forum for Asian pharmaceutical companies, the opening of a one-stop border post in Chirundu, and the awarding of telecommunication licenses for operating the international voice gateway to the private sector.

53. The broad impact of the programme and all outputs cannot be directly assessed. There has been a large increase in FDI to Zambia, but this has been led by operations in the mining/extracting sectors; similarly, there has been visible developments in non-mining sectors, some with large foreign investments (e.g. cement), but no causal or direct relationship with the Blue Book or its recommendation can be made.

54. The sustainability of the programme is ensured by the strong domestic commitment to the national strategy of private sector development and its support by other donors in a context of broad policy investment adjustments.

## **D. Migration to ASYCUDA++. Computerization of customs procedures and data**

### **Cluster 12 - ZAM/0T/1AW**

#### **1. Objective**

55. This project aims the migration from ASYCUDA 2.7 (UNCTAD's latest Automated System for Customs Data) to the more performing and complete ASYCUDA++ version in Zambia. The objective is to introduce a modern data processing system into the customs clearance process to bring faster clearance of cargo, improve revenue control and provide up-to-date accurate information on imports, exports and transit in Zambia consistent with international and regional standards.

<b>Donors</b>	DFID
<b>Partners</b>	UNCTAD
<b>Beneficiaries</b>	Zambia Revenue Authority (ZRA)

<b>Amount</b>	\$250,860
<b>Effective period</b>	Signed 1 June 2001 (duration 12 months)
<b>Output type</b>	Migration to the new software version

## 2. Context

56. In an effort to streamline and harmonize the customs procedures, the Government of Zambia selected ASYCUDA in 1997 as a tool for the modernization of customs. In October 1998, within the framework of an ASYCUDA Version 2 project, the ZRA implemented the first pilot site at Lusaka International Airport. The ZRA has subsequently rolled out the system to a total of 13 sites covering the bulk of entry processing in the country. The implementation of ASYCUDA has led to significant improvements in a number of areas. Thus, this project of migration to the ASYCUDA++ system is a part of ongoing cooperation with UNCTAD and aims to support the ZRA by the introduction of a fully harmonized and integrated Customs Information System, for Import, Exports, Warehousing and Transit in Zambia consistent with international and regional Common Market for Eastern and Southern Africa requirements. This project has been followed by further upgrades of the ASYCUDA software accompanied by relevant trainings, with the last improvement (migration to version 1.1.8E) made in 2007.

## 3. Activities

57. Activities include:

(a) Missions and Workshops: technical missions for the new system prototype building at head-quarter; installation for operational use in the Pilot site of Lusaka Airport, Lusaka Port and Chirundu Border Station (no information on number and period of missions, workshops and trainings);

(b) Trainings: technical and functional foundation training courses; ASYCUDA++ training modules; specialized and advanced ASYCUDA++ trainings. For all trainings the main idea: train the trainers (no information on the number of trained people);

(c) Institutional building: Capacity-building on the technical level of Customs Information System;

(d) Other activities: the rollout of the system to other major Customs offices was run beyond the lifetime of this project.

## 4. Relevance and country specificity

58. This project was a country demand-driven project, as are all ASYCUDA projects, and is a migration from previous versions of the customs management software. The design of the project is common to other countries, as it is based on generic software. This software incorporates specific functionalities designed for LLDCs. The official from the Zambia Revenue Authority met by the evaluation team stated that "ASYCUDA is definitely fit for LLDCs".

59. The main objective of ASYCUDA projects is to help beneficiary countries improve their control on trade flows and on customs duties, which are a major source of revenues in the case of Zambia, and to produce transparent and reliable information for economic policy. This project aims therefore at supporting critical administrative and policymaking capacities in Zambia.

## 5. Efficiency

60. Because of its wide experience in custom software and implementation in many different countries, UNCTAD has a strong experience in delivering such software and the associated trainings and capacity-building.

61. There was no detailed information on the way outputs were delivered for the specific programme under review, as it is part of an ongoing cooperation between Zambia and UNCTAD. Qualitative feedback on ASYCUDA from beneficiaries refers therefore to the chain of ASYCUDA software and upgrades, rather on any specific step in that chain.

62. The implementation of the latest version of ASYCUDA was perceived as efficient, both in terms of the equipment provided (central server computer to which all border and some inland customs stations are connected) and trainings (training of trainers on functional and technical aspects of ASYCUDA, with training afterwards to border post officials by Zambian trainers). The system is considered as good and robust, without any significant problem.

63. Maintenance and support from UNCTAD was also considered as high-quality and responsive. However, some remarks were made on occasional difficulties in such support when staff moved within UNCTAD.

64. There were also some difficulties and challenges in running and adapting the software to specific needs and requirements (e.g. security management, correction capabilities, separate computation for interest payment, analytical functions for risk management). The software is based on a closed IT architecture, implying that any customization requires either significant inputs from UNCTAD or the move to a new version of the software, while authorities expressed that the possibility to work with a more open architecture would enable easier adaptation of the tool to the specific needs of the country.

## 6. Effectiveness, impact and sustainability

65. The immediate output of the project and related ASYCUDA upgrades are considered as having a significant effect on policy management: the monitoring and revenue issues related to transit activities have been greatly improved, and the Revenue Authority is able to have real-time information on trade flows and custom revenues; it has allowed a reduction in the number of potential “negotiations” at border points and therefore contributed to a reduction in corruption.

66. Officials from the Revenue Authority expressed that the software and associated trainings have helped in improving overall fiscal revenues through higher income from customs; it is recognized also as helping reducing the transit time at border posts, a key element in trade facilitation issues that are critical for LLDCs.

67. The overall impact in terms of broad fiscal policymaking is harder to relate closely to the programme, but the availability of “relevant and timely” information regarding trade flows and custom revenues is considered as an important input in such policymaking processes.

68. The sustainability of the programme is ensured by the continuous use of the software, the regular dialogue between beneficiaries and UNCTAD, the availability of local officials who are trained on each version/migration in software, and the importance given by Zambian authorities on improving overall fiscal management.

## IV. Conclusions and recommendations

69. Reporting issues and the insufficient availability of detailed country-by-country information make any evaluation of UNCTAD's technical cooperation activities for a given country more difficult, and suggest therefore some caution in drawing conclusions. This is particularly true when regional/interregional programmes are the bulk of UNCTAD's intervention in the country, as is the case with Zambia.

70. Within such limitations, UNCTAD's technical cooperation with Zambia over the past decade has been highly relevant to its LDC and LLDC status, and beneficiaries have expressed that the activities have indeed supported the country's strategy in terms of trade and development. The relevance appears, however, to be dependent on changing priorities within the beneficiary country, changes which are not related to the normal schedule and unfolding of the programmes and their activities.

71. The efficiency of UNCTAD's programmes has been negatively affected by the high turnover in the beneficiary's administrative staff and the very limited administrative capacities in the country, by issues regarding the flexibility of UNCTAD's supply (notably for software such as DMFAS) and the ability to have a follow-up of activities after completion of some of the programmes. Flexibility and sustainability questions are therefore crucial for ensuring a higher efficiency.

72. The impact and effectiveness of UNCTAD's technical cooperation activities in Zambia are difficult to measure, as the amounts spent are quite limited and the overall performances or achievements in the field of trade and investment are dependent on a very large number of domestic and international factors far beyond the reach of UNCTAD's activities (e.g. copper prices). However, a positive impact is acknowledged by beneficiary institutions, which indicate that the support has enabled the country to improve its understanding of the trade and development issues, has supported its role in the multilateral trading negotiations (Zambia as the Chair of LDC Consultative Group during the Cancun and Hong Kong (China) WTO Ministerials in 2003 and 2005, respectively), and has helped in managing some of the difficult areas (customs, debt management).

73. The preceding observations lead to three recommendations:

(a) Close attention should be paid to ensuring a balance between the demand-driven nature of activities, the generic form of much of UNCTAD's technical assistance, and the need for customization and higher flexibility as expressed by the beneficiary country;

(b) The issues of sustainability and continuity of activities remain a worry for the beneficiary country, especially since the areas of UNCTAD's intervention can be quite complex and challenging in terms of local skills and human resources. Dealing with these issues point to a further need for a better "adaptability" or customization of the tools and support provided by UNCTAD, the need for continuous training and capacity-building activities, and an ability to adjust rapidly to changing economic, trade and investment environments;

(c) A clearer and better defined "country approach" or "country strategy", discussed with the beneficiary and taking fully into consideration the country's national priorities, should enhance the efficiency, effectiveness and impact of UNCTAD's activities regarding a single beneficiary country. It should be coupled with better and more precise reporting on activities per country that are implemented in the context of regional/interregional programmes.