# Ex-post evaluation
## Strengthening local self-government, Zambia

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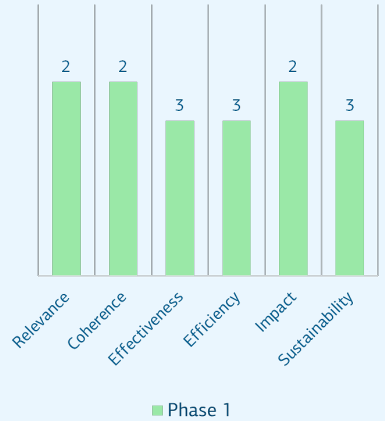
|---|---|
| **Title** | Strengthening self-government in Zambia |
| **Sector and CRS code** | Democracy, civil society and public administration; CRS code 15110 |
| **BMZ number** | 2006 66 313 |
| **Commissioned by** | BMZ |
| **Recipient and executing agency** | Zambia – Ministry of Finance/Ministry of Local Government |
| **FC financing volume and instrument** | EUR 9.1 million budget funds grant |
| **Project duration** | 2015-2025 **Reporting year** 2025 **Year of random sample** 2025 |

### Overall rating

moderately successful




**1:** very successful – **6:** completely unsuccessful

## Project objectives and implementation

The objective at the outcome level was for the population to make greater use of the public infrastructure provided by the supported local governments. At impact level the objective was: Service delivery and political participation at the local level have been improved in line with the national development plan and Zambia's decentralisation policy. The local governments of eleven districts in Zambia's Southern Province received funding for public infrastructure projects (bus stations and markets) and were supported in the selection, financing and implementation of projects geared to the needs of the population.

## Key findings

- Relevance/coherence: The FC project was highly relevant and was implemented as part of a coherent development cooperation programme.
- Effectiveness: Implementation via the municipalities with the support of a task force was crucial to the effectiveness of the FC project and to ensuring good construction quality. The population is highly satisfied with the quality of the outputs and the resulting improvement in income conditions. The condition of the infrastructure created or upgraded and the utilisation of the individual projects was predominantly good.
- Efficiency: The implementation of the individual projects proved to be complex and inefficient due to the involvement of a large number of actors and, in some cases, unclear responsibilities. The use of tender documents based largely on World Bank standards in the award and execution of construction contracts contributed positively to transparency and efficiency through standardisation.
- Impact: The income from the individual projects improved the financial situation of the municipalities, which continue to be heavily dependent on subsidies from the central government. It is plausible that the FC project has successfully contributed to strengthening municipal self-determination and political participation.
- Sustainability: Even though the component aimed at strengthening municipalities in the area of operation and maintenance of the measures has not yet been sufficiently implemented, the sustainability of the supported measures is still good, as the municipalities demonstrate a high degree of ownership and maintenance and repair work is carried out as a matter of priority.
- Overall, the FC project is appraised as having been moderately successful

## Conclusions

- Clear responsibilities and communication improve cooperation in complex implementation structures and increase efficiency.
- The participation of the local population in the planning and implementation process is essential for high acceptance and needs-oriented results.
- Maintenance and repair work should be prioritised to ensure the long-term sustainability of the infrastructure, supported by training and the provision of resources for the communities.
- Risks such as inflation and exchange rate time series should be taken into account in the drafting of contracts.
- The size of the project area should allow for effective monitoring.

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# List of abbreviations

| | |
|---|---|
| BMZ | Federal Ministry for Economic Cooperation and Development |
| CDF | Constituency Development Fund |
| $CO_2$ | Carbon dioxide |
| COVID-19 | Coronavirus Disease 2019 |
| DAC | Development Assistance Committee |
| EPE | Ex-post evaluation |
| EU | European Union |
| EUR | Euro |
| FC | Financial cooperation |
| FC E | FC Evaluation |
| FCDO | Foreign Commonwealth & Development Office |
| FIDIC | International Federation of Consulting Engineers |
| GDP | Gross domestic product |
| GIZ | German Society for International Cooperation |
| HDI | Human Development Index |
| JASZ | Joint Assistance Strategy for Zambia |
| KfW | Kreditanstalt für Wiederaufbau (German Development Bank) |
| LGEF | Local Government Equalisation Fund |
| MLGRD | Ministry of Local Government and Rural Development |
| MP | Module proposal |
| NDP | National Decentralisation Policy |
| OECD | Organisation for Economic Co-operation and Development |
| OPPASP | Office of the President Provincial Administration Southern Province |
| PA | Project appraisal |
| PCR | Final completion report |
| PMF | Public Finance Management |
| POHID | Provincial Office for Housing and Infrastructure Development |
| PP | Project proposal |
| SDG | Sustainable Development Goals |
| TC | Technical cooperation |
| TF | Task Force |
| ToC | Theory of Change |
| USAID | United States Agency for International Development |
| USD | US dollar |
| ZMW | Zambian kwacha (national currency unit) |

# Overview

## General conditions and classification of the project

Since 2011, when the project was reviewed, Zambia has experienced fluctuating economic development, with initial growth supported by high copper prices and mining investments. From 2016 onwards, the economy stagnated due to falling copper prices and a severe energy crisis caused by drought and insufficient power generation. In the following years, challenges intensified, including high inflation, rising public debt and a weak kwacha (local currency). From 2020 onwards, the situation deteriorated further due to the COVID-19 pandemic. In 2021, Zambia officially applied for debt relief to improve financial stability. After economic growth of 5.4 per cent in 2023, the macroeconomic situation deteriorated in 2024 with GDP growth of only 2.3 per cent, due to drought affecting agriculture and power generation. This led to a decline in exports and an increase in food and electricity imports. Constant power outages slowed down manufacturing and mining, leading to a decline in foreign exchange earnings and a depreciation of the kwacha by almost 15%.

Zambia remains one of the poorest and most unequal countries in the world. According to the World Bank's *Poverty and Equity Assessment Report 2025*, around 64% of the population lives on less than USD 2.15 per day, and the Gini index of 51.5 is well above the threshold of high inequality of 40. The government is striving to achieve stabilisation through reforms and international support. The reform efforts also aim to broaden the participation of civil society actors in the political process and increase the transparency of political action. Decentralisation as a means of combating poverty remains a central component of the government's strategy.

## Brief description

This ex-post evaluation (EPE) focuses on the FC-funded project ‘Strengthening local self-government’ (BMZ No. 2006 66 313). The objective at outcome level is: The population makes greater use of the public infrastructure provided by the supported local governments. The Zambian government should be supported in its decentralisation policy of transferring central government functions to the municipal level by improving the quality of public services and promoting the political participation of the population. The overarching development policy objective was: Service delivery and political participation at local level are improved in line with the national development plan and Zambia's decentralisation policy. To this end, EUR 7.5 million (grant) was made available to local governments for the financing of local infrastructure (bus stations and markets) in 11 districts in the Southern Province of Zambia. These funds were supplemented by EUR 1.6 million from phase III of the "Strengthening Local Self-Government" project. The funds were to be made available to local governments via a transparent transfer mechanism.

## Breakdown of total costs

| | Phase 1 (plan) | Phase 1 (actual) |
|---|---|---|
| **Investment costs (total)** in EUR million | 7,72 | 9,23 |
| **Own contribution** in EUR million | 0,22 | 0,13 |
| **External funding** in EUR million | 7,50 | 9,10 |
| **of which BMZ funds** in EUR million | 7,50 | 9,10 |

***Table 1:*** *Breakdown of costs*

## Map of the project region

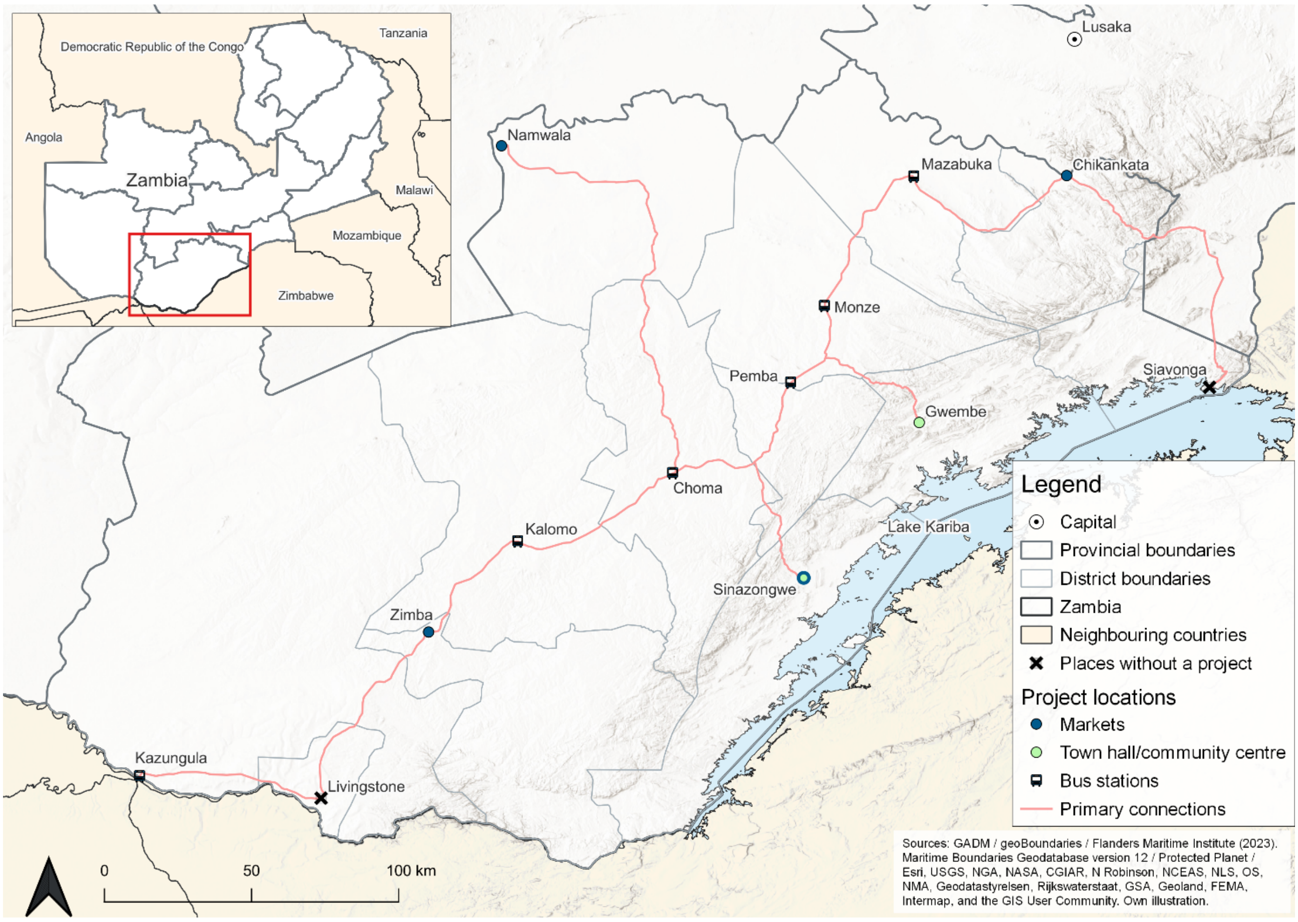


***Figure 1**: Map of the project region including project locations.*
***Source**: Own illustration.*

## Project-specific strengths and weaknesses of the project

**The strengths include in particular:**

- The "learning by doing" approach, supported by the task force, which successfully strengthened the districts in their perception and exercise of their own competencies.
- The participatory approach of the local population, which helped to ensure that the measures met their needs and increased their satisfaction with the services provided by the municipality.
- Separate discussions with women's groups helped to ensure that their specific needs were taken into account in the planning of the measures.

**The weaknesses include in particular:**

- Several factors relating to the preparation of the project, but above all the continuing inflation of the Zambian kwacha, significantly complicated and prolonged the economic implementation of the project, because the construction contracts concluded in kwacha placed an excessive burden on financially weak companies. This led to a considerable prolongation and increase in the cost of the project. Tendering the construction work in EUR and concluding the contracts in EUR could have counteracted this.
- The building maintenance component was not implemented as originally planned. The municipalities, as the responsible building owners, were to bear the financial responsibility for implementing the measure. This was intended to contribute to the municipalities' learning success, but could not be implemented, or at least not fully, due to existing legal restrictions. Instead, the provincial administration, as the representative of the central government, took on this task. The corresponding procedures also contributed to the prolongation of the implementation phase.

## General conclusions/lessons learned

- Several important conclusions for future project design can be drawn from the FC project. Clear responsibilities and communication structures must be established in order to reduce the complexity of implementation and increase efficiency. This can help to avoid misunderstandings and improve cooperation between the various actors.
- Another important aspect is the participation of the population. The involvement of the local community in the planning and implementation process should continue to be encouraged, as a participatory approach ensures that the measures meet the actual needs of the community and increases acceptance and satisfaction with the results.
- In view of economic uncertainties such as inflation, risks such as inflation and exchange rate time series should be taken into account in the drafting of contracts in order to minimise the burden on local businesses and facilitate implementation.
- In addition, priority should be given to promoting maintenance and repair work in order to ensure the long-term sustainability of the infrastructure. This can be supported through training and financial and human resources for the communities.
- The size of the project area is also significant. In this case, it covered 11 districts, and its vastness made it difficult to monitor closely and develop timely solutions to problems as they arose. Therefore, in future projects, care should be taken to select a project area size that allows for effective monitoring and close supervision of the measures.
- Continuous monitoring and regular evaluation of projects are also important in order to be able to respond to challenges at an early stage and learn from experience. This enables any necessary rapid adjustments to strategies and measures to be made during the project period. These aspects can further improve effectiveness and sustainability.

# Assessment according to OECD DAC criteria

## Relevance

**1. Alignment with policies and priorities**

The FC measure is in line with the country's priorities of strengthening local governance and promoting public participation as part of its National Decentralisation Policy (NDP). Improving governance is seen in Zambia as an essential contribution to poverty reduction. A central component of this policy is the 2010 Decentralisation Act, which creates a legal framework for the transfer of powers to local governments. This Act defines the responsibilities of the various levels of government and specifies which services are to be transferred to local authorities. The various sector ministries have submitted so-called Sector Devolution Plans for this purpose. The Decentralisation Secretariat (DS) in *the* Ministry of *Local Government and Rural Development (MLGRD)* coordinates the implementation of these reforms. Operationalisation was defined in the Decentralisation Implementation Plan (DIP).

The FC project was based on several national plans and strategies. Back in 2006, the Zambian government had adopted Vision 2030, a long-term strategy for the country's development. In this strategy, the government committed itself to "fully adhering to the principles of good governance" by 2030. The aim is to promote transparency, accountability, citizen participation and respect for the rule of law. The goal is to ensure effective and efficient government action that takes into account the needs of the population and drives the country's development.[1] Since then, Vision 2030 has been integrated into the respective national development plans, with good governance being emphasised as the main principle of responsible policy-making in order to improve the living conditions of the population. German development cooperation is making significant contributions to this and is addressing various core problems of devolution through specific modules.

This decentralisation policy has gained significant momentum since 2022. A total of 13 functions have now been transferred from the central government to local communities, and the allocation of funds for the Constituency Development Fund (CDF) has been increased considerably from 1.6 million kwacha in 2022 to 36.1 million kwacha for 2025. This demonstrates the high priority that the government attaches to decentralisation. Zambia's current national development plan (2022-2026)[2] continues to highlight decentralisation as an important element in poverty reduction and emphasises the goal of improving service delivery by local governments and continuing to implement the transfer of powers to the subnational level as envisaged in the DIP. The decentralisation policy thus remains firmly anchored in government policy. Support for the country's decentralisation policy was also in line with the BMZ position papers "Decentralisation and Local Self-Government"[3] and "Promoting Good Governance in German Development Policy"[4].

**2. Alignment with the needs and capacities of stakeholders and beneficiaries**

The aim of the measure was to give the population easier access to public services and the opportunity to actively participate in the political decision-making process. Through the FC measure, FC funds were made available to local governments in an initial pilot phase in 13[5] and ultimately 11 districts in the Southern Province of Zambia via a transparent transfer mechanism for the distribution of FC funds for the financing of public infrastructure projects. The local governments (municipalities) were supported in the selection, financing and implementation of projects geared to the needs of the population and also provided with advisory services. A total of 11 infrastructure measures were implemented by the districts between 2015 and 2025, of which 10 projects are now operational. The remaining infrastructure measure (Namwala Market) was scheduled to come into operation in mid-September 2025. The capacities of local governments and district administrations necessary for project implementation were strengthened in accordance with the project approach. These measures were intended to strengthen the acceptance of democratic structures among the population and improve their economic and social situation through the provision and sustainability of public services in rural districts.

Political responsibility for the FC project lay with the *Ministry of Local Government* (now *the Ministry of Local Government and Rural Development (MLGRD)), which is* responsible for the decentralisation process. The components of the FC project (infrastructure projects, institutional strengthening of the municipalities and the implementing agency, consultant support) were well chosen. Through independent project implementation, in which the districts were supported by a task force (TF)[6] , the districts were to

[1] The following specific objectives have been set for achieving "good governance": i. Continuing and improving the conduct of elections; ii. Improving access to justice by increasing the case processing rate; iii. Promoting awareness of human rights and reducing violations through effective enforcement mechanisms; iv. Achieving and maintaining efficiency and effectiveness in the delivery of public services; and v. Attracting and retaining qualified technical, professional and managerial personnel in the public service. (https://zambiaembassy.org/sites/default/files/documents/Vision_2030.pdf, p. 34)
[2] https://www.zambiaembassy.org/sites/default/files/documents/8NDP_2022-2026.pdf
[3] BMZ (2008): Decentralisation and local self-government. Decentralisation in German development cooperation. Bonn: Federal Ministry for Economic Cooperation and Development.
[4] BMZ (2009): Promoting good governance in German development policy. BMZ Concepts 172. Bonn: Federal Ministry for Economic Cooperation and Development.
[5] Livingstone and Siavonga were unable to present a project that could have been financed through SLGZ1. They also failed to provide a suitable plot of land.
[6] The *task force* consists of the engineer from the *Provincial Department of Housing and Infrastructure Development (PDHID)* and the team of the international implementation consultant, from 2014 to 2017 POHL-Consultants, Berlin, until 2020 GAUFF Ingenieure, and thereafter GOPA Infra. Here as *a task force*, usually and classically referred to as *a Project Implementation Unit (PIU)*.

realise major construction projects independently for the first time since their establishment as part of a learning-by-doing approach. This was also done for the first time by involving the population via the District Council in the selection process for individual measures. This involvement of the population in the selection and planning of individual measures, as well as the increase in the decision-making scope of local governments through the provision of investment funds, was intended to strengthen the opportunities for, but also the incentives for, political participation. By adhering to participatory planning processes, strengthening participatory bodies at the local level and improving the accountability of local governments, the aim was to make a significant contribution to improving good governance at the local level. The specific needs of women were to be taken into account through their representative participation in planning. These measures were intended to help promote gender equality in planning processes and increase the relevance of project measures for all population groups.

The core problem was not specifically defined at the time of the project review, but the problems were correctly identified from today's perspective. Rural communities generally did not have the necessary resources to fully perform their tasks in the area of municipal infrastructure. In addition, there was a lack of sufficient capacity at the municipal level to plan the necessary investments and monitor their implementation. During the evaluation mission, discussions with representatives of the beneficiaries made it clear that the planned investments would not have been carried out without the FC funds due to the tight municipal budget. From both a contemporary and current perspective, the FC project was appropriate for adequately addressing the districts' problems, as only a few municipalities had bus stations and markets at the time the FC project was subject to appraisal. This hindered access to public infrastructure for poor sections of the population, especially women, and made it more difficult for them to earn an income.

The inclusion of economic infrastructure measures was also fundamentally appropriate given the low level of own revenue generated by the municipalities. The participatory selection of individual projects ensured that the measures met the needs of the target group.

Fiscal decentralisation has improved significantly over the last three years. However, the level of transfers from the central to the decentralised level is not yet sufficiently adjusted to the extent of the tasks transferred. In addition, the decentralised levels do not have the authority to levy and use sufficient local taxes of their own. They are therefore largely dependent (around 80% of total revenue) on allocations from the CDF, although the funds from the CDF are not always fully utilised, partly due to a lack of capacity and bureaucratic hurdles. Further sources of funding are the government's sector grants. These are allocated to the respective sector departments on a sector- and measure-specific basis.

The target group of the FC project consisted of the residents of the 11 municipalities intended to benefit from the project.: Chikankata, Choma, Gwembe, Kalomo, Kazungula, Mazabuka, Monze, Namwala, Pemba, Sinazongwe and Zimba. The target group comprised around 1.2 million inhabitants. The objectives of the FC measure were geared towards the development policy needs of the target group. By improving local public infrastructure and thus the conditions for income generation and economic growth, especially in the predominantly rural Southern Province, the FC project contributed to poverty reduction. The construction of markets was intended to benefit women in particular, who are the sole market traders, and to improve their income situation through improved sales opportunities. The construction of modern bus stations was also expected to have a positive impact on women's economic activities, as it facilitates the use of public transport for trade purposes. This also includes the provision of sanitary facilities. Another positive effect, particularly for women, was to be achieved through improved safety when using public transport.

Even from today's perspective, the measure would not have had a greater gender impact potential if it had been designed differently.

**3. Appropriateness of design**

From today's perspective, the design of the measure is sufficiently precise and plausible, as the target system and the underlying impact assumptions (see 3.4.) are comprehensible.

The objective of the FC project (outcome) at the time of the project appraisal was: "The local governments receiving support shall, within their legally defined remit and in line with the needs of the local population, provide public infrastructure in a manner that ensures sustainability and to the satisfaction of the population."

At the impact level, the overarching development policy objective, which was only defined during the course of project implementation, was: "Service delivery and political participation at the local level are improved in line with the requirements of the national development plan and Zambia's decentralisation policy."

With regard to the project's target system, the targets at outcome and impact level were fundamentally appropriate from today's perspective. However, the wording of the targets was not precise. The outcome level basically deals with the use of the capacities created. We have therefore adjusted the outcome target accordingly as follows: "The population makes greater use of the public infrastructure provided by the supported local governments." In its current formulation, the outcome objective of the FC project is clearer and thus meets current requirements.

The project concept is based on the following impact chains:

Impact chain 1: **Poverty:** Better public infrastructure > more sales opportunities > more income > less poverty and improved living conditions

Impact chain 2: **Good governance:** The administrative and financial capacities of local government are strengthened > municipal services are provided effectively and in line with demand > the population uses these services. This generates revenue for local governments. The population's satisfaction with their municipal services increases > strengthening of the vertical separation of powers.

Impact chain 3: **Decentralisation:** Establishment of a transparent fiscal transfer mechanism for infrastructure measures is used as a mechanism to ensure the efficient distribution of funds to local governments. This supports the implementation of the national decentralisation policy as an important instrument for poverty reduction.

The Theory of Change (ToC) and its underlying assumptions about the listed chain of effects still seem plausible from today's perspective: the provision and sustainability of financed public infrastructure can help support democratically legitimised decentralised local authorities in performing their tasks. The provision of municipal infrastructure and services can improve the living conditions of the local population. At the same time, municipal self-government structures can be strengthened by having the individual projects (bus stations and markets) planned independently by the municipalities and implemented with external support. In this way, the measures contribute to improved local governance and a strengthening of the decentralisation process. From today's perspective, this can still be considered largely conclusive.

However, it was not possible to develop a transparent fiscal transfer mechanism for infrastructure measures at national level. Although a transparent distribution key was developed in cooperation with the Zambian authorities for the distribution of FC funds at district level, it has not yet been possible to develop this further at national level due to a variety of reasons, such as a lack of capacity, other priorities and a lack of effort on the part of the government. Moreover, from today's perspective, this goal appears to have been overly ambitious.

The measure was designed to pursue a holistic approach to sustainability by linking the social, environmental and economic dimensions of sustainability. Local governments selected individual projects based on defined criteria ([7] ) that ensured the projects were in line with the priorities of the Council Strategic Plan and could be operated sustainably. The participatory planning process promoted the social dimension, while the consideration of environmental and gender aspects integrated ecological and social concerns. In addition, the requirement for a draft operation and maintenance concept fundamentally recognised the importance of the economic sustainability of the projects, and only those FC projects were selected that were not expected to have any negative environmental impacts.

At the time of the project review, the development cooperation programme was still being developed. The project objective at impact level was only defined during the implementation of the measures as follows. "Service provision and political participation at local level have been improved in line with the requirements of the national development plan and Zambia's decentralisation policy." According to the concept, the FC project was suitable for supporting this objective of the development cooperation programme.

The impact level of the FC module was meaningfully linked to the development cooperation programme, as the infrastructure provided to the satisfaction of the population, which was selected as part of a participatory approach (outcome), led to improved local governance and increased political participation, thereby contributing to the strengthening of the decentralisation process (impact).

The measures of the FC project (construction of bus stations and markets) (output) were sensibly chosen to achieve the FC objective at outcome level (outcome), namely to support the municipalities in establishing public infrastructure to the satisfaction of the population.

## 4. Adaptability – response to change

[7] Selection criteria: The project must fall within the remit of the local authority, have positive effects on gender equality and disadvantaged groups, have no negative impact on the environment, health and safety, be identified through participatory planning, and decided upon by the local council, implemented on legally undisputed municipal property, the municipality must cover at least 5% of the investment costs from its own resources, the project must have financial sustainability and economic viability, and an operation and maintenance concept must be submitted with the project proposal.

In accordance with a decision by the BMZ, additional FC funds amounting to EUR 1.6 million were added from phase 3 of the project "Strengthening local self-government". The additional funds were used to offset cost increases resulting from construction delays and to complete the measures, in particular the bus station in Kazungula and the market in Namwala.

**Rating summary of relevance: successful (2)**

In summary, it can be said that the measures were well aligned with the political priorities of both the partner and the donor. The FC project is still highly relevant from today's perspective. Overall, the relevance is therefore rated as good.

# Coherence

**5. Internal coherence**

Under the current new development cooperation programme, the BMZ is pursuing the goal of "state actors acting in an increasingly transparent, efficient and participatory manner, being accountable and providing poverty- and citizen-oriented services". The following areas of action were defined for the implementation of good governance: (i) citizen participation in reform processes and poverty reduction, (ii) decentralisation and local governance, and (iii) good financial governance. The measure focused on area of action (ii).

The FC project concentrated on the Southern Province of Zambia, which enabled particularly good synergies with the TC measures to support the Zambian decentralisation process. For example, GIZ advises various local governments (municipalities) there on increasing their administrative capacities, e.g. with regard to improving revenue, involving the local population and providing services. German TC has been active in Zambia since 2004 as part of its "Programme to Support the Zambian Decentralisation Process". There are also complementary FC projects in this region in the areas of urban water supply and transport infrastructure/decentralisation.

At the time of the appraisal of the FC project, there was neither a binding human rights concept nor the corresponding BMZ guidelines, which were published in 2011 and 2013 respectively. The appraisal did not reveal any inconsistencies with other international norms and standards to which German development cooperation is committed.

**6. External coherence**

Decentralisation continues to be highlighted as an important element of poverty reduction in Zambia's current national development plan (2022-2026), which emphasises the goal of improving service delivery by local governments and continuing to implement the transfer of powers to the subnational level as provided for in the DIP. The decentralisation policy thus remains firmly anchored in government policy. The FC project has provided meaningful support to the government in its own efforts in this regard.

The coordination and harmonisation of donor activities in Zambia is achieved through various mechanisms aimed at increasing the efficiency and effectiveness of development cooperation. A key element is the Joint Assistance Strategy for Zambia II (JASZ II), which serves as a framework for cooperation between bilateral and multilateral donor organisations. This strategy defines the areas of action in which donors are active and promotes the coordination of activities in order to avoid overlaps and exploit synergies. In this context, the measure to strengthen local self-government complements the activities of other donors, as it is aligned with the objectives and priorities of JASZ II.

In addition to German development cooperation, the World Bank, the EU, the FCDO and GIZ are particularly active in the area of decentralisation in Zambia, with each organisation playing a specific role. The World Bank supports the strengthening of public administration and the improvement of local government capacities through financial resources and technical advice. The EU focuses on supporting public finance reforms with an emphasis on improving budgetary control and transparency. GIZ has provided technical advice and training to strengthen the capacities of local governments and promote knowledge building and exchange. Together, these organisations are working to support decentralisation efforts in Zambia and coordinate their activities under the Joint Assistance Strategy for Zambia II (JASZ II) to maximise the efficiency and effectiveness of development measures. Following the withdrawal of USAID, the FCDO (*Foreign Commonwealth & Development Office)* has taken over the chairmanship of USAID's donor coordination in the area of governance and democracy. The World Bank chairs the decentralisation group and the EU continues to chair the *public finance management* (*PMF*) group. The design of the FC measure is consistent with the activities of donors in supporting the government in its reform efforts and the ongoing decentralisation process.

As the respective implementing organisations pursue different organisational logics and work independently of each other, there was only limited operational coherence.

**Rating summary of coherence: successful (2)**

In terms of internal coherence, the FC project was thematically coherent with other contributions by German development cooperation to decentralisation policy in Zambia. External coherence was also achieved in terms of content, as the measure to strengthen local self-government complemented the activities of other donors in the areas of decentralisation and good governance, and coordination took place within the groups "Governance and Democracy", "Decentralisation" and "Public Financial Management" took place. Although coherence was not achieved at the operational level, overall coherence is appraised as successful.

# Effectiveness

### 7. Achievement of objectives

The objective at the outcome level was: The population makes greater use of the public infrastructure provided by the supported local governments.

The following indicators were used to measure the outcome objective:

| Indicator | Status at time of review | Target value at EPE (review) | Actual value at PCR | Actual value at EPE |
|---|---|---|---|---|
| (1) Proportion of infrastructure facilities that are in use at the time of the ex-post evaluation and to which the respective operation and maintenance concept is applied. | 0 % | 82 % | 82 % | Target value achieved |
| (2) Proportion of infrastructure measures implemented for which a majority of beneficiaries report improved access to basic facilities at the time of the ex-post evaluation. | 0 % | 82 % | 82 % | Determined anecdotally through ad hoc survey<br><br>Data insufficient |
| (3) Proportion of individual projects implemented in which the specific needs of women were taken into account to their satisfaction in the planning, design and implementation of the measure. | 0 % | 82 % | 82 % | Anecdotal evidence obtained through ad hoc survey<br><br>Data insufficient |

***Table 2****: Outcome target achievement*
***Source****: Own illustration.*

### 8. Contribution to the achievement of objectives

The outputs of the planned measure originally envisaged the creation of 13 infrastructure facilities, of which 11 were ultimately realised. Two municipalities (Livingstone and Siavonga) were unable to submit an eligible project or provide a suitable site.

The intensity of use of the 10 facilities visited varied considerably. This applies in particular to the bus stations, where usage ranged from 4-5 buses per day to 20 buses per day. Positive synergies were evident at stations with commercial facilities, which attract significantly more customers. The marketplaces visited were almost fully utilised, with the exception of the markets in Namwala and Chikantaka. The market in Namwala is not expected to open until mid-September 2025 due to delays in the construction phase caused by a change of contractor. The market in Chikantaka is not currently being used as intended, as further investment is required to resolve the sewage problem. The orientation of the market halls at the rear of the property also requires a conceptual solution and a change to the original operating concept. Use as a meat market, which would require the construction of a cold storage room, appears promising. The consultant is discussing various technical solutions with the district administration, including financing options.

The community centre in Sinazongwe is currently hardly used due to a lack of tenant interest. From today's perspective, this individual measure cannot therefore be considered successful. However, the municipality expects tenant demand to increase once the road construction work has been completed. This is expected to be at the end of 2025.

In individual cases, some weaknesses in the design were identified: some bus stations are only satisfactory because the roofing or paving appears oversized (e.g. Mazabuka), several do not have adequate waiting facilities for travellers (e.g. Monze) and are therefore not sufficiently user-friendly. In two cases, the local municipal administration is experiencing considerable difficulties in operating the facilities as planned because the requirements were incorrectly assessed. For example, in addition to the technical problems mentioned above, the market in Chikankata does not currently meet demand, and no suitable users/tenants can be found for the business centre in Sinazongwe.

At all the bus stations and markets visited, the construction of ramps ensured that they were accessible. The usage fees for market stalls (2-5 kwacha)[8] and toilets (2-3 kwacha) were described as acceptable by the users surveyed. Bus drivers currently only pay a usage fee once they have picked up three passengers. Only the bus station in Choma charges a flat fee of 50 kwacha per bus, regardless of whether passengers are getting on or off. Other bus stations are planning similar usage fees. Overall, the usage fees are appraised as affordable and acceptable.

While the use of the infrastructure measures is predominantly positive, the operation and maintenance concept to ensure sustainability is not yet being sufficiently implemented. In 2020, the commissioned consultant developed an operation and maintenance manual with maintenance tools and made it available to the councils. Representatives from the technical departments of the municipalities were trained in its use during a one-day workshop with the participation of GIZ. However, due to high staff turnover, only one employee who had participated in the training at the time could be found. The current representatives of the municipalities interviewed were not aware of the existence of an operation and maintenance manual. According to their statements, there is a maintenance budget item in the overall budget, although the funds are insufficient. Upcoming maintenance/repair work cannot therefore be carried out simultaneously, but only according to priority. The consultant agreed to conduct another refresher training course on operation and maintenance measures and to make the manual available to the municipalities again. It is therefore necessary to institutionalise maintenance, e.g. by digitising it on the municipalities' computers, in order to ensure that operational and maintenance know-how is retained even in the event of staff turnover.

All beneficiaries of the facilities surveyed (bus passengers, market women) stated that they were very satisfied with the infrastructure provided by the municipalities and confirmed that it represented a significant improvement in municipal services. However, these results were only obtained anecdotally, as it was decided in 2024 not to carry out the originally planned satisfaction survey for cost reasons. Only a limited number of customers were encountered at the time of the project visit, and the results cannot be appraised as statistically representative. All respondents (customers, vendors, bus operators and employees) were highly satisfied with the bus stations and markets, indicating that there is a high level of satisfaction among the population as a whole.

The market traders at the markets visited were 100% female. They therefore benefit particularly from the facilities that have been created. The women interviewed at these markets confirmed that the covered market halls and toilets represent a significant improvement in terms of their needs. In particular, the facilities provided were seen as an enrichment, especially. The financed outdoor lighting, especially at bus stations, has also increased women's sense of security. The bus stations also contribute to improving women's income situation, as they make it easier to use public transport for trading purposes.

The communities visited confirmed that the selection of projects was based on a participatory approach and that women were well represented. As women were often disadvantaged in the planning of infrastructure projects in the past, their specific needs were given special consideration through separate discussions with women's groups[9] .

A key element in the project's overall success was the participatory involvement of the local population, which helped to ensure that the measures met their needs and increased their satisfaction with the services provided by the communities. Furthermore, the 'learning by doing' approach successfully strengthened the districts' perception and exercise of their own competencies. However, this meant that the involvement of a large number of actors (at national, provincial and district level, municipalities and users) and the participatory selection process led to a significant delay in implementation and ultimately to a cost increase of over EUR 1 million. This cost increase could only be offset by reallocating funds from phase III of the FC module.

A key event with a significant negative impact on the FC project was the drastic devaluation of the kwacha, particularly since the tenders for the construction contracts in October 2017 and the first awards in July/August 2018. This devaluation led to significant losses in performance and quality among local contractors, as the increased costs of materials and services further

[8] Average monthly income 5,369 kwacha in 2023 (Zambia Statistics Agency)

[9] The statement is based on information provided by current municipal representatives. Due to high staff turnover, it was not possible to find any municipal representatives who had participated in the discussions at the time. It was therefore not possible to conduct an appraisal of the statement.

exacerbated the construction companies' existing liquidity problems and led to significant delays in the implementation of the construction measures (see also Chapters 11 and 14).

At the time of the project review, the following three risks were identified: (1) Risk of inadequate implementation of the national decentralisation process by the Zambian government. (2) Risk that local governments' financial resources and capacities would be insufficient to ensure the sustainability of the operation and maintenance of local infrastructure. (3) Risk that the provincial administration's (POHID) human resources would be insufficient to ensure continuous consultation and appraisal of local governments in all stages of individual projects. While the first and third risks have not materialised, the second risk remains, as the low budgets of the municipalities mean that maintenance/repair work is not carried out in full, but rather piecemeal according to priority.

**9. Quality of implementation**

The selection of individual projects was the responsibility of local governments. It was carried out with the support of the task force and based on defined selection criteria, which were established jointly with all stakeholders, including the population, during the planning phase of the FC project and which were intended to ensure that they corresponded to the priorities set out in the Council Strategic Plan, were within the mandate of the local authorities and could be operated with a focus on sustainability. Compliance with the selection criteria was appraised using a standardised checklist. Important selection criteria included, in particular, the implementation of a participatory planning process, the submission of a draft operation and maintenance concept, and the consideration of environmental and gender aspects. Project proposals that did not fall within the mandate of the local authorities or were expected to have a negative environmental impact were excluded.

The construction quality of the individual construction measures themselves can be appraised as good overall and corresponds to or exceeds the usual average in Zambia. The good construction quality was also achieved through permanent construction supervision by the local consultants involved, who in turn were managed by the districts with the support of the task force, including an international implementation consultant.

Overall, the quality of the construction work was positively highlighted by all respondents during the evaluation commission.

The individual measures implemented have strengthened the municipalities in the exercise of their own powers. Independent project implementation, supported by the task force, has enabled the municipalities to carry out major construction projects largely on their own responsibility for the first time since their establishment. Only in the case of overarching processes, such as the development of the distribution key for subsidies from FC funds to the municipalities, monitoring, political decision-making processes and contractual matters with KfW, was the Ministry of Local Government, now the Ministry of Local Government and Rural Development (MLGRD), responsible. The municipalities were able to consolidate their role as largely independent actors within the local administration. This has brought about an initial shift in awareness towards the perception and quality of municipal self-determination within the decentralised administrative level. A further strengthening of their responsibilities is included in the reform enacted in 2022, which significantly raised the budget limits for the independent implementation of project measures, thereby granting municipalities even greater decision-making powers. This represents a further step forward in the decentralisation process, allowing districts to address specific needs and priorities more effectively. The municipal representatives also proudly reported that "the bus stations/markets have given our municipality a public face".

From today's perspective, the subsequent involvement of the Office of the President Provincial Administration Southern Province (OPPASP) was to be viewed critically. This measure was necessary because the financial budget limits for the award of construction contracts at the time exceeded the authority of the local municipalities. As a result, the provincial administration was contractually integrated as a procurement agency in accordance with the Public Procurement Act of 2008 and the associated regulations. The need to involve the Permanent Secretary, the Provincial Procurement Committee and the Provincial Procurement and Supplies Unit significantly prolonged the decision-making process and reduced the authority and responsibility of the communities. The resulting dual responsibility also led to uncertainty and made decision-making difficult, as one party could blame the other for any delays that occurred.

In summary, it can be said that the implementation by the partners showed successes in both strengthening local administration and involving the population. Nevertheless, the challenges in the decision-making process and the complexity of responsibilities must be critically appraised. In order to further improve the quality of implementation, it would be advisable to streamline decision-making processes and define clear responsibilities. This could help to increase the effectiveness of the measures and ensure the sustainability of the positive developments in local administration.

At the time of the project review, no specific gender-related risks were identified in the target group analysis. However, no gender analysis was carried out that would have examined potential risks in more detail. No gender-specific incidents such as gender-based violence were reported during the implementation of the measures. From today's perspective, a gender analysis would have been necessary, as this is an FC project aimed at a specific target group with a particular focus on the needs of women.

However, this would probably not have led to any changes in the design of the measures, as the specific needs of women were adequately addressed.

**10. Unintended effects (positive or negative)**

No unintended positive or negative effects are known to date. According to the consultant's information, there were no complaints or (work-related) accidents during the implementation period. The negative effects of HIV/AIDS feared at the time of the project review due to migrant workers from construction companies and increasing visits by men to local markets could not be substantiated.

**Rating summary of effectiveness: moderately successful (3)**

In summary, the achievement of the intended objectives at the outcome level can be appraised as limited success overall. The vast majority of the infrastructure facilities that have actually been created are well used and, through increased revenues, strengthen the capacity of the municipalities and increase the population's satisfaction with municipal services. However, the fact that two of the 11 facilities are hardly used or not used appropriately, one was not yet in operation at the time of the evaluation, and the operation and maintenance concept has been developed but not sufficiently implemented significantly detracts from the appraisal, resulting in an overall appraisal of limited success in terms of effectiveness.

# Efficiency

**11. Production efficiency**

To appraise production efficiency, we distinguish between the efficiency of the design in the construction phase and the efficient design of the infrastructure, which has an impact on both construction costs and operating and maintenance costs.
In addition, the efficiency of implementation (consultant) must be considered.

During the project review, the budget for the FC measure was estimated at EUR 7,500,000 in FC funds plus contributions from the districts (5% of the investment) totalling EUR 221,298. Of this sum, investments totalling EUR 6,002,698 (77.7%) were to be used for infrastructure (including planning and monitoring costs).

The originally estimated consulting costs of EUR 1,338,600 (17.3% of the project costs) increased significantly by almost EUR 1 million to EUR 2,338,447.83 (25.3%) during the project period. The main reasons for this were a change of implementation consultant after 36 months, as his contract was not renewed in consultation with all parties involved, and multiple extensions of the project duration from the original 36 months to 90 months until the final review in 2021. 's consulting costs, which account for 25.3% of the project costs, are too high even when compared to other similar projects but were necessary and justifiable due to the significant delays in the construction period.

The construction costs, on the other hand, were appropriate for Zambian conditions and were lower than expected due to the sharp decline in the ZMW (contract currency) against the EUR. The municipalities' own contribution to the construction costs was made in the contractually agreed amount of 5% in ZMW. However, at EUR 125,437, they did not reach the agreed absolute value, as the construction costs were lower than originally assumed.

Technical support for the municipalities from the Zambian central government was provided by the directorate of the Provincial Ministry of the Southern Province. A task force was formed for this purpose, in which two engineers from the province, working closely with the international implementation consultant, assumed the role of the (district-level) client representative. The costs for the local engineers were covered by the provincial government.

Overall, the construction costs were reasonable. In addition, the persistently high inflation rate in Zambia during the long project period led to a relative reduction in real construction costs in ZMW compared to the estimated costs in EUR.

The building materials and equipment were used efficiently (e.g. with one exception, see above Effectiveness Mazabuka) no overly elaborate equipment, but simple and solid details), the buildings can be maintained easily and efficiently (e.g. no elaborate and maintenance-intensive details) and the design allows for more or less efficient operation of the buildings (e.g. short distances).

In general, it appears that economic aspects (low potential revenue, oversized facilities) were not sufficiently taken into account. For each project, a financial analysis ("basement study") of demand, costs and cost recovery was originally to be prepared. However, such analyses were not carried out or did not meet the requirements. They were also not sufficiently demanded by the municipalities involved and the task force. The planning deficits mentioned above (see Effectiveness) could perhaps have been avoided in this way.

From today's perspective, construction control and supervision appear to have been adequate overall. With a few exceptions (2 out of 10), most local engineers appear to have carried out good construction supervision: The market in Chikankata is not operational due to hygiene problems associated with flooding of the incorrectly planned sewage tanks, and the market in Namwala has deficiencies in the construction of the overhanging canopies of the market hall and in the drainage of rainwater.

The costs for construction planning and supervision of the infrastructure projects were very high, at around 35% of the construction costs: There were significant delays in the construction period in all individual projects, and several construction contracts had to be terminated and re-concluded with another construction company.

Due to the relatively low contract volumes of the individual measures, smaller construction companies with only limited financial resources were also allowed to tender for the construction work. This had a negative impact on the construction period, as they did not have any financial reserves for pre-financing and construction measures were often implemented in a stop-and-go process, depending on the availability of financial resources.

Significantly longer construction phases (up to several hundred per cent) inevitably led to corresponding contract extensions in construction supervision. The last projects were or will only be completed in 2025. Due to the great distance from the capital, an engineer was permanently present on site to supervise the construction costs in all projects.

The appraisal of the use of funds is still considered efficient overall, as the extremely long construction times inevitably led to correspondingly higher supervision costs. Experience has shown that a reduction in supervision costs would have led to a decline in the quality of the work, which in turn would have resulted in significantly higher maintenance costs.

The support provided by the task force was successful in terms of the construction quality achieved. This is probably due above all to the commitment of the international consultant and the two local engineers from the task force, who did an obviously good job within the apparently limited resources available (time budget of 2 half-time positions, limited resources for travel expenses).

Production efficiency would have been significantly better if the project had been completed within the shorter timeframe originally planned. It is unlikely that the positive effects of the measures could have been increased through the alternative use of inputs.

The significantly longer construction phases and the resulting longer overall project duration have already been illustrated. From today's perspective, the limited financial capacity of small construction companies contributed to this problem. This resulted from the provincial administration's decision to also allow class 5 and 6 construction companies (lowest capacity level) to participate in the project, rather than only classes 3 and 4 as recommended by the consultant (medium capacity level) as recommended by the consultant. Furthermore, the long payment periods contributed to the longer construction phases. These were caused by the lengthy approval process, as the districts were not able to make independent decisions due to the legal situation at the time, but required approvals at provincial and national level. In addition, national inflation rates exacerbated the financial problems of the contractors.

The delays in construction led to liquidity problems for contractors and thus inevitably to additional construction costs. The poor performance of the first implementation consultant is also likely to have contributed to the delays: tenders for the construction work were not issued until the end of the first 36 months, 12-18 months later than planned. There was apparently no support for the communities on economic issues. At the time of the PCR in 2022, two infrastructure projects (Namwala and Kazungula) were still not completed, and smaller measures at the other markets and bus stations were also still pending. The Kazungula bus station was finally opened in May 2025, but the Kazungula market is not expected to be completed until mid-September 2025.

From today's perspective, several factors contributed to the extension of the project duration: The consultant originally commissioned with the project had to contend with considerable delays in project management and was replaced after the 36-month contract period expired. Insufficient human and financial resources for the task force to carry out site visits and cover other ongoing project management costs are also cited as rationales for the delays, especially as the very large project area required long and costly travel. According to the international consultant, ongoing uncertainties regarding responsibilities and competences at district, provincial and ministerial level, as well as communication problems between the engineers and technicians of the local consultants (construction supervision) and the technical supervision at district level, also contributed to the extension of the project duration. Another significant problem factor was the dynamics of the exchange rate between the ZMW and the euro, which led to financial difficulties for contractors throughout the project due to persistent inflation of 15-20% per annum. In addition, procedural uncertainties regarding VAT refunds were cited as a rationale. In a few cases (e.g. Chikankata Market), the delays had a rational basis: unsatisfactory planning by the engineering firms and the inexperience of the contractors and municipalities.

For the reasons outlined above, the conditions for implementing the measure were very unfavourable. The deliberate choice of a "learning by doing" approach led to the intended strengthening of the municipalities, albeit at the cost of a significantly longer implementation period. Taking these circumstances into account, the appraisal of production efficiency can be considered satisfactory from an overall perspective. It is a great success that the project goal was achieved despite all the adversities. This also applies to the equally satisfactory efficiency of the coordination and management costs: the extension of the project duration from 36 months to 90 months (+ 150 % duration) is offset by additional costs of 75 %.

**12. Allocation efficiency**

The implemented infrastructures serve the needs (local supply and mobility) of a large proportion of the total population. This means that the resources used are distributed extensively and benefit a broad range of users. The implemented infrastructures appeal to a large proportion of the total population and are used to a high degree (markets) or to a good or reasonably good degree (bus stations, shops). This means that the population is efficiently provided with improved services through the infrastructures. As two of the 11 infrastructures are currently hardly used at all, the overall Allocation efficiency is only satisfactory at this stage.

The appraisal of the impact chain applied during implementation finds it to be efficient. The "learning by doing" approach has strengthened the communities, the infrastructure is helping to improve living conditions, and its high visibility is contributing to a positive perception of the new communities. In addition, the allocation mechanism gave preference to districts with higher poverty rates, thereby improving access to public infrastructure in particularly deprived areas.

The significant inflation in Zambia of 15-20% per annum over the entire duration of the project and the considerable devaluation of the ZMW, together with various other factors already mentioned, had a negative impact on Production efficiency. From today's perspective, the tendering of construction work in ZMW proved to be disadvantageous. Tendering and awarding contracts in EUR would have been better able to absorb price inflation, especially for building materials. This would have resulted in higher Production efficiency.

From today's perspective, it is unlikely that the positive effects could have been increased by an alternatively designed measure.

As confirmed to us by the municipalities, the investment measures would not have been carried out without the funds from the FC project. Financial additionality is therefore given.

**Rating summary of efficiency: moderately successful (3)**

Based on observations made during site visits and related discussions, capacities and experience at the municipal level are developing dynamically and the commitment of municipal employees is very high. The number of users is also expected to continue to rise, especially at bus stations. In our view, the overall efficiency of the infrastructure will continue to improve during operation. To provide support, a list of our technical observations and recommendations was handed over to the project executing agency (MLRD) and consultant (see appendix).

In summary, the efficiency of the projects is currently appraised as only satisfactory, as two of the 11 infrastructures are currently hardly being used at all and the project duration has been extended immensely, causing the consulting costs to more than double.

# Impact

**13. Overarching developmental changes**

No impact-level target was formulated during the project appraisal. The following target was only formulated during the course of project implementation: Service provision and political participation at local level are improved in line with the requirements of the national development plan and Zambia's decentralisation policy. The following three indicators were defined to measure the achievement of this target.

The following indicators were used to measure the impact objective:

| Indicator | Status at time of review | Target value at EPE (review) | Actual value at PCR | Actual value at EPE |
|---|---|---|---|---|
| (1) The proportion of citizens from five municipalities in the southern province and five municipalities in other provinces who are satisfied with the availability and quality of public services in | Baseline: 16% (2013) | Target value: 25% (2018) | Actual value: 53% (2018) | Based on the random sample of project sites visited<br><br>Target value achieved |

| | | | | |
|---|---|---|---|---|
| devolved[10] sectors will increase from 16% in 2013 to 25% in 2018. | | | | |
| (2) The proportion of citizens from five municipalities in the southern province who are satisfied with their opportunities for participation will increase from 28% in 2013 to 35% in 2018. | Baseline: 28% (2013) | Target value: 35% (2018) | Actual value: 21% | Data insufficient |
| (3) The revenues of all municipalities in the southern province will increase by 30% between 2013 and 2017. | Baseline: 131,859,773 ZMW (2013 municipal budgets of 13 municipalities).<br><br>Own revenue: 66,000,000 ZMW; transfer payments: 65,859,773 ZMW. | Target value: +30%; 171,417,705 ZMW (2017 municipal budgets of 13 municipalities) | Actual value (2019): Total revenue: +55%, 203,794,646 ZMW (2019 municipal budgets of 13 municipalities); Own revenue: +32%, 87,234,454 ZMW; Transfer payments: +77%, 116,560,192 ZMW | Target value achieved |

***Table 3**: Impact target achievement*
***Source**: Own illustration.*
***Note**: The indicator was assigned a value on a qualitative basis based on discussions held locally with municipal representatives. The impressions gained were also supplemented with the results of the Impact Study Report conducted in 2021 (triangulation).*

The results of the measure show a predominantly positive development. Citizens' satisfaction with the availability and quality of public services has improved significantly and clearly exceeds the target value set for the impact assessment. This indicates that the measure has successfully contributed to strengthening local self-determination and improving quality of life. However, satisfaction with opportunities for participation has fallen short of expectations. This figure is likely to have improved significantly today, as qualitative discussions with the local population and community representatives have shown.

The significant increase of 55% in municipal revenues clearly exceeds the target expectation. Own revenues rose by 32%, while transfer payments increased by 77%, indicating successful financial development in the municipalities.

The development of infrastructure led to the creation of new jobs, both directly in construction and indirectly through the promotion of businesses and services in the newly created markets. In addition, the improved infrastructure has contributed to poverty reduction by opening up new economic opportunities for low-income households. For example, the construction of markets and modern bus stations improved infrastructure, facilitating access to trade opportunities. This made it easier for low-income households to sell their products and tap into new markets. In addition, improved mobility increased the ability to get to work and transport goods, which promoted trade and economic activity in the region.

The measure brought about positive development policy changes for disadvantaged and vulnerable groups. Women in particular benefited from the construction of the markets, which improved their income situation and thus contributed to their economic independence. In addition, the creation of markets promoted social cohesion and cooperation within the community, creating a more stable economic base. The provision of sanitary facilities and improved safety in public transport were particularly tailored to the needs of women. The construction of ramps has also made access to markets and bus stations much easier for people with disabilities, promoting their participation in economic life. Overall, it can be assumed that the measure has contributed to the sustainability of improving the living conditions of these target groups.

## 14. Contribution to overarching intended developmental changes

The FC project made an important contribution to strengthening local self-government in the Southern Province, thereby supporting the decentralisation process by providing infrastructure measures to the satisfaction of the population. The income generated from the operation of the facilities has also improved the budgetary situation of the districts. In addition, the largely independent implementation of the individual projects with the support of the task force, even if this meant a longer implementation period, has strengthened their institutional capacities. The awarding of contracts to small businesses has enabled them to improve the quality of their work and construction.

The measure has largely achieved its intended development policy objectives, both at the outcome and impact levels. At the outcome level, it is evident that improvements to local public infrastructure, such as the construction of markets and modern bus stations, have directly contributed to income generation and economic growth. Women working as market traders in particular have been able to improve their income situation thanks to improved sales conditions. At the impact level, the measure has

[10] Devolved = decentralised, indicator taken from BMZ

strengthened local governments and increased the population's satisfaction with the municipal services provided. This has contributed to strengthening decentralisation.

The measure has contributed to the achievement of its development policy objectives at the level of the intended beneficiaries. The target group, consisting of around 1.2 million inhabitants in the 11 beneficiary communities, benefited directly from the improvements in infrastructure. The improved infrastructure has contributed to poverty reduction by opening up new economic opportunities for low-income households. For example, the construction of markets and modern bus stations has improved infrastructure, facilitating access to trade opportunities. This makes it easier for low-income households to sell their products and tap into new markets. In addition, improved mobility increases the ability to get to work and transport goods, which promotes trade and economic activity in the region. The provision of sanitation facilities and improved safety when using public transport contributed to an improvement in terms of women's needs.

The measures have also contributed to positive development policy changes for disadvantaged and vulnerable groups. For women in particular, the construction of markets has created the conditions for improving their income situation and thus also contributed to their economic independence. The creation of markets also strengthened social cohesion and cooperation within the community, leading to a more solid economic base. Access to markets and bus stations has also been significantly improved for people with disabilities through the construction of ramps, which promotes their participation in economic life. Overall, it is reasonable to assume that the measure has brought about a level of sustainability in the living conditions of these target groups.

Several internal project factors contributed to the achievement of the intended development policy objectives. The "learning by doing" approach strengthened the technical skills and responsibility of the communities as builders, which led to increased ownership. The income generated by the infrastructure created awareness of its value and promoted long-term value retention. In addition, the well-utilised infrastructure provided the population with improved services efficiently, which increased their quality of life. The high construction quality and visibility of the projects contributed to a positive perception and strengthened citizens' identification with the measures. Together, these factors have contributed to an improvement in living conditions.

However, the intended effects were also mitigated by several factors. For example, the legally required involvement of the central/provincial government led to slower decision-making processes and higher costs, which was also exacerbated by the significant devaluation of the ZMW. In addition, training the communities in value-preserving maintenance was not effective due to the long construction phase, high staff turnover and a lack of knowledge management. Conceptual shortcomings, such as the lack of sheltered waiting areas at bus stations, limited the quality of service. The Mazabuka bus station is currently underused due to insufficient coordination between planning authorities, while two infrastructures (20%) are hardly used at all due to technical deficiencies or poor design.

The drastic devaluation of the ZMW, combined with fixed prices in construction contracts denominated in ZMW, had a significant negative impact on construction companies. The accompanying inflation led to significant price increases for building materials. Although the individual projects were completed (with the exception of Namwala Market), not all contractors were able to cope with these sharp price increases. As already illustrated, this led to frequent changes of contractors and a resulting increase in construction costs, as well as a considerable extension of the project duration, which in turn caused significantly higher consulting costs. The weak currency also reduced the purchasing power of the population, which reduced sales opportunities on the markets and thus income generation.

The development of the infrastructure led to the creation of new jobs, both temporary during the planning and construction phase (local consulting firms and construction companies) and permanent through the operation of shops and services (bus station managers, cleaning staff, technical personnel, salespeople) in the newly created markets and bus stations.

The municipalities have consolidated their role as independent actors in local administration, which has led to a change in awareness with regard to municipal self-determination. In addition, the reform enacted in 2022, which increased the budget limits for the independent implementation of projects, has further strengthened their decision-making powers. This represents progress in the decentralisation process and enables municipalities to address specific needs and priorities more effectively

### 15. Contribution to overarching unintended developmental changes

No overarching (unintended) developmental changes are known to date.

**Rating summary of impact: successful (2)**

Based on the observed strengthening of the municipalities, the overarching developmental impact of the FC project is rated as good from an evaluation perspective.

## Sustainability

**16. Capacities of beneficiaries and stakeholders**

The strengthening of local governments (municipalities) served the overarching goal of supporting decentralisation in the country. Local governments have only a few years of experience and even less expertise in planning and implementing larger investments. The financial resources available to local governments are generally low. Municipal revenues consist of subsidies from the national budget (CDF), local taxes and fees, among other things. The majority of local investment expenditure (70–80%) is financed by funds from the central government's CDF to the municipalities. Another important source of revenue is the Local Government Equalisation Fund (LGEF), which was introduced in 2015 with the support of GIZ and contributes around 10–20% of total revenue. The municipalities' own revenues make up only a small part of their financial resources and consist of local taxes, fees and charges. In general, the municipalities' options for collecting their own revenues are limited. Own revenues from the infrastructure measures provided can therefore be an important additional source of income.

Part of the fees is used directly to cover operating costs, while the other part flows into the municipalities' budgets as revenue. Major maintenance work is usually financed directly from the municipalities' CDF budgets.

Furthermore, in many places there is insufficient capacity in terms of local government staffing. Important positions at the administrative level are not filled with sufficiently qualified personnel. In addition, there is a high turnover of staff. There is a great need to strengthen the institutional capacity of local governments by increasing the skills and experience of staff, e.g. in budget planning and expenditure and investment management.

The project's approach to achieving this through a systemic 'learning by doing' approach with integrated support for builders in construction, operation and maintenance activities, while also achieving synergies through other (rental) activities, is appraised as good and successful.

Public infrastructure as a visible outcome with a positive impact, improved living conditions for the population and their satisfaction with or identification with the infrastructure/communities, as well as the economic momentum generated by the infrastructure (e.g. shops at bus stations, more market visitors) all contribute to strengthening the communities and increasing citizen satisfaction.

Despite often still insufficient capacities, the communities show a high level of commitment and responsibility for the infrastructure projects and their operation. Pride in the visible signs of positive development was also evident. In some cases, the communities have independently implemented or initiated measures for maintenance, improvement or expansion. It is already apparent, and can be expected to continue, that capacities will improve further with increasing experience and rising revenues.

The municipalities have a decisive advantage over the previous, centralised administrative structures: their immediate proximity to the basis and consequences of their decisions. In addition, citizens have the opportunity to influence municipal decisions through democratic means and to express their wishes, demands or concerns to the municipalities. Although this local system can be threatened by external risks (climate, water shortages, changes in central government policy) or internal risks (corruption), it is better equipped to deal with these risks than the previous centrally controlled system.

**17. Contribution to supporting sustainable capacities**

The component aimed at strengthening municipalities in the area of building operation and maintenance (operation and maintenance training) has not yet been sufficiently implemented. A manual on the operation and maintenance of the facilities was successfully developed by the implementing consultant, with specific adaptations to the respective infrastructures of the municipalities. Corresponding training was also carried out in March 2020 with representatives of the municipalities concerned. However, the manuals are often no longer available in the communities, and many of those responsible are unfamiliar with the content, which indicates inadequate documentation and communication. The high turnover among employees exacerbates this situation. In addition, many employees work with private computers, which means that valuable knowledge is lost when staff changes occur.

During the EPE mission's project visits, deficiencies in maintenance operations were identified. In one case, for example, an inadequate response to a dangerous situation (broken glass door pane) resulted in potential injury hazards. In general, there was often insufficient budget for maintenance measures, which meant that maintenance and repair work could only be carried out in part. Some municipalities also require additional support to repair or complete facilities that are not fully functional. On a positive note, repairs are carried out as needed and preventive inspection visits take place in the municipalities, even though the operating and maintenance manuals are not available and therefore cannot serve as a basis for maintenance strategies. This suggests that sufficient sustainability can be assumed, although there is room for improvement.

Overall, all the communities visited expressed a need for refresher training in the area of operation and maintenance, which was positively received by the consultant. This confirms the communities' commitment and willingness to improve their capacities and optimise the maintenance of their facilities with a focus on sustainability.

**18. Durability of impacts over time**

Eight of the infrastructures visited are operational and reflect positively on the municipalities' efforts to improve the living conditions of their citizens. They offer people high-quality services and thus ensure user satisfaction.

Sustainability in building management is necessary to ensure these services in the long term. To this end, the municipalities must provide personnel and financial resources. The institutional strengthening of the districts required for this has been initiated by the project but has not yet been implemented to a sufficient extent. Manuals have been developed and training has been provided for district employees, but due to high staff turnover, only rudimentary knowledge of this remains.

Given the generally good quality of the buildings, it is reasonable to assume that they will remain in use for many decades. However, the weaknesses described above could lead to inadequate maintenance, which would significantly reduce the service life of the infrastructure.

At the macro level, Zambia is a developing country with high and still growing inequality and a certain fragility in terms of natural resources (climate change, deforestation). However, this does not pose a particular threat to the sustainability of the infrastructure that has been created.

During the EPE mission, an increasing momentum of economic development was observed in the communities. This can be seen as a further positive factor for improving the use of the facilities and ultimately the living conditions of the local population.

At the same time, given the current state of technical development, this development also leads to higher $CO_2$-emissions (transport, construction activity). Similarly, the implementation of the infrastructure, with its own increased footprint, has increased $CO_2$-emissions. This is acceptable as a negative effect, but one that is limited in scope.

**Rating summary of sustainability: moderately successful (3)**

From today's perspective, the sustainability of the FC project is still considered satisfactory, as the individual measures financed in the project communities are in good condition and maintenance measures are being carried out.

An improvement in building maintenance is to be expected as the communities increasingly grow into their tasks, gain new experience and develop their skills. In doing so, it is important to take the challenges listed into account in order to make optimal use of the infrastructure.

## Overall assessment: moderately successful (3)

The FC project was highly relevant and was implemented as part of a coherent development cooperation programme. Implementation via local governments (municipalities) with the support of the task force proved to be a key success factor for the limited effectiveness of the FC project, ensuring consistently good construction quality and ensuring that more than half of the infrastructure built was put into operation and could be used appropriately. However, implementation proved to be complex and inefficient due to the involvement of a large number of actors and, in some cases, unclear responsibilities. Efficiency can only be rated as satisfactory due to the long implementation period. With the exception of two infrastructure measures, which are appraised as inadequate, the utilisation of the individual projects is good. The use of tender documents based largely on World Bank standards (FIDIC contracts) in the award and execution of construction contracts contributed positively to the transparency and efficiency of the individual projects by ensuring fair competition and faster processes through standardised, clearly defined contract terms. Interviews with the target group revealed that the local population was highly satisfied with the quality of the outputs and the resulting improvement in income conditions. At the time of the evaluation, the condition of the infrastructure that had been created or upgraded was predominantly good, with only a few minor defects identified. The income from the individual projects has improved the budget of the municipalities . However, the overall financial situation of the municipalities remains heavily dependent on subsidies from the central government.

In the opinion of the evaluation team, the sustainability of the measures funded by FC funds is still good, as the municipalities demonstrate a high degree of ownership and maintenance and repair work is carried out as a matter of priority. Overall, the FC project is appraised as having been moderately successful.

## Contribution to Agenda 2030

The measures implemented made a direct contribution to the implementation of the United Nations goals for sustainable development. The participatory promotion of community development contributed in particular to the achievement of SDG 16.6 (accountable and transparent institutions), SDG 16.7 (inclusive and participatory decision-making) and SDG 16.10 (access to information). In addition, the selected infrastructure types contributed to SDG 11 (sustainable cities and communities). Last but not least, the jobs created contributed to SDG 1 (no poverty) at the municipal level.

# Methodology

## Evaluation methodology

The ex-post evaluation follows the methodology of a rapid appraisal, i.e. a data-based, qualitative contribution analysis, and represents an expert opinion. The project is attributed effects based on plausibility considerations, which are based on a careful analysis of documents, data, facts and impressions. Where possible, this also includes the use of digital data sources and modern techniques (e.g. satellite data, online surveys, geocoding). The causes of any contradictory information are investigated, attempts are made to resolve them, and the assessment is based on statements that are confirmed by several sources of information (triangulation), where possible.

The analysis of the effects is based on assumed causal relationships, documented in the impact matrix developed during the project appraisal and updated during the ex-post evaluation, if necessary. The evaluation report sets out arguments as to why certain influencing factors were identified for the effects observed and why the project under review probably made a certain contribution (contribution analysis). The context of the development measure is taken into account in terms of its influence on the results. The conclusions are put into relation to the availability and quality of the data basis. An evaluation concept serves as the reference framework for the evaluation.

The method offers a balanced cost-benefit ratio for project evaluations, on average, with a balance between knowledge gain and evaluation effort, and allows for a systematic assessment of the effectiveness of DFG projects across all project evaluations. Individual ex-post evaluations cannot therefore meet the requirements of a scientific assessment in the sense of a clear causal analysis.

The main objective of the evaluations (knowledge interest) is to measure impacts, provide accountability, promote transparency and enable institutional learning.

**Type of evaluation:**

*Trip to the project area.*

**Key questions of the evaluation according to the evaluation concept:**

- Relevance: Was the design of the measure appropriate and realistic? Is there a plausible link between the activities funded and the objective at outcome level?
- Relevance and sustainability: Was a transparent formula for the distribution of funds developed and applied as a contribution to the development of a national fiscal transfer?
- Relevance and coherence: Were the impact assumptions confirmed? What risks materialised and what was their impact on project progress? Were the institutional framework conditions of national (inconsistent governance) and local (limited capacity of district administrations) governance capacities with regard to decentralisation adequately taken into account?
- Coherence and efficiency: Were the responsibilities and roles defined clearly enough in the planning stage to do justice to the large number of actors involved? What can local authorities implement, what should they implement, how much responsibility are they able to assume, and for which tasks? Which responsibilities and tasks should remain at the national level?
- Effectiveness and sustainability: How are the outputs and capacities created being used? Maintenance of infrastructure measures on the one hand and the quality of governance, implementation and monitoring (including empowerment of municipalities/project executing agencies) on the other.
- Relevance and sustainability: To what extent has a contribution been made to improving the living conditions of the target group and their economic circumstances in the project communities? Are these effects lasting?
- Relevance: Were there any gender-specific restrictions in the planning and use of the measures that should have been better taken into account in the design phase?

**Non-public (internal) documents**

*Internal project documents, strategy papers, comparable evaluations, impact study report.*

**Directory of public sources**

***BMZ** (2008): Decentralisation and local self-government. Decentralisation in German development cooperation. Bonn: Federal Ministry for Economic Cooperation and Development.*

***BMZ** (2009): Promoting good governance in German development policy. BMZ Concepts 172. Bonn: Federal Ministry for Economic Cooperation and Development.*

**Data sources and analysis tools**

*On-site data collection, partner monitoring data, project-related surveys*

**Project sites visited**

*CHIKANTAKA Turnpike Market, MAZABUKA Bus Station, MONZE Bus Station, PEMBA Bus Station and commercial centre, NAMWALA market, CHOMA Bus Station, SINABONGWE commercial centre and market, KALOMO Bus Station, ZIMBA market and KAZUNGULA Bus Station*

**Interview partners and modality (in person, virtual/by telephone, in writing)**

*Project executing agency, target group, KfW's operational area, GIZ*

**The following aspects limited the evaluation**

The satisfaction survey originally planned to measure the achievement of the indicators was not carried out for cost reasons. Satisfaction levels could therefore only be determined anecdotally. Due to high staff turnover in the communities, it was no longer possible to find representatives who had been involved in the FC project since its inception. It was reported that discussions on satisfaction with the financed measures had been held with women's groups. Whether these actually took place could not be verified.

# Assessment methodology

A six-point scale is used to assess the project according to OECD DAC criteria, with the exception of the sustainability criterion. The scale values are as follows:

**Level 1** Very successful: results significantly above expectations

**Level 2** Successful: results fully in line with expectations, without significant shortcomings

**Level 3** Moderately successful: results below expectations, but positive results predominate

**Level 4** Moderately unsuccessful: significantly below expectations and negative results dominate despite recognisable positive results

**Level 5** Unsuccessful: despite some positive partial results, the negative results clearly dominate

**Level 6** Highly unsuccessful: the project is useless or the situation has deteriorated

The overall rating on the six-point scale is based on a project-specific weighting of the six individual criteria. Levels 1–3 of the overall rating indicate a 'successful' project, while levels 4–6 indicate an 'unsuccessful' project. It should be noted that a project can generally only be classified as "successful" in terms of development policy if both the achievement of objectives at the outcome level (effectiveness) and impact level, as well as sustainability, are rated at least as "moderately successful" (level 3).

The annex to this report is available upon request (German only).

**Imprint**

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