



Mid Term Review

FINAL REPORT

by

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The views expressed in this report are those of the consultants in the MTR team, and do not necessarily reflect those of the sponsoring agencies

EXECUTIVE SUMMARY

The Developing Business Service Markets for Micro and Small Enterprises in Zambia (BDS Zambia) project is implemented by ILO and funded by Sida for three years, with a budget of just over \$ 1.1m. The project focuses on the development of commercially viable information services through radio, printed media and internet providers aimed at reaching primarily micro and small enterprises (MSEs). The project commenced operations in September 2003 and an independent mid term review was carried out in July 2005 to assess progress against the project's outputs and objectives.

The review mission has revealed that the project has made commendable progress during the first half of the implementation period. The project team has had to operate in an environment where direct interventions by donors and Government have been the norm for many years and where potential partners expect substantial financial support. Further, markets for media services in Zambia are very small and in a nascent stage.

The table below summarises the project's achievements to date.

Output	Achievements at mid term
1 Project office and staff	Staff team was in place by Nov 03. National expert changed in 2004. Separate office established by March 04 enhancing project identity.
2 BDS survey	BDS market assessment in 3 regions in Zambia was completed in Dec 03 but did not provide specific recommendations. Separate media and ISP surveys conducted later have been more valuable
3 SME radio programme with commercial station	Radio Phoenix in Lusaka surveyed its MSE market and started transmission of weekly business programme in Oct 04.
4 Printed publications for SMEs	The Post newspaper carried out its own market research and developed the weekly business supplement from March 05. In addition, the first Livingstone Business directory for SMEs was published in July 04 and has proved highly successful.
5 Business portal for SMEs	Zamnet was identified as the most promising partner for the development of a business portal. Progress has been slow due to limitations in Zamtel resources. The portal is expected to be developed during project lifetime. SMEs have limited access to internet and Zamnet is working on appropriate solutions.
6 SME radio programme with community station	Radio Icengelo on the Copperbelt started programmes in English and Bemba for local SMEs in Oct 04. Highly appreciated by target groups. Good potential for further expansion through other community radios and focus on more specific target groups in agriculture, tourism, etc.
7 Other services	Various interventions such as the development of HIV/AIDS materials, support to commercial B2B exhibitions, facilitation of ILO MFI training, adaptation of new SMS services for SMEs are in the process of being implemented.

The pilot interventions with radio stations and printed media are continuing after the withdrawal of technical assistance and start-up incentives provided by BDSZ. Progress

in the development of an internet portal has been slower but this is still expected to be achieved within the remaining project period. It is too early to determine the long-term viability of the radio programmes and printed information as this will depend on the income generated by additional advertising and sponsorship. However, the review mission found strong management commitment of all partners to succeed in these new business ventures.

It is difficult to ascertain to what extent MSEs are profiting from these new services at this stage of the project as coverage is still very small and many activities only started within the last year. Enterprises that featured in the *Business Post* or on the radio, reported increases (some of them substantial) in demand for their goods and services. The mission found that many small traders and artisans who listened to the radio programmes were morally encouraged and expressed greater business confidence. However, it is too early to make a judgement on possible increased employment opportunities in the SME sector - the development objective of the project.

The project document places a strong emphasis on gender and assumes that women will naturally benefit from interventions through their management of and involvement with MSEs. However, there is no evidence that this will happen automatically and the review mission did not find activities that are specifically designed to promote the role of women in small businesses. It therefore recommends that this issue is given more attention in the remaining project period by developing a project gender strategy to help focus activities. The project needs to engage external expertise to assist in this area.

The project document does not specify indicators and a time frame to measure progress, which has resulted in some confusion as to what the project is expected to achieve and by when. However, it is anticipated that the project will make a more significant contribution towards the further development of the markets for information services when successful pilot activities are adapted by other providers operating in the same markets. This is expected to be achieved during the up-scaling of proven interventions, though the degree of impact will depend on future available funding and the timeframe.

The BDS market survey (output 2) did not provide the expected detailed information on the sub sectors to be targeted by the project and in that sense was probably too ambitious. However, during the review mission it was clear that there are a number of ongoing programmes that are interested in commercial media services. For instance ASP and SNV/ZNFU, expressed their interest in collaborating with BDSZ to develop information markets that can support the commercialisation of smallholder agriculture. There may be other opportunities in the mining and tourism sectors where BDSZ can assist to develop media markets for other programmes working in those sub sectors.

For the remaining period until August 2006 the review mission recommends that the project remains focussed on completing the outstanding outputs while at the same time starting to up-scale the successes in radio and printed media to other providers and geographical areas. The impact research planned to be completed in August 2005 should provide an indication on which services are likely to have the most affect on MSEs and, thereby, where the project should focus its efforts.

The review mission appreciates the administrative support provided to the project by the ILO Office in Lusaka. Efforts were made to minimize delays in contracting and payments. Nevertheless, the mission would have preferred greater financial responsibilities for the project manager (for instance through a separate imprest

account) to increase responsiveness of the project and reduce its “donor” image. However, the review team was informed that the BDSZ project did not meet ILO criteria for operating an imprest such as size, staffing, geographic positioning, etc.

The ILO has provided ongoing technical guidance through its offices in Lusaka, Harare and Geneva, though the mission is of the opinion that the project would have benefited from more support due to the innovative design of the project and the nascent markets in Zambia. This would have assisted the project team to remain focused on key issues while at the same time bringing in ideas and experiences from similar media programmes in other parts of the world. The review team is of the opinion that the decision of Sida to engage with ILO was justified despite the substantial costs for technical assistance given the pilot and innovative nature of the project and the availability of specific expertise within the organisation.

For the immediate term, the review mission recommends that the project team develops a detailed work-plan for the remaining project period and provides an estimate of the necessary resources required for its implementation. The original project budget did not include some essential project expenditures while a recent revision of the UN salary system substantially increased the costs of national personnel. During the review, the project team prepared a work-plan for the remaining project period till August 2006 to complete its outstanding outputs, to start up-scaling and to exploit new opportunities identified over the last year. If agreed upon, this would require additional resources estimated at \$ 200,000.

For the longer term, the review mission recommends that ILO investigates opportunities for an extension and expansion of the project based on the current investments which have resulted in an effective project team and a good understanding of the opportunities for information for MSEs through media markets in Zambia. The possible extension should reflect the priorities of the forthcoming National Development Plan and the PSD reform process supported by the donor agencies.

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Acronyms

ASP	Agricultural Support Programme
BDS	Business Development Services
BDSZ	Business Development Services Zambia (ILO project)
CHAMP	Comprehensive HIV/AIDS Management Programme
CTA	Chief Technical Advisor
FIT ILO	Farm Implements and Tools
HIP	Harmonisation in Practice
ICT	Information and Communication Technology
ILO	International Labour Organisation
MCTI	Ministry of Commerce, Trade and Industry
MSE	Micro and Small Enterprise
MSME	Micro, Small and Medium Enterprise
MTR	Mid Term Review
NDP	National Development Plan
PSD	Private Sector Development
SED	Small Enterprise Development
SEDB	Small Enterprise Development Board
SEED ILO	Small Enterprise and Economic Development
SEK	Swedish Kroner
SME	Small and Medium Enterprise
SNV	Netherlands Development Organisation
TOR	Terms of Reference
UN	United Nations
ZCSMBA	Zambian Chamber of Small and Medium Business Associations
ZCTU	Zambia Confederation of Trade Unions
ZFE	Zambian Federation of Employers
ZNFU	Zambian National Farmers Union

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The review team wishes to express its appreciation of the support it has received from the project team in terms of sharing information and organising meetings. This enabled the mission to engage in very informative exchanges with project partners in the media and print business as well as meet with many small business owners in Lusaka and the Copperbelt.

In addition, the mission had discussions with ILO, Sida, other donor agencies and programmes, which provided useful insights into the current thinking and suggestions on the way forward. Their views are reflected in the mission's recommendations.

1. Introduction to the review

1.1 Background

1. BDSZ (Business Development Services – Zambia) is a three year project implemented by ILO and funded by Sida, which commenced operations on 1st September 2003. A mid term review took place from 15th June to 8th July and was carried out by a three person team: Prof. Fackson Banda, (media specialist and team leader), Ms Juliet Munro (private sector development specialist) and Mr Gerard Hendriksen (BDS specialist).

1.2 Objectives

2. The terms of reference and the composition of the review team were prepared and agreed upon by both Sida and ILO. The aim of the mid term evaluation was to assess the delivery and performance of the project against its objectives and to determine whether the initial activities and outputs have so far been beneficial to the target groups. The evaluation was also expected to ascertain whether the original project design, strategy, institutional framework and assumptions remain valid, and to provide the management, the donor and the social partners with information to assess and possibly revise the project. See Annex 4 for detailed terms of reference.

1.3 Methodology

3. The BDSZ management provided the review team with relevant project documentation and lists of partners that were engaged in the implementation of the various activities. They also briefed the review mission on the implementation progress and assisted in arranging interviews with partners and affected MSEs who provided further clarifications and insights.

4. The review team visited most of the BDSZ partners in Lusaka and the Copperbelt with whom the project had an established working relationship with and met individually with some of the enterprises that were directly affected by the BDSZ interventions. In addition, spot interviews were made with traders and micro entrepreneurs in markets during the review, which included persons who had been directly been involved or affected by BDSZ, as well as others that were among the target group but had no exposure to the project. Meetings were held with local District Business Associations (DBAs) in the Copperbelt and micro-finance and media institutions. DBAs are structurally linked to ZCSMBA and provided more practical information about the workings of ZCSMBA.

5. Discussions were held with Sida and other donor agencies (DFID, RNE) supporting private sector development in Zambia to solicit their views on the existing programme and the way forward. The review team also met with ILO officials based in Lusaka and contacted relevant persons in the ILO Harare and Geneva offices to learn their views and visions for the future, as well as calling upon some of ILO's tripartite partners. A detailed schedule with names and contact details is provided in Annex 3

1.4 Structure of the report

6. Chapter Two provides a brief overview of the background, history and main elements of the project. Chapter Three deals with the progress made so far in achieving

the outputs (further details are provided in Annex 1) as well as describing the financial position and general performance against objectives, whilst institutional aspects such as the relationship with ILO, the donor and the government have been elaborated in Chapter Four. Considerations for the future of the project are given in Chapter Five, after which a summary of key findings and recommendations is presented for quick review.

7. The text boxes in the chapters are intended to draw the attention of the reader to the main issues.

2. Project design

2.1 Background

8. Three documents guide the implementation of the project; a) the ILO project document dated 11 April 2003, b) the Sida Assessment memorandum dated 20 March 2003 and c) the official agreement between Sida and ILO signed 27 May 2003 providing a total budget of SEK 8,850,000 (equivalent to \$1, 138,996). While the structures of these documents are different, there appear no significant inconsistencies between them and the review mission confirms that the overall project approach was stated in a logical manner. The project implementation started 1 September 2003 when the CTA was appointed and is scheduled to finish on 31 August 2006.

9. During the preparatory phase of the project, ILO carried out a rapid market survey in Zambia among MSEs and lack of information was identified as one of the key constraints, particularly among women entrepreneurs who are believed to comprise the majority of MSEs. Media service providers were identified as being a potential partner to work with to address this constraint, with the media being a sector where ILO has valuable expertise.¹ The project document describes a pilot based method for Zambia to test innovative or improved services. It proposes the test marketing of new services, seeing this approach as being more reliable than conducting an extensive needs assessment, as often MSEs cannot express their needs for a service they have not previously experienced.

10. The project goal is “to make micro and small enterprises healthier and more likely to grow by increasing their access to business development services they need and want to pay at a price and quality they can afford”. Traditionally, many of these services in Zambia have been supported by the public sector and donor agencies, and have been difficult to sustain. The project’s objectives are closely aligned with Sida’s current private sector development strategy, which focuses on fostering pro-poor growth by ‘Making Markets Work for the Poor’, thereby contributing to national poverty reduction priorities as set out in the PRSP and the more recently constituted PSD Reform Agenda.

11. The project’s seven outputs focus initially on services which allow the project to build up experience in the Zambian market.

- i) Establishment of a project office with staff and equipment
- ii) Market assessment for BDS

¹ ILO SEED has wide experience in implementing media-based programmes with programmes in Asia and Africa. It has published its experiences with radio programmes aimed at small businesses in East and West Africa in a manual for radio companies (Ssemakula and Andersons, SEED/ILO August 2001) and is managing the FIT-SEMA project working with radio stations in Uganda.

- iii) Commercially viable radio programme from MSEs with a commercial radio station
- iv) Publications targeted at MSEs through a commercial publisher
- v) Business portal providing information for SMEs through a commercial ISP
- vi) Additional radio programmes not covered under output 3
- vii) Services for MSEs in sectors and region identified by the market assessment.

Progress against these outputs is discussed in more detail in Chapter Three and in Annex 1 of this report.

2.2 Definition of target groups

12. The project targets micro and small enterprises which are described in three ways:

- i) Micro and Small Enterprises (MSEs) with less than 10 employees, including micro businesses that often consist out of 1 – 2 people who are engaged informal trading and artisanal activities;
- ii) Small and Medium Enterprises (SMEs) which includes medium sized enterprises but with varying definitions of number of employees (SEDB mentions above 30 while some banks use 100 – 500 employees).
- iii) In some cases MSMEs is used to group all enterprises together.

BDSZ focuses on MSEs but some interventions will also benefit medium enterprises which are often used as an intermediary to reach the micro enterprises. The abbreviations are therefore applied in a flexible manner as strict targeting is often difficult.

2.3 Design issues

13. The project's overall design largely embraces the key components of the BDS guiding principles², namely: understanding of the market, facilitation of market development, targeted and light-footed intervention of limited duration, flexibility, and sustainability. These principles are still very relevant and complement the ILO's own current BDS guiding principles³.

14. Sustainability is incorporated as a central theme, with specific outputs seeking to build on service provision that is generally already sustainable, rather than providing subsidies and generating dependency. The review concurs with the decision to focus the project on stimulating viable BDS transactions, rather than attempting to become sustainable itself. However, at the same time, the mission realises that the markets in Zambia including those for commercial media services are still in a nascent stage with only small numbers of service providers and, in some cases, the project has had to provide more direct support to stimulate innovations through selected partners.

15. The review highlighted a number of design issues where greater clarity may have improved overall delivery:

² The project is based on the Guiding Principles for Donor Intervention as developed by the Committee on Donor Agencies for Small Enterprise Development. For more information, refer to *Business Development Services for Small Enterprises: Guiding Principles for Donor Intervention*, 2001 Edition.

³ See ILO's Business Development Services Strategy Note for a summary of the organisation's seven guiding principles. The assessment of project performance outlined in Chapter 3 of this report confirms that the project has adhered to these principles to an encouraging extent.

The project's development objective is at odds with the pilot-testing philosophy that underlines the approach and this appears to have created some confusion regarding the overall purpose of the project. It is unrealistic to expect a project of this nature to yield significant socio-economic results in a relatively short time frame and with limited resources and this should be borne in mind when assessing the overall impact of the project.

The project document does not include a logical framework with indicators, means of verification, milestones and a timeframe for each of the outputs, but rather outlines the difficulties of setting indicators for a project of this nature. While this is true, it would have been useful to provide more guidance on indicator setting in relation to the chain of causality methodology proposed for the project to use as a starting point⁴. In the absence of such guidance, monitoring and evaluation has been relatively *ad hoc*. However, the project has recently developed a logical framework with indicators and a time frame in the semi annual work-plans to guide the monitoring process which seeks to address this issue. Further, research to study impacts on the service markets targeted by its interventions is in the process of being conducted⁵.

The limited budget was designed to facilitate the pilot-testing of ideas and is in line with the principle of 'treading lightly' in the market. This approach is appropriate, though the budget does not sufficiently provide for the project to scale up activities based on knowledge and experiences learned as it has evolved.

The project document does not provide specific indicators and a time frame which can be attributed due to the pilot nature of the proposed interventions, though has resulted in confusion about what exactly the project was aiming to achieve by when, and has made monitoring less effective. The project would have profited from an overall logframe agreed with the donor at the outset. Having said that, the project team has since incorporated indicators and a time frame in the semi annual workplans, and is currently implementing a media monitoring exercise which will further clarify the nature of 'impact' assessment for the project.

2.4 External factors

16. The project document lists a number of external factors and risks that may have impacted on the project performance such as (i) a narrow private sector, (ii) language barriers to reach MSEs, (iii) the enabling political and economic environment, (iv) lack of donor coordination which might distort the markets through direct payments, and (v) uncertainties surrounding the implementation of the Independent Broadcasting Authority (IBA) Act and the Zambia National Broadcasting Corporation (Amendment) Act, which were both enacted in 2002 and have not yet been put into effect. The review found that these externalities are still valid and none of them have changed substantially during the project period. Indeed, the project would benefit if the above media laws were implemented. For instance, the risk of political interference in the operations of privately owned radio stations – community and commercial alike – would be greatly reduced. An

⁴ See Downing, Field, Snodgrass *Impact Assessment and BDS Market Development: Is a Common Approach and are Common Indicators Possible?* for more insight into how it may be possible to set common indicators for service market BDS projects.

⁵ Steadmans Research Services have been contracted to undertake a BDS Media Survey which is expected to be completed in August 2005.

independent broadcasting regulatory authority would ensure clearer rules and procedures for community and commercial broadcasters. BDSZ has not been able to influence this external environment due to the complexity and the political nature of privately owned media. The MTR believes this has not been a serious constraining factor during this pilot phase of BDSZ but this issue will become more important when activities are upscaled to develop mature markets for commercial media services.

17. Another external factor to be noted has been the slow movement on the adoption of an ICT policy framework, which has implications for the acquisition of computer hardware for information and communication companies (including project partners such as Zamnet and AfriConnect). The import duty on such equipment tends to limit the extent to which ISPs like, for instance, Zamnet can reach the remotest parts of the country to target MSEs there. The draft ICT policy framework also has implications for the implementation of the IBA and ZNBC (Amendment) Acts, because it seeks to promote a converged ICT/broadcasting regulatory system through the setting up of a converged ICT agency to regulate both telecommunications and broadcasting services.

18. Some agencies are disseminating messages through radio and other media by paying for airtime or newspaper space. While this way of working differs from BDS principles, it has not been a major obstacle for the project although it does require time to change the attitude and expectations of potential partners and to encourage commercial providers to allocate their own time and resources to new ventures.

3. Assessment of project performance to date

3.1 Overview of the outputs and activities

This section includes a tabulated overview of the project's achievements against the seven outputs, followed by a written summary highlighting key successes and challenges. Annex 1 describes each of the outputs and related activities in more detail.

Table 3.1: Overview of outputs and achievements

Output	Achievements to date	BDSZ inputs excluding support provided by staff⁶	Sustainability/ impact
1) Project office and staffing	<ul style="list-style-type: none"> • All staffing in place by Nov 03 with a change of national expert in 2004. • Separate project office by March 04 • Minimum equipment (car, office equipment etc) 	<ul style="list-style-type: none"> • Office equipment and vehicle supplied for about \$50,000 • Salaries, operation and maintenance details in budget 	<ul style="list-style-type: none"> • Office and staffing adequate for BDSZ. Modest appearance • ILO/Sida “branding” could be reduced • Project may have benefited from own imprest account
2) Survey of BDS demand in 3 regions in Zambia	<ul style="list-style-type: none"> • BDS market assessment completed Dec 03 	<ul style="list-style-type: none"> • BDS survey \$4,000 	<ul style="list-style-type: none"> • Market survey is very general and does not follow ILO FIT guidelines on market assessments • The results did not provide applicable market information on potential service markets
3) Radio programme on commercial station	<ul style="list-style-type: none"> • Independent media survey completed early 04 • Radio Phoenix researched MSME markets • Weekly business programme transmitted Oct to Dec04 	<ul style="list-style-type: none"> • Media survey \$5,000 • Training inputs by Uganda team • Financial support for research, awareness creation, programme preparation \$9,500 	<ul style="list-style-type: none"> • Recognition of SMEs as market for Phoenix • Programme continued 3 months after BDSZ financial support terminated • Follow up contemplated • Impact on MSMEs not clear at this stage

⁶ The contributions from the partners have not been included here. These are substantial and provided in the form of salaries, direct programme costs, travel expenses, airtime and advertising.

Output	Achievements to date	BDSZ inputs excluding support provided by staff⁶	Sustainability/ impact
4) Printed publications for SMEs	<ul style="list-style-type: none"> • Post Newspaper carried out own SME market survey • Weekly business post supplement since March 05 	<ul style="list-style-type: none"> • Support to Post survey \$3,500 • Contribution to costs of printing first 3 editions \$15,500 	<ul style="list-style-type: none"> • Post management is interested in business edition • Post has continued publication using own resources • Content of publication mostly for corporate sector with some coverage of MSE issues to highlight links between the two sectors
	<ul style="list-style-type: none"> • Livingstone business directory, first edition July 04 	<ul style="list-style-type: none"> • Contribution to first edition \$6,000 	<ul style="list-style-type: none"> • Publication commercially successful • Second edition published
5) Business portal for SMEs	<ul style="list-style-type: none"> • Survey of potential providers undertaken • Contract with Zamnet developed • Market survey carried out by Zamnet • Proposal for Zamnet portal available 	<ul style="list-style-type: none"> • Portal assessment and proposal by external consultant \$14,000 • Contribution to Zamnet for market research \$5,000 	<ul style="list-style-type: none"> • Zamnet is convinced about the feasibility of portal but BDSZ needs more assurances on technical expertise and inputs before proceeding • Impact on SMEs expected to be limited due to high costs of access • Zamnet has initiative to support SEM access in rural areas
6) Radio programme on community station	<ul style="list-style-type: none"> • Media survey completed early 04 • Contract concluded with Radio Icengelo, Kitwe • Icengelo carried out research on SME market • Weekly business programme transmitted Oct to Dec 04 in two sessions: English and Bemba 	<ul style="list-style-type: none"> • Panos media survey \$5,000 (shared with output 2) • One staff member was trained in Uganda • Uganda team provided training in Kitwe • Financial support for research, awareness creation, programme preparation \$9,500 	<ul style="list-style-type: none"> • Icengelo recognises the importance of MSEs for development of community • Programme has continued after BDSZ support ended • Businesses that featured in the programme have profited from exposure • Further focus required on micro and women enterprises

Output	Achievements to date	BDSZ inputs excluding support provided by staff⁶	Sustainability/ impact
7) Other services to address needs identified under output 2	<ul style="list-style-type: none"> Assessment of B2B exhibitions and development of business plan for BEE Luanshya based on commercial sustainability through gate fees, advertising, sponsorships etc. 	<ul style="list-style-type: none"> B2B consultancy \$8,300 	<ul style="list-style-type: none"> BEE in Luanshya successful due to strong inputs from Copperlink donor programme Could not be copied to other exhibitions as donor funding stopped Need for better coordination between donor agencies
	<ul style="list-style-type: none"> Contract with ZCSMBA to develop R&D capacity on SMEs Sensitisation workshops held in 7 provinces followed by two focus group workshops in Lusaka and Ndola 	<ul style="list-style-type: none"> Contribution to ZCSMBA \$18,000 (\$3,000 for support to new research unit, \$15,000 for SME workshops and market research to support media partners. 	<ul style="list-style-type: none"> Media partners positive about ZCSMBA's contributions ZCSMBA lacked commitment to develop and sustain R&D capacity Activities halted with ZCSMBA but further interventions possible with individual DBAs as appropriate
	<ul style="list-style-type: none"> Contract with CHAMP to develop HIV/AIDS publication and radio messages 	<ul style="list-style-type: none"> Costs \$7,500 for developing publication and 10 radio awareness raising messages 	<ul style="list-style-type: none"> Draft publication and messages to be completed by July 05 Cost sharing for printing of publication with other ILO programmes likely
	<ul style="list-style-type: none"> Discussions with developers of SMS suite on applications for small businesses 	<ul style="list-style-type: none"> Only technical advice provided by project so far 	<ul style="list-style-type: none"> SMS services for general usage started May 05 Promising applications for MSMEs and good impact
	<ul style="list-style-type: none"> ILO Micro finance training course arranged in Lusaka in March 05 	<ul style="list-style-type: none"> All costs covered by ILO Turin. BDSZ provided office assistance 	<ul style="list-style-type: none"> Not applicable

19. As can be concluded from the table and from the details provided in Annex 1, the project has substantially achieved the most important outputs within the first half of the project implementation period. This mission considers this to be a great accomplishment, taking into account the time needed to start up the project office and recruit personnel. It is likely that the remaining outputs will be completed by the end of the project period, providing the response from the private sector is sufficient and external factors remain conducive.

20. The project has successfully minimised the “donor branding” of the project by establishing an office separate from ILO. Also after the launching period, the use of ILO and Sida logos has been reduced to avoid inflated expectations from partners due to donor connections and to increase ownership of interventions by its partners in line with accepted BDS guidelines.

21. The project has concluded two successful pilots in radio, both of which have resulted in the transmission of programmes focussing on the SME sector and the identification of the radio stations with this important group of listeners. While both stations are positively looking for ways to continue transmitting the programmes after the support of the project has ended, the community radio initiative shows great promise for project up-scaling in other geographical areas. In the print media BDSZ has facilitated the new business edition of the national newspaper *the Post* and the small but commercially viable *Livingstone Business Directory*. Development of the ICT business portal has been lagging as the partner Zamnet has limited technical capacity, though they have demonstrated commitment to completing the intervention. In terms of new initiatives, BDSZ has identified an opportunity to facilitate SME and agricultural development through a joint venture SMS cell phone service between Celtel, the largest mobile phone provider in Zambia, and AfriConnect, a new internet service provider. Other donor assisted programmes are also interested in these new SMS services and this offers an opportunity for BDSZ to promote “their” market based approach.

22. The review rated the value of the initial BDS market assessment to be low as it did not confirm the ILO FIT market research procedures, was limited in scope, and therefore did not result in information that could have guided the project towards other potential service markets. However, BDSZ has since commissioned more specific market studies such as the radio review and the ISP market review, which have been more focussed and made an important contribution to the project. In addition, BDSZ has encouraged and financially supported its partners to carry out their own market surveys which has provided information for their own use, but has also helped the project to better understand the markets it is operating in.

23. The project explored the market for commercially driven and sustainable business exhibitions and recruited a consultant to assess opportunities. A business plan was developed for an B2B exhibition which was finally held in May 2004 in Luanshya in the Copperbelt. Unfortunately, the BDSZ approach was not accepted and instead the exhibition relied on assistance from the USAID supported Copperlink programme. While the exhibition was a success, it could not be repeated the following year as the approach was not commercially viable. BDSZ maintains a relationship with commercial event organisers and there may be opportunities to revive the idea.

24. BDSZ partnered with ZCSMBA to establish a research unit that would help BDSZ to monitor the impact of its various interventions in addition to becoming a viable information service provider to other clients. Unfortunately, the research unit failed to produce expected results and is no longer being pursued. However, ZCSMBA was very

effective in facilitating workshops in different regions between BDSZ and its partners and the SME target groups and, in this respect, the collaboration has been effective.

25. BDSZ is making a contribution towards the fight against the HIV/AIDS pandemic through collaboration with CHAMP, a local HIV/AIDS NGO, and other ILO programmes. An information booklet has been designed and is being tested before going into production, while a series of short radio slots have been developed and will be made available to BDSZ's radio partners.

26. BDSZ has assisted the local partners AMIZ and M&N Associates in the organisation of the training course "Making Micro Finance Work: Managing for Improved Performance" which has been financed and conducted by ILO Training Centre in Turin. BDSZ regards this provision of training as a service to Zambian MFIs but has no intention to get further involved in the micro finance sector.

27. Overall, the review concludes that BDSZ has performed well during this first half of the project which is often the most difficult period. Staff have worked in a difficult environment as partners were generally not familiar with BDS principles and expected significant financial contributions from the project due to its association with the UN and Sida. Changing this attitude and getting partner 'buy in' required more than an introductory workshop. As a result, it has taken many months for the project team to identify opportunities and develop good working partnerships.

28. Work on developing service markets by up-scaling interventions has not yet started and it is likely that this will only be achieved to a limited extent within the remaining project period due to funding and time constraints. The project document does not provide a clear guidance on final expectations but the review mission is of the opinion that a start can be made with the most promising interventions such as community radio and small printed publications. The review team did meet other donor funded programmes which are willing to explore the BDSZ approach for their work in the agricultural sector (this is further elaborated upon in section 4.4.2). This should be reflected in the workplan for the coming 12 months.

The project outputs have been substantially achieved, with outstanding ones likely to be completed before end of the project. Work on the development of markets for media services has not started in earnest and can only be partially realised in the remaining project period. However, there are interesting opportunities to collaborate with other programmes in applying the various media and ICT tools, especially with those projects that adhere to market development principles.

3.2 Project budget and expenditures

29. Table 3.2 below provides an overview of the project budget as presented in the ILO document of July 2003; the revision approved during inception; expenses at the time of the MTR based on estimates from the project management, and a preliminary indication of the need for additional funding for the remaining period till August 2006.

Table 3.2: Project budget, expenses and estimates for additional funding
(in US\$ and based on estimates provided by BDSZ management)

Budget line	ILO DOC July 03	Revision Oct 03	Expenses	Balance June 05	Additional Funding*)	Total Sept 06
Activity costs						
11.02 External collaborators	119,800	73,062	45,320	27,742	141	73,203
17.02 National Collaborators	174,000	179,918	125,367	54,551	8,448	188,366
Sub-total activities	293,800	252,980	170,687	82,293	8,589	261,569
Management costs						
11.01 Int. expert P4.2 Lusaka	400,500	400,500	204,356	124,135	36,000	436,500
13.01 Administrative support	26,540	50,397	29,652	20,745	48,000	98,398
15.01 Local Mission costs	41,000	23,626	18,838	4,788	10,703	34,329
16.01 Official Missions	67,000	52,000	22,864	29,136	6,864	58,864
17.01 National Professional	72,000	72,000	49,234	22,766	50,000	122,000
41.01 Equipment	28,700	43,000	43,275	0	13,000	56,000
51.01 Eq. maintenance	6,000	14,795	8,895	5,626	6,000	20,795
53.01 Sundries	35,000	61,242	43,202	18,040	5,000	66,242
Sub-total management costs	676,740	717,560	420,316	225,236	175,567	893,128
Total	970,540	970,540	591,003	307,529	184,156	1,154,697
ILO support costs 13% **)	126,170	126,170				150,110
Total	1,096,710	1,096,710				1,304,807
Provision for costs increase	42,286	42,286				na
Total Project Budget	1,138,996	1,138,996				1,304,806

*) Indicative estimates provided during the review mission which are to be updated and related to the detailed workplan for the remaining project period.

**) The MTR has maintained the 13% given in the project document. However for the expansion this percentage can be negotiated between ILO and Sida

30. Sida approved a budget revision in October 2003 as some costs items were underestimated and others foreseen in the project document were not reflected in the budget, such as the rent for a separate project office (included under BL 53.01) and the salary of a driver (BL 13.01). Also the original BL 41.01 was insufficient to procure both a project vehicle and basic office equipment⁷.

31. In 2004 the UN conducted a comprehensive salary review which has led to substantial increases in salaries (around 40%) for national staff and which, combined with the annual increments for inflation, has contributed to the significant shortfall in the allocation for national salaries. The review mission was also made aware that there was no provision for the costs of independent reviews such as the current mission, which are therefore paid from the activity budget lines resulting in less support for BDS activities.

32. During the review mission the project management prepared a preliminary estimate of additional funding that will be required to complete the project. The ILO office will need to prepare an accurate estimate of the expected expenses for the salaries including allowances for the remaining period till August 2006 while the project management should give estimates for the other project costs based on a realistic work plan completing the outputs and scaling up activities to the extent possible.

⁷ In actual fact, the original document proposed two vehicles but did not allocate the necessary resources.

The remaining project funds are not sufficient to cover all expected expenditures,. BDSZ needs to prepare a detailed work plan and budget till August 2006 and discuss these as soon as possible with Sida. During the review it was estimated that the project requires an additional \$ \$208,000 assuming ILO support costs remain at 13%.

33. BDSZ finances are administered by the ILO office with the CTA originating payments for project expenditure. Contracts with partners are approved by ILO Lusaka with the ToRs for consultancies passing through ILO Harare on a case-by-case basis. The mission came across one partner (*the Post*) who expressed frustration about a delay in approving the proposal for a field survey. However, this was probably more the exception and in general, the review mission found that the ILO office was responsive to the requirements of the project.

34. Despite this good record the review mission is of the opinion that bureaucratic procedures should be further reduced to the extent possible (certainly for a possible expanded phase II of BDSZ). ILO criteria for setting up an imprest account such as size, staffing and location of the project made BDSZ not eligible. However, in a private sector development programme the project manager should preferably be financially responsible for dealing with the project partners , especially with small businesses. The donors spoken to by the review team saw ILO as too bureaucratic an institution and dispelling this might entail ILO explaining the in-built flexibility and the reforms the organisation is implementing to put possible misconceptions to rest.

35. The mission noticed the concern of the funding agency (and others) about the ratio between management and activity costs. The largest part of the budget was reserved for staff salaries, transport and office costs while about 22% of the revised budget of 2003 was earmarked for activities that directly benefit the implementing partners. However, the mission is of the opinion that this fits well with the BDS principles whereby payments to partners are kept to an absolute minimum to reduce market distortion and increase ownership and sustainability. BDSZ 's main activity is the provision of technical assistance and the professional staff is spending most of its time on those issues. The mission noticed that similar issues have been raised in other BDS programmes⁸. Some experts have proposed to charge 60% of the costs of project staff against the activity budget. A more appropriate system would be to introduce accounting of staff time as is practiced in most private consultancy companies. However, this solution might not be practical in a relatively small operation like BDSZ.

Expenses for staff inputs in BDSZ are high compared to funds allocated to the partners. However, as with other BDS projects most staff time is allocated to providing technical assistance and therefore should not be considered as a management cost.

36. Expenditures under External Collaborators (11.02) and National collaborators (17.02) budget lines provide direct support to the partners through the provision of consultancy services, or through contribution to the cost of activity implementation. Of the total expenditures of about \$170,000 under these two lines, around \$12,000 was paid to consultants for surveys or training while partners directly received almost \$120,000 in contributions towards their operating costs and for consultants providing technical expertise and training.

⁸ BDS projects such as Katalyst in Bangladesh and SEMA in Uganda are examples. In both cases the review missions recognised the issues and advised the projects to consider a management system whereby staff time is allocated against certain activities.

3.3 Other aspects of project performance

3.3.1 Approach

37. The review mission appreciates the way the project team have approached media markets by engaging consultants to build up a better understanding of the mechanisms to be developed and the active players. This research has usually been followed by workshops and newspaper advertisements to invite interested parties to submit proposals for support in radio, printed media and internet portals. The project team selected the most promising proposals and partners and have sought to develop concepts further. The project team have ensured that the selected partners carried out their own market surveys to bring them in contact with the target clients. They have also developed business plans that are not dependent on continuous project support and have made partners aware of the importance of monitoring the impact of their undertakings. This has been a learning process for partners too, but has resulted in greater ownership and has increased the likelihood of sustainability.

38. The project did not adopt the usual approach, i.e. developing information packages and buying airtime or column space to disseminate this information. This traditional approach, while simpler, cheaper and quicker to implement in the short-term, remains dependent on external funding sources and does not create markets for self financing media services as anticipated by BDSZ. In the long run the innovative BDSZ approach is expected to be more sustainable and cost effective.

39. The project has not yet managed to go beyond the services that were initially identified in the project document. This is partly due to the limitations of the BDS market survey, though it is expected that services will be further up-scaled and expanded during the remaining project period.

3.3.2 Networking

40. BDSZ organised a number of workshops to bring project partners together and funded some activities specifically designed to transfer new ideas and experiences to other potential partners. The project used the services of ZCSMBA and the related DBAs to access MSEs and to build up an understanding between media and this target group. These activities have been greatly appreciated by most of the people interviewed during the review, though there is little evidence that these initiatives have developed into self-sustaining contacts so far. Even within the radio sector, where information and working methods could more readily be shared, there have been very few spontaneous exchanges⁹. Partners mentioned access to and costs of communication as limiting factors in facilitating such exchanges. It appears that the management of the various partner organisations needs to be convinced about the benefits of increased networking in order to approval any upfront costs.

41. BDSZ has worked with and learned from other ILO programmes (eg. SEMA, WEDGE). While the project stays abreast with developments taking place in other ILO programmes through the ILO-SEED database and through participation in the ILO BDS conference held yearly in Turin, the mission found that BDSZ has not engaged extensively with other development projects within Zambia and has not yet investigated opportunities for collaboration. This can be partly explained through the pilot nature of project and the review mission appreciates that the project team first wanted to see

⁹ The recently established Zambia Community Media Forum (ZaCoMeF) might offer opportunities for the project to more effectively enhance networks and up-scale radio-focused interventions.

positive results from its pilot interventions before engaging with other, larger programmes in the country. Although understandable, this can limit overall understanding of markets where others might have better insights and lead to missed opportunities. During the review the mission and the project team met with two potential partner projects working in development of agro businesses¹⁰, both of which showed a keen interest in the activities of BDSZ.

BDSZ has networked mainly with other ILO programmes during this pilot stage of the project. It now needs to increase contacts with and actively look for collaborative opportunities with other development programmes in Zambia to apply and upscale the methodologies for commercial media services it has developed..

3.3.3 Sustainability

42. It is too early to assess the sustainability of project interventions as most of them were initiated less than 12 months ago. However, when the review team spoke to the media partners, it found a new understanding of the importance of the SME sector in the economy and the potential income-generating opportunities for their own business in servicing this sector. There appears to be good commitment to succeed. In fact, a number of them are continuing the activities, often in adapted format after the direct project support terminated. Some are attracting corporate sponsors while at the same time searching for ways to bring in advertising from SMEs by offering reduced rates. This still has to be proven to be cost effective.

3.3.4 Relevance, Effectiveness and Efficiency

43. The review found the interventions with the radio stations, the Post newspaper, the Livingstone business directory and the ISP providers to be very relevant in achieving the project's objectives. All showed the potential for these mass media to develop products that are sustainable and that will ultimately serve MSEs. The media market surveys commissioned by the project have made a direct contribution towards a better understanding of the media markets.

44. To assess the effectiveness of the different project activities, the review was particularly interested in the ultimate impact on MSEs of the different media used. Although no quantifiable evidence was found, it appears that community radio has the largest audience amongst MSEs because of its close proximity to the population, and broadcasting of some programmes in vernacular languages. Also, localised publications such as the Livingstone business directory where small enterprises can advertise their goods and services seem to be effective in reaching MSEs. This is not to say that the other media such as the newspaper and internet are ineffective as they do provide a medium for information for a more sophisticated type of businesses, many of which are still small in terms of number of employees.

45. Payments to the project partners for their services seem to be well in line with the costs of staff and inputs in Zambia, with the project trying to reduce its contribution to a minimum without jeopardizing the quality of implementation. Payments were effected against specified deliverables as specified in the contracts. The nature of ILO contract procedures made it impractical to split payments into more than 2- 3 instalments, although this would have resulted in increased control by the project management. An imprest account managed directly by the project would have enhanced flexibility as has been noted in para 34.

¹⁰ The Dutch funded SNV organisation and the Sida funded ASP programmes.

46. The overall costs of the interventions are high taking into account the substantial expenditures for technical assistance provided through ILO. However, the organisation presents additional benefits to the project through the access it offers to information and support from its BDS/media projects and programmes worldwide. Overall, the review team is of the opinion that the decision of Sida to engage with ILO in this venture, was justified given the pilot and innovative nature of the project and the availability of specific expertise within the organisation.

3.3.5 Gender

47. The project documents and development goal place emphasis on the targeting of female entrepreneurs mentions opportunities for quality employment for women (and men) in small enterprises. The Sida project assessment for instance mentions that the project will “naturally target female entrepreneurs since the participation of women in the sector is high”. The mission found some positive examples where women had profited from project interventions but this was more by accident than design (e.g. female radio journalist, business women in Livingstone, small women entrepreneur who had benefited from exposure through media programmes etc). Some of the project partners mentioned that they have attempted to feature women entrepreneurs but pointed out that cultural barriers often make female involvement difficult.

48. The mission is of the opinion that the project should have been more pro-active in tackling gender issues and it would have benefited from the early formulation of a gender strategy, with external assistance if necessary. This strategy could have produced guidelines on, for instance, the collection of data disaggregated along gender lines, specific activities focussing on women, the training of female staff in partner organisations etc..

During the remaining project period, is it recommended that BDSZ develop a gender strategy to help focus activities, possibly in conjunction with specialist ILO expertise .

3.3.6 HIV/AIDS

49. The project has developed valuable interventions to help mitigate the effect of HIV/AIDS on SMEs, which demonstrate some intended collaboration between BDSZ and other local ILO programmes. Furthermore, the review mission found that some media partners have developed their own initiatives to incorporate HIV/AIDS issues. BDSZ should try to bring out the more specific effects the disease has on MSEs and try to mainstream this knowledge in other programmes that are supported by different institutions. Its current work with CHAMP seems an appropriate route to achieving desirable results.

3.4 *Assessment of project impact*

50. As explained earlier under section 2.3 the project document did not provide a logframe with indicators to measure performance against the project objective (purpose) and the development objective (goal). Instead, it refers to the chain of causality to link each intervention to the purpose and goal, through which an impact methodology with indicators could be developed. This chain might, for instance include: the copying of successful interventions by other providers; changes in number of MSEs listening to radios programmes or buying publications; changes in attitude towards services; MSEs adapting new practices disseminated by the programmes etc.

51. The project team has attempted to deal with monitoring issues and developed some indicators for few of the interventions, The project also requested its partners to set up simple monitoring and evaluation systems for their individual business interests, which was supported financially under each contract and which, in theory, could then be aggregated by the project for its own evaluation system. However, it proved difficult to motivate partners to collect data as they did not have a direct interest. The project helped ZCSMBA to start a research unit which could assisted BDSZ to monitor changes in the service markets but this finally did not deliver.

52. The project recently contracted a commercial market research firm, Steadman Research Services, to carry out a survey in the project's three geographical areas. The firm has developed a comprehensive questionnaire in collaboration with the project, which will be applied to 400 randomly selected respondents in July, with findings due to be available in August.¹¹ It is unlikely that this survey will identify changes in the market or behaviour that can be directly attributed to the project interventions. However, it will provide a baseline against which project impact may be measured at a later stage and this could feed into the post project impact study budgeted for by Sida.

53. In addition to this impact study, the project team will need to set benchmarks for each of its interventions which will provide indications of the likely success of the intervention on the service provider and the possible impact on the market it ultimately serves. For instance, radio programmes could be measured against increased advertising income and percentage of listeners among the target group, while impact could be measured in terms of numbers of SMEs that have changed attitudes and adapted advice or used information provided through a radio programme. However, it is important to strike a balance between the information that will become available and the costs of collecting the information. It may be more effective in some interventions to reduce the monitoring activities and rely on easily measurable indicators collected from case studies, anecdotes, focus group discussions, phone calls etc.

4. Institutional aspects

4.1 Reporting and back-stopping support

The project management has submitted three 6-monthly progress reports to the ILO office in Lusaka. In addition, an annual report covering Sept 03 to Aug 04 has been produced and the project team prepared an internal evaluation report for the period Sept 03 to March 05. The ILO Lusaka office reviews and approves these project reports before these are forwarded to ILO Geneva for onward transmission to Sida through the department responsible for relations with donors.

54. The reports are generally well structured and informative and the system of reporting appears to be functioning correctly though the review mission was informed that there have been delays before the final product reaches the Sida office in Lusaka, whether due to ILO or Sida procedures. The mission understands that the ILO Office is able to provide advance copies of reports to the decentralised donor and assumes that is practised in the case of BDSZ. Semi-annual work plans are provided separately and discussed in ILO/Sida meetings as stipulated in the agreement. This seems a satisfactory arrangement due to the decentralisation and proximity of both ILO and Sida offices.

¹¹ The costs of this survey are around \$6,000, an indication of the resource intensity of impact monitoring.

55. In addition to the officially required reports, the project also maintains a well-established system of preparing field trip reports which are circulated internally within the ILO system.

56. ILO Lusaka is responsible for the administration of the project. The review mission appreciates the strict accounting procedures which are enforced by the ILO regulations and was impressed with the statement of the office that payments are generally dealt with on the same day. The project manager has a petty cash limit of \$ 500 which is intended for small office expenses. As explained in paragraph 33, the system remains rather "heavy" and the mission would prefer greater financial responsibilities for the project manager to increase the private sector image of the project and allow greater responsiveness and more flexibility, particularly if the project is extended or enlarged

57. ILO has provided technical advisory support to BDSZ mainly through its Sub-Regional Office in Harare where a SEED specialist is based to provide guidance to projects in 8 countries in Sub-Saharan Africa. This support to the projects includes advice in developing and reviewing project work plans, and in preparing terms of reference for consultants. Furthermore, BDSZ has access to ILO's recently established resource platform (EMP/ENT) for SME and BDS development and through networking with other ILO programmes. The project office also has solicited *ad hoc* advice from Geneva specialists.

58. The Geneva-based SEED Specialist who was very closely engaged in the preparatory and formulation stages of BDSZ, left the organisation in mid 2004. His replacement has not yet been able to visit Zambia and is therefore less familiar with the project and the key actors in the field. Although according to ILO organisational structure, the responsibility for backstopping remains primarily with the specialist placed in the Harare office, greater involvement of Geneva based specialists with global technical knowledge would have brought more ideas to a highly innovative pilot programme such as BDSZ. The mission also got the impression that at some stages there have been misunderstandings between the technical officer in Harare and the project which has resulted in frustrations and possible delays in implementation. Staffing in Harare is due to change as the SEED specialist from Harare is promoted to a new posting and ILO intends to fill the vacant position in Harare through a temporary assignment while proceeding with recruitment of a long term expert. The ILO should ensure that the project receives adequate technical advisory support while planned staff changes in Harare are taking place.

The review mission believes that overall ILO backstopping to BDSZ could have been more effective by providing appropriate technical and management guidance on the overall direction of the project, developing of workplans and indicators to measure progress in this innovative pilot project.

4.2 Relation to donor

59. The project's main point of contact with Sida is through the ILO Lusaka office. Progress meetings are held between ILO Lusaka and Sida Zambia every six months to discuss reports, though contacts are generally more frequent.

60. The general views expressed by the donors agencies contacted during the review (including Sida) were that the UN organisations including ILO are bureaucratic and cumbersome to deal with, particularly at the head quarter level such as Geneva. Donors also expressed concerns about those bureaucratic systems as a barrier in engaging in

new programmes, especially small ones like BDSZ where the transactions costs may become too high and might limit the independence and responsiveness at project level, ultimately leading to reduced impact on the ground. This mission is not in a position to judge if these donors' concerns at field offices are right or wrong but highlights that these perceived ideas will influence the opportunities for a possible BDSZ phase II.

The mission learned that the ILO is currently developing a revised reporting manual and planning to roll-out a more streamlined management structure over the next 18 months aiming to address some of these concerns.

The ILO should communicate their new management and reporting structure to Sida and other potential funding partners as early as possible.

4.3 Relation to government

61. The project document does not refer to the project's relationship with government, and there does not appear to be formal and regular contact between the project and government, other than through the ILO's official relationship with the Ministry of Labour. All the same, the project's official launch event in April 2004 was attended by the Minister of Labour & Social Security and the Minister of Commerce, Trade & Industry, and this has generated some level of awareness within government as was witnessed by the review mission when visiting some of the social partners. However, contacts appear not to have been extended beyond this initial workshop.

62. Continued efforts to share information on project ideas and activities with MCTI and other social partners is recommended as this will help to not only raise the profile of the project but also to facilitate a re-alignment of activities within the broader context of government's PSD Reform Programme which is discussed in more detail below. This relationship building can be more readily achieved through MCTI's newly-established Project Coordination Unit, which is responsible for monitoring government's PSD reform activities.

4.4 Relation to other relevant interventions

4.4.1 ILO initiatives

63. The need for close collaboration with other ILO initiatives is emphasised in the project document. A number of national and regional initiatives are currently being implemented in Zambia (see table below) and the ILO is also managing several BDS-focused projects throughout the world (including Uganda, Sri Lanka, China, Latin America and Jordan).

Table 4.1 ILO Projects currently being implemented in Zambia

Project	Location	Area of Intervention
BDS Zambia	Zambia	Developing BDS markets for SED
ILOAIDS	Zambia	Enhancing HIV/AIDS workplace programmes
WEDGE	Zambia	Promoting enterprise development for women
IPEC	Zambia	Combating child labour and trafficking issues
ILASSA	Zambia	Improving labour systems
SIYB	Regional	Enhancement business training skills

64. At a national level, a recent event brought together Zambia-based ILO projects to facilitate linkages. Subsequently, BDS Zambia is exploring collaboration opportunities

with ILOAIDS and WEDGE to build HIV/AIDS awareness amongst MSEs and improve HIV/AIDS-related journalism among media service providers. This is a good starting point, and the project should seek to identify further cost-sharing activities given current budget limitations. In particular, closer collaboration with the WEDGE project could serve to strengthen BDS Zambia's gender activities, which are currently incidental.

BDSZ should explore opportunities for closer collaboration with WEDGE and other ILO gender-focused initiatives where synergies are possible to facilitate the achievement of BDS Zambia's gender objective under the market development approach

65. At an international level, project staff has participated in a number of ILO BDS seminars and events and are made aware of other BDS initiatives through Geneva as well as through direct correspondence. The review team encourages ongoing communication with other similar projects in order to facilitate experience-sharing and the continuous testing of new ideas within the field. For example, the recent evaluation of FIT-SEMA in Uganda has identified a number of lessons learned and achievements so far relating to local ownership, business-related media content, outreach and sustainability. It will be useful for BDS Zambia to better understand what these achievements are and if they can be related back to the Zambian context¹².

4.4.2 Other relevant programmes in Zambia

66. Strong emphasis is placed on the need for the project to coordinate and potentially collaborate with other relevant initiatives. Since project inception, relationships have developed with organisations involved in small enterprise development, such as ZCSMBA, and AMIZ. The project has participated in workshops arranged by other development projects such as ASP and TEVETA and also joined the Zambia Business Coalition on HIV/AIDS.

67. Some early attempts were made to explore opportunities with ASP and other donor SEED programmes, but these discussions have not borne fruit so far and the project has not yet embarked on any collaborative efforts with other donor or government programmes. The reason for this is likely to be a combination of (i) the project's relatively small size makes it difficult to project a high profile and penetrate the networks of larger and more established programmes, (ii) BDSZ did not have any working models to show early in its implementation period and (iii) the budget limitations appear to have deterred the project from seeking new opportunities due to concern that the resources are not sufficient to implement much beyond the scope of the outputs set and (iv) the official communication channel with external collaborators is through the ILO, which may restrict the formation of direct partnerships and respond quickly to market developments. However, the project needs to carefully choose its partners to ensure maximum benefits and to avoid spreading its meagre human and financial resources too thin.

68. A more concerted and planned effort is required in the future to ensure that project outcomes are shared to the maximum extent and some suggestions are presented in the next section.

¹² Hitchins & Prag (2005) *Review of SEMA Project, Uganda: Final Report*.

5. Considerations for the future of the project

5.1 Remaining project period

69. The review team is of the opinion that there is justification for Sida to provide additional funding to enable the project to upscale activities within the current funding period, and it is believed that the project has the capacity to deliver further outputs in addition to meeting current obligations.

70. Furthermore, a number of opportunities are emerging within the broader PSD context where the project can potentially add value by building directly on the experiences gained by the project so far in the Media/ICT sector.

71. Assuming that further funding is granted, the review strongly recommends that the project's work-plan for the coming year focuses on building on direct experience gained so far with the different partners in the Media/ICT sectors, linking interventions to the government's national PSD Reform Programme and collaborating with other initiatives in identified areas. This will ensure maximum relevance, value-addition and overall impact, and will serve to position the project within a specialised 'niche'¹³.

72. The PSD Reform Programme, which was ratified by Cabinet in July 2004, identifies 78 key issues in 6 reform areas, and proposes a series of actions to be taken to facilitate the creation of an enabling environment to foster private sector growth¹⁴. Of those identified, the issues that review team believes are most relevant to BDS Zambia are summarised below:

Table 5.1: PSD reform areas where the project could potentially add value

<i>Reform Area: Business facilitation and economic diversification</i>
Relevant issues identified: <ul style="list-style-type: none">• Growth potential for tourism sector not fully realised• Underdeveloped traditional and non-traditional mining sector• Lack of market linkages between small-scale agricultural producers and processors• Narrow local manufacturing base and limited technology transfer
<i>Reform Area: Local empowerment/Decentralisation policy¹⁵</i>
Relevant issues identified: <ul style="list-style-type: none">• Limited business development capacity of local SMEs• Limited migration from informal to formal sector

73. Within this broad sectoral framework, the review team believes that the agricultural sector is likely to offer BDSZ the greatest opportunity to add value within the remaining timeframe for a number of reasons:

¹³ This view is in line with trends that are currently influencing BDS initiatives and raising issues in a broader context, namely: (i) initiatives are becoming increasing part of broader development initiatives rather than stand alone programmes with the aim of improving sector competitiveness; (ii) initiatives are taking an increasingly enterprise-wide approach to address value chain constraints and ensure benefits of globalisation are more equally shared.

¹⁴ The key reform areas are: Policy Environment and Institutions; Regulations and Laws; Infrastructure; Business Facilitation and Economic Diversification; Trade Expansion; Local Empowerment. For the full action plan, see ICC (2004) *The PSD Forum Report Vol I: Main Report*.

¹⁵ Cabinet Office. 2004. *National Decentralisation Policy*. Lusaka: Cabinet Office. This policy presents an opportunity for the project to link up with the newly set up Decentralisation Secretariat. The government plans to 'mainstream' the principles of decentralisation throughout its economic and development planning.

- The majority of Zambia's small-scale enterprises are engaged in agricultural activities, offering the greatest potential for pro-poor growth. For this reason, agriculture has been identified by government as the country's priority economic sector
- Sida is currently implementing the largest donor-funded agricultural programme in Zambia (ASP) which aims to promote the concept of 'farming as a business' and offers scope for the creation of synergies with BDS Zambia¹⁶
- There are a number of other large-scale agricultural initiatives that are currently being implemented or are likely to come on-stream during the course of 2005. Several include components that aim to strengthen the supply and demand of BDS to MSMEs and present specific opportunities for BDS Zambia to add-value by stimulating appropriate information channels. Some of these are listed below¹⁷.

¹⁶ A summary of Sida's support to PSD under the current Development Strategy 2003 to 2007 is presented in Appendix I.

¹⁷ A more detailed summary of PSD programmes that BDS Zambia could explore collaboration opportunities with is presented in Appendix II.

Table 5.2 Agricultural initiatives that present collaboration opportunities for BDS Zambia to add value

Programme	Relevant area of intervention	Principle donor/partner	Initial ideas on where BDS Zambia could add value
Agricultural Support Programme	Promoting 'farming as a business' among small-scale agricultural enterprises	Sida	<ul style="list-style-type: none"> • Test new technologies for information dissemination (e.g. SMS/Cellphone technology) • Facilitate linkages with the media and agricultural information providers and build their capacity to package standardised information profitably. • Build capacity of community radio stations to develop agricultural-focused business programmes and • Promote sharing of themes and/or programmes between stations to expand outreach • Facilitate dissemination of consistent policy information and advocacy amongst pro-poor groups • Promote HIV/AIDS awareness through media channels developed and link media service providers to existing peer educator training programmes
Production, Finance and Technology (PROFIT)	Enhancing production and service technologies and increasing access to BDS SME agriculture and natural resource producers and processors.	USAID/CLUSA	
Support to ZNFU	Strengthening the capacity of ZNFU to improve advocacy and BDS channels to small-scale members	NORAD/ Netherlands/ SNV	
Enabling Environment Project	Strengthening the supply and demand of improved pro-poor private sector policy within the agricultural sector	DFID	
Agricultural Development Support Programme	Promoting agricultural and agribusiness expansion	World Bank	
Markets, Trade and Enabling Policies (MATEP)	Increasing agricultural and natural resource exports by forging value chain linkages	USAID	

74. Wherever the project chooses to focus its efforts during the next 12 months, it is important that the gender aspect is sufficiently dealt with.

5.2 Prospects beyond August 2006

75. ILO has indicated that they wish to seek further funding to extend the project beyond its current timeframe. The review team agrees that there is scope for the BDS Zambia concept to be built on and to contribute meaningfully to Zambia's evolving PSD profile. It is strongly recommended that ILO commences discussions as soon as possible on the preparation of a new project proposal to maximise the chances of a seamless transition from one funding period to another.

The ILO needs to bear the following in mind when preparing a new proposal:

- As an active member of the Harmonisation in Practice (HIP) Initiative¹⁸, Sida, as well as other bi-lateral members, are placing increasing emphasis on donor coordination mechanisms as a way of improving government ownership and reducing transaction costs. As such, joint funding mechanisms are likely to be favoured over bi-lateral arrangements. New PSD project concepts will therefore need to demonstrate how they will effectively contribute to the achievement of broader national PSD objectives and great synergies with other government and donor initiatives.
- The National Development Plan, which is in the process of being drafted, will become the overarching development policy for Zambia for the next five years¹⁹. It is likely that it will incorporate similar development priorities and objectives as the PRSP, the main difference being that it will be linked to the functional organisation of government, with a chapter prepared around each Ministry's roles and responsibilities. Donors are being asked to limit their interventions to two or three functional areas each, and are currently developing a strategy to operationalise this among themselves, before presenting their proposal to government. The implication is that, while their current strategies are likely to remain intact, donors do not yet know which sectors they will be able to support in future, which is likely to impact on their decision-making capabilities over forthcoming months.

The ILO should start as soon as possible the process of developing a project proposal for additional funding, taking into account the HIP Initiative, the NDP and PSD Reform processes. How this project proposal is speedily developed is left within the purview of the ILO structure.

¹⁸ The Harmonisation in Practice (HIP) Initiative brings together a coalition of eight 'like-minded' donors and the Ministry of Finance to enhance the effectiveness and efficiency of development cooperation through improved donor coordination. Current members include: Sweden, UK, Netherlands, Finland, Ireland, Denmark, Norway and the World Bank.

¹⁹ The National Development Plan is expected to be finalised in January 2006, following preparation of a draft version in July 2005.

6. Key Findings and Recommendations

Findings

- i) On the whole, the project is expected to deliver according to the outputs listed in the project document. In particular, progress has been good in the piloting of radio and printed media interventions, with community radio broadcasting in English and Bemba demonstrating the biggest outreach among MSEs. Development of the internet business portal and HIV/AIDS materials are in progress and likely to be completed by the end of the project. In addition, a new promising intervention has been initiated to develop SMS services targeted at small businesses and this will be worked on during the next twelve months.
- ii) BDSZ has primarily provided technical assistance support to its partners, which was delivered by both the project team and external consultants. Financial contributions have been kept to a minimum and the BDSZ team should be commended for the way they have adhered to the BDS guiding principles.
- iii) The radio and print partners are continuing with the initiatives after withdrawal of BDSZ support with the expectation that these will become financially sustainable over time through increased audience among MSEs and related advertising income. The impact on the targeted MSE sector is not clear at this point in time although individual companies that featured in the media report increased demand and revenue. The project has contracted an external media marketing agency to carry out a survey which should provide more information on changes in attitude and behaviour of MSEs.
- iv) The ILO project document and Sida's assessment memorandum make reference to gender and to the important role of female entrepreneurs in the MSE sector. However, a proposed strategy to incorporate gender issues is not included in the expected outputs and is further aggravated by the lack of (gender-specific) indicators. Neither has BDSZ developed a methodology to systematically address gender issues. The project is making a more specific contribution to HIV/AIDS issues in collaboration with other organisations. Partners do cover HIV/AIDS and gender issues in their programmes on their own initiative and with some encouragement by BDSZ.
- v) The project document does not provide indicators of achievement at either purpose or output levels or a time chart to guide implementation and performance evaluation. This has led to confusion about the pilot nature of the project and the up-scaling of successful interventions.
- vi) ILO administrative support provided by the Lusaka office has been effective although the mission would have preferred greater autonomy for the project to further reduce bureaucratic procedures and delays. The mission is of the opinion that the project would have benefited from additional ILO technical support than what has been provided during this pilot phase and more interaction with other ILO and external BDS programmes.. The review team also appreciates the fact that there might be a split in opinion within ILO on the extent to which the project should have been technically back-stopped. This

should further strengthen the need for explicit monitoring indicators to capture the nature and amount of technical back-stopping required for this project.

- vii) The initial budget was revised early on in the project as some of the costs were not budgeted or unrealistically low. In addition there has been a substantial increase in national UN staff salaries following a comprehensive review. A budget adjustment will be required to provide the means for BDSZ to accomplish its outputs.

Recommendations

- i) BDSZ should primarily focus efforts on achieving the outstanding outputs in the remaining project period, as well as up-scaling successful interventions such as radio and printed media to further develop the market for these services for MSEs. It is also recommended that the project explore cost effective ways of building the capacity of partner organisations in business reporting skills.
- ii) The project should actively engage with other development partners working in sub-sectors where media/ICT services can improve the way the markets work and which are likely to benefit MSEs. For example, there are opportunities in the agricultural sub sectors where market actors are in contact need of updated information. BDSZ should facilitate sustainable relationships driven by financial incentives between the media providers and service providers working in the productive sub sectors.
- iii) The project needs to further pursue systems that will help to assess the impact of the media/ICT services on the MSEs. However, time and financial inputs for measuring the impact should be in proportion to the scale of the interventions.
- iv) BDSZ needs to develop an appropriate gender strategy which sets out what the project hopes to achieve in the remaining project period and how it will reach these goals. It may be useful for the project to engage the expertise of relevant ILO programmes to achieve this.
- v) A detailed work plan and budget for the interventions during the remaining project period should be prepared indicating the likely outputs, the required resources and their costs. These interventions should build on BDSZ's experiences over the past 18 months and may go beyond those stated in the project document if staff resources allow. The work plan should allow resources and time for dissemination of the project outcomes.
- vi) BDSZ must start the formulation of a proposal to extend the programme after August 2006 as soon as possible. This will require assistance from the various ILO offices, particularly ILO SRO and SEED, in bringing experience from other international ILO BDS programmes. The extension should reflect the priorities of the forthcoming National Development Plan and the PSD reform process supported by the international donor agencies.

Annex 1: Detailed description of the achievements for each output

Output 1: Establishment of a FIT-Zambia with appearance of a private sector office housing initially the international expert and a national professional.

1. BDSZ started its operation in an office provided by ILO Zambia in the same building and also received ILO office support such as transport, computers, telephone and copy services. Despite the convenience of this arrangement, separate housing of BDSZ was essential to give a more private sector appearance. A suitable property was found at the United Nations Avenue in Longacres and converted into a modest office for the project team. The project moved to their new premises in March 2004. The office has been equipped with a minimum of computers (three desktops and one laptop, two printers and telephone and internet facilities). For photocopying the project relies on the ILO office about 15 – 30 minutes drive depending on traffic. The project has one basic vehicle (instead of the two units proposed in the project document). The project facilities give the impression of a lean operation, which fits well with its intended private image. Unfortunately some of the office equipment has broken down over the last year (fax, computers) and need repair or replacement. The MTR observed that project staff had resorted to using personal equipment to fill in the gap.
2. The BDSZ professional team consists of an internationally recruited CTA (Tapera Muzira) and a national expert with experience in private sector development. Ms Amber Cartwright filled this position for about 6 months and was replaced by Mr Lemmy Manje after her departure. The BDSZ team is completed by an administrative assistant (Ms Barbara Mmembe) and a driver (Mr Mwiinga Malambo). This last position was not described nor budgeted for in the project document but essential as ILO regulations do not permit staff members to drive official vehicles. The review mission is of the impression that this small team functions exceptionally well and that also the support staff members are fully aware of the broader objectives of the project. There seems a good sense of “doing the job together”.
3. There have been discussions regarding the “branding” of the project. Initially the project was expected to be called FIT-Zambia which reverberated to an ILO programme “Farm Implements and Tools” dating back to the 80s, but was later changed to BDS Zambia which encompasses the project objectives more appropriately. There also has been a debate as to what extent the ILO “brand” name needed to be brought out more prominently by the project (logos on printed matter and office building, vehicle with UN plates and ILO sticker). Although there are certain advantages as the ILO reputation will increase access to partners (certainly during the initial stages of the project), there are also the inherent risks of raised expectations. Private sector programmes in other countries have struggled with the same issue and much depends on the extent to which agencies want to be “recognised” for their contribution. In the view of the review mission, the project brochure still reads too much as an ILO document with even a statement of the organisation's director-general on the front page.

The review mission is of the opinion that where possible the use of ILO and Sida logos and references should be further reduced.

Output 2: The met and unmet demands of MSEs for BDS will be mapped out as well as the existing structure for the provision of services in representative regions in Zambia

4. The project document calls for a BDS market survey to be carried out by a marketing agency following the principles set out in an ILO manual²⁰. The work was carried out by a national consultant (Mr Trevor Simumba of A-TRADE) and the final report delivered end December 2004. The main objectives of the survey were to determine existing BDS to SMEs in different sectors in three regions (Lusaka, Copperbelt and Southern Province) and to provide information on services that could be targeted by the project. The work was carried out over a period of about 5 weeks and included analysis of secondary information and interviews with ZCSMBA and DBAs (8), BDS providers (25) and with beneficiaries (43).

5. The final report provides a general impression of the BDS market in the country. The study identified a number of constraints faced by the MSMEs including lack of access to finance, appropriate equipment, marketing and entrepreneurial skills and the high costs of taxes and transport. It makes a number of recommendations for BDSZ including (a) focussing on growth sectors (agriculture, manufacturing, tourism and small scale mining), (b) partnership with the IESC Copperlink Programme, (c) supporting the finance sector, (d) training programmes for MSMEs, (e) market intelligence and (f) market linkages.

6. The report falls short in detailed information which is not surprising within the limited resources (\$ 4,000) and time frame and covering three geographical areas. Also the ToR were very general and did not provide much guidance for the consultants on areas to focus on. Gender aspects have not been given any attention and the MTR finds this a missed opportunity. The MSMEs interviewed by the consultants were all members of DBAs affiliated to ZCSMBA and their size has been defined as up to 25 employees. This created a bias against the micro enterprises many of whom are not members of business associations.

7. This market survey has provided little information to BDSZ and has not further influenced the selection of markets and services to be targeted by the project. In fact it falls well short of the ILO guidelines. The MTR feels that more efforts could have been made under output 2 to provide the project with a stronger focus on high potential services and sub sectors.

8. The review mission has meetings with two programmes (by SNV and ASP) supporting market development of small holder agriculture. These programmes have done sub sector studies in agriculture and there may be possibilities for BDSZ to collaborate with those programmes that re interested to use commercial media channels to help channel information to small farmers. Other opportunities might arise in the small scale mining and the tourist sectors. Such forms of collaboration is expected to be more effective for BDSZ than going into full scale sub sector and market studies on its own.

The market survey did not provide specific information that could have guided the project in selecting potential markets and services. More efforts and resources should initially have been devoted in this area. This might be more effectively done through collaboration with other programmes which are already active in specific sub-sectors and where media services are identified as a possible area of intervention.

Output 3: *Together with a commercial radio station establish a commercially viable radio programme aimed at small enterprises.*

9. BDSZ commissioned a study by Prof. Fackson Banda of Panos Southern Africa on radio broadcasting and SMEs in Zambia which included a survey of the leading

²⁰ Guide to market Assessment for BDS Programme Design, ILO/FIT manual 2001
BDS Zambia MTR report, Aug 05, Annexes A- 2

commercial and community radio stations including Radio Phoenix and Icengelo. Phoenix first learned about BDSZ and its objectives in a workshop organised by the project in March 2004. It had previously never identified MSEs as a separate listeners group or had any working experience with them. In collaboration with BDSZ a programme was worked out which consisted out of:

- i) a survey/feasibility study carried out by radio Phoenix Staff among SMEs to familiarise the radio staff with MSE issues
- ii) training in radio programming techniques for small businesses by Uganda media consultants. This input was highly appreciated by Phoenix.
- iii) an advertising campaign on radio, TV and newspaper to create awareness on the forthcoming programme
- iv) production and transmission of 13 weekly programmes of 30 minutes each under the title "Starting Small". These were aired in October – December last year.

BDSZ provided technical advice through the trainers (which worked with the ILO FIT-SEMA programme in Uganda) and financial support to Phoenix of \$ 9,575 to carry out the above listed activities. The contribution of the station consisted out staff inputs, use of recording and editing equipment and airtime.

10. The MTR listened to a number of the taped broadcasts which included long interviews on general policy issues that were not very specific for the SMEs. The rest of the 30 minutes are filled with popular music, which is one of the reasons for the high popularity of the station and attracts advertising. The programme staff mentioned that they found it difficult to interview Government officials as they shunned the programme.

11. Phoenix took ownership of the programme as demonstrated by the fact that it continued broad casting for a further three months after BDSZ support finished in December 2004. Currently the programme has been taken of the air as the programmers realised that the approach needed a revamp and there are ideas for a series focussing on certain types of businesses and on setting up a phone-in or round table discussion to engage policy makers. Phoenix expects to attract more listeners and advertisers. It claims to have an interest from ZANACO to support the Phoenix programme as a means to promote its own SME banking activities. There are also negotiations with Standard Chartered Bank on a possible sponsorship.

12. BDSZ encouraged Phoenix to undertake its own market research which is commendable. This brought the radio staff in direct contact with the groups they wanted to target through their programmes and has increased their understanding of the MSE sector. The BDSZ intervention had a positive impact on Radio Phoenix as the staff re-oriented their outlook towards MSEs and started focussing on the potential advertising opportunities. The assistance provided by the Uganda trainers was highly appreciated and has raised the journalistic capacity to deal with small businesses, although there is still much room for improvement. The MTR was not able to ascertain the impact of the Phoenix programme on its audience however the planned survey in July 2005 through Steadman's Research International might provide a better picture.

The commercial radio station Phoenix has taken ownership of the idea of special broadcasts targeted at MSMEs but is still struggling to find the right contents for the programmes. BDSZ could assist in developing the business plans further and supporting capacity building of journalists.

Output 4: *Establish a publication targeted at MSEs together with a commercial newspaper, magazine or advertising paper publisher*

13. The project carried out an appraisal of commercial print media in Zambia and published an invitation in the Times of Zambia in February 2004 for proposals to set up business publications. From those the Post Newspaper and Livingstonian Ltd were identified as potential partners for developing a small business paper and a directory/magazine respectively. BDSZ started negotiations with the Post and while the idea found support among some editors, it took time to convince the management of the validity of the idea. Finally it was agreed that BDSZ would support the post to carry out a survey among SMEs to establish information needs and interest in advertising and contribute in the publication of three issues of the new "Business Post", as an insert in the regular daily. The total financial commitment of the BDSZ amounted to \$ 19,000.

14. The BDSZ supported survey provided the staff of the Post an opportunity to familiarise themselves with SME issues in Lusaka, Copperbelt, Central and Eastern Provinces and generated ideas for thematic issues for the new magazine that was to be circulated on a two weekly basis. The Post then proceeded to publish three editions focussing on credit, support institutions such as banks and lastly on the position of SMEs in the broader economy. The Post found it difficult to sustain the operation in the "BDSZ" format and decided to include more corporate news while typical SME issues were moved to the second half of the paper to make it more attractive for potential advertisers. Since the termination of the BDSZ support, the Post has published the Business Post on a weekly basis. During the time of the MTR the fourth issue became available on the streets and it appears that the Post is committed to carry on.

15. The Post editing staff was very appreciative of the BDSZ initiative and started that without this support they would not have managed to convince the management to engage in a new business publication (based on the experience with similar magazines by other companies which could not be sustained). It is too early to tell how the Business Post will develop but the MTR was informed by marketing manager that they might even want to go for a complete separate magazine sold independently from the newspaper.

16. It is too early to assess the sustainability of the Business Post as it has only been in circulation for less than three months. Increased sales numbers of the Post can not be attributed directly to the new publication. The business insert has attracted some advertising but the revenue is still limited. The impact on the business community can not be judged at this stage. There are some anecdotes of enterprises that featured in the magazine as a result of which they attracted more attention from potential customers. The most striking comment came from a plastic manufacturer in Kalulushi who claimed a 20% increase in orders after his enterprise was described in the paper (he also claimed an additional 20% through exposure on a Radio Icengelo programme).. Impact on micro enterprises is likely to be limited because of the relatively small number of people that have access to newspapers.

17. *The Post* respondent reported that the business supplement would have benefited from specialised training in business reporting as journalists are focussed on mainstream news. BDSZ is discussing training needs and opportunities with the Post to see how this can be dealt with.

The Business Post was started through an initiative from BDSZ and appears to become a sustainable feature. Staff of the Post was very appreciative of the support provided by BDSZ which helped to convince the reluctant general management. Quality of reporting has been recognised as an area for improvement.

18. The Livingstonian Business Directory is a publication of a very different nature. It originated from the idea of a business woman in Livingstone who since 1999 published

a newsletter in the town covering local news. She identified the need for specialised publication in A5 format that would serve as “yellow pages” for the town. With help of BDSZ this idea was further elaborated and the project provided technical and financial support (\$ 6,000) for this intervention. The publication gives details of businesses listed (at a fee of Tk 5,000 for each entry) including phone and email addresses. All copies printed in June 2004 were sold within short time duration (price ZMK 2,500) and a second edition has been published without external assistance mainly due to the revenue from advertising in the publication. BDSZ is trying to copy this experience to other towns in the country.

The Livingstone yellow pages for small businesses has been a resounding commercial success and could be upscaled to other areas

Output 5: Together with a commercial ISP, develop business portals aimed at offering commercial information services to MSEs

19. BDSZ contracted a consultant to make an assessment of the ISPs and their markets in Zambia. This was followed by a meeting with representatives of the ISP providers and web designers to explain the idea of a portal for SMEs and the role of BDSZ. The project invited proposals through an advertisement in the newspapers and the Zamnet proposal was found most promising. BDSZ negotiated an agreement with the Zamnet management which included (i) a survey to establish the business information needs of SMEs and (ii) to set up a web based portal to cater for those needs. Zamnet. BDSZ provided guidance and financial support of \$5,000 for the initial activities. The survey was undertaken by Zamnet staff with help of an external consultant while ZCSMBA assisted in identifying SMEs in the 4 provinces that were covered. Zamnet staff was very positive about the results of the survey of the 180 respondents and which provides some interesting details on internet use. Zamnet got a much better understanding of the market and it even directly helped them to increase their customer base through the contacts made.

20. Progress related to the development of the business portal has been slow. Zamnet appeared to be very positive and optimistic about the opportunities for a business portal and referred to their successful Zambian news website which has been in operation for many years and is sustained through advertising income. However BDSZ was not convinced about the capacity of the company to deliver on a business portal due to limited staff capacity. There are in particular worries about how to source relevant information for SMEs and how to link to websites from other organisations that are of interest to development of small businesses. BDSZ wants to see a greater commitment of Zamnet before providing more assistance and funding. It is in contact with other ISP providers to have a second option if required.

21. The BDSZ intervention had a positive impact on Zamnet as there is now a much better understanding of the interest and the limitations of small enterprises in web services. It has helped the company to identify new markets for its services and there are plans to move to outlying provinces to identify new customers and set up satellite links.

BDSZ engaged with Zamnet ISP to set up a business portal for SMEs. The company carried out a market survey but development of the portal has been slow due to lack of staff capacity. Further work with Zamnet depends now on the commitment of the company.

Output 6: Develop additional commercial radio programmes including programmes that are targeted to small enterprises not covered by the initial pilot programme (output 3)

22. The interventions under this output are in many ways similar as those under output 3. While Phoenix was a private owned, commercial radio station in Lusaka with coverage in many parts in the country, Radio Icengelo is a community based station established in 1996 with help of the Catholic Diocese of Ndola and covers the Copperbelt,. Both types of stations generate income from advertising, promotions, sponsorships and the sales of airtime. Community radio stations are considered to be operating on a “not for profit” basis and their surplus is invested back in the operation of the station or used to benefit the community.

23. Radio Icengelo was identified by a media survey conducted by Prof. Fackson Banda as a promising partner and the first contact with BDSZ consisted out an offer for training in Uganda for one of Icengelo's programme staff. This took place in April 2004. (Moses from Q-FM, a commercial radio station, participated in the same course but this has not led to any further collaboration with BDSZ). Icengelo went basically through the same process as Phoenix as described under output 2. It received financial support for a feasibility study, an advertising campaign including a launching workshop for local officials to prepare them for possible responses from the listeners and support in airtime for the first 13 programmes. These were broadcasts in English and Bemba, the predominant language in the Copperbelt during October – November last year. The training team from Uganda also spent a number of days in Kitwe at the station to provide guidance to the radio staff. Icengelo has continued the programme after the direct BDSZ support stopped but had to reduce inputs. The leadership made it clear that it sees the MSEs as an important audience and have every intention to continue the programme in whatever format.

24. The MTR found that the Icengelo programmes are well structured with in each session time dedicated to business news, features, tips and interviews with entrepreneurs and officials. They are focussed on SMEs and this is further reinforced by the local character and the use of Bemba language. Icengelo had sensitised the local authorities of the intention of the business programme and as a consequence faced no problems in engaging with officials to discuss issues faced by the SMEs. However, they pointed out that women entrepreneurs are reluctant to speak on the radio probably because of cultural barriers. From the interactions the MTR had with SMEs in the Copperbelt, it found that small businesses really identify themselves with the Icengelo station and the new programme increased their self esteem.

25. The mission found the programme staff very committed and enthusiastic. However, discussions with senior staff and with some listeners pointed towards the general lack of investigative journalism which is well documented in other reports. This is further aggravated by the fact that most business journalists are oriented towards the corporate sector and are not familiar with the problems faced by MSEs.

Lack of journalistic capacities on business matters and in particular on issues confronted by small businesses and this is an area where BDSZ might be able to assist.
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26. In previous years Icengelo has aired MSE programmes sponsored by micro finance institutions (CETZAM, Pride) who determined content. The BDSZ intervention left the ownership of the programme and the responsibility for the contents with the broadcasters which resulted is a much stronger commitment. However, Icengelo realises that it needs extra resources to continue the operation in the long run and is looking for sponsors. Standard Chartered and Celtel were mentioned as possible sources but the problem is that these sponsors want to have programmes dedicated to their needs.

27. The mission found it difficult to assess the impact of the programme. Icengelo staff were clearly enthusiastic and seemed very committed to continue. Also entrepreneurs who had featured on the radio were very positive. The mission met with a plastic manufacturer in Kalulushi who claimed an increase of 40% in demand after his exposure on the radio (and the Business Post). The mission also spoke to some small traders, a group producing safety shoes and a dealer in used car parts who all mentioned increased inquiries and sometimes sales. After highlighting the lack of banking services in the nearby Kalalushi mining town, one of the national banks became motivated to open up a new branch. It is however more difficult to find out how the wider SME community has benefited from the Icengelo programmes. Market traders who had listened to the programmes, seemed to have gained in confidence after the Radio had highlighted the cases of other micro enterprises with whom they could identify themselves.

28. According to the 2000 Population Census 43% of the households in Zambia own a radio while in Lusaka and the Copperbelt these figures are 64% and 58% respectively. This is in contrast with for instance Uganda where virtually every household has access to a radio²¹. Also costs of dry batteries restrict the use of radios for those who have no access to electricity. Icengelo staff stated that the early morning Bemba programme reaches women in particular before they start their household chores.

29. BDSZ has encouraged Icengelo (and Phoenix as well) to set up a system to monitor listener response. However, this proved to be very difficult to achieve. Some listeners phoned contacted the radio station directly by phone and provided comments. Feedback meetings with MSEs were arranged with the help of ZCSMBA about 8 weeks after the start of the broadcast which provided useful ideas about the contents of the programme. For instance there was a demand for further follow up by Icengelo of promises made by officials. Icengelo was not able to continue these group meetings because of the costs involved.

30. The number of community based radio stations in Zambia has increased over the last years and an association – the Zambia Community Media Forum (ZaCoMeF) - was formed recently to represent their interests. The MTR visited MISA in Lusaka and learned that this organisation has a small support programme covering 10 community stations which is funded by Development Corporation Ireland (\$ 82,000 last year). The emphasis has been on programmes focussing on good governance.

31. BDSZ does not work with the Government broadcaster ZNBC which has the largest coverage in the country and some of their radio programmes are popular with the listeners. ZNBC radio 2 has a business programme “Caring for your Business”. There is also a ZNBC TV programme “My Business” every Sunday at 21:00 hrs. The MTR did not have the opportunity to look more into the details of those programmes and if there were opportunities for BDSZ to partner with ZNBC. Also, the project document did not foresee any collaboration with this Government owned broadcaster.

The programme developed with the community radio Icengelo in the Copperbelt has been very successful with a high quality content in both English and Bemba and strong commitment from staff and management as the importance of the target audience is recognised. The programme has continued after BDSZ financial support finished. The intervention provides lessons for upscaling of the activities.

²¹ Review of SEMA project, Uganda.

Output 7: *Together with existing private sector service providers, develop services to address needs in service sectors and regions identified in the market survey (output 2).*

32. Interventions have been grouped together under output 7 that were recognised through the initial market survey (which mentions ZCSMBA as a potential partner), are cross cutting such as HIV/AIDS or were identified as new opportunities (SMS suite and micro finance training). These different interventions are described in some detail below.

33. ZCMSBA is a private sector membership driven organisation with a total of 67 District Business Associations which represent over 8000 SMEs in the country. The organisation received considerable USAID support in the past. ZCSMBA has been contracted to work with BDSZ to organise 100 SMEs from each of the nine provinces in Zambia to facilitate market research for the project partners in all activities and to include follow up M&E activities. This was expected to provide information for the radio programmes, ISP and newspaper services that were targeted by the project. ZCSMBA would also help to assess impact of the interventions.

34. BDSZ and ZCSMBA entered into an agreement in 2004 which provided for the establishment of a research unit within the organisation that initially would serve BDSZ interest but would later develop into self sustaining unit providing services to other clients as well. A schedule was established for field activities covering a 6 week period to collect data from most seven provinces. Meetings were held with DBAs in those provinces and over 200 SMEs were selected randomly as participants. Two large workshops/focus group discussions were arranged in Lusaka and the Copperbelt which brought in participants from the seven provinces. BDSZ paid for the initial 3 months salary for the research coordinator appointed by ZCSMBA and for the costs of workshops, communication, and data processing for a total of \$ 18,000.

35. ZCSMBA has been very effective in arranging workshops and bringing in MSEs as was confirmed by the partners met during the review. However, the research unit has not delivered any substantial information on the need of MSEs or the impact of the BDSZ interventions. The final report submitted by ZCSMBA in December 2004 which essentially a description of the workshops that were held but does not provide any more insights. Nor is it clear that the organisation has the capacity and intention to develop its research unit. BDSZ therefore has not further engaged with ZCSMBA in other activities.

ZCSMBA has been effective as an intermediate to contact MSES but has failed to deliver on research despite the potential of the institute and the high expectations it created. However the mission feels that BDSZ should have been more careful because of similar experiences with business organisations that were started with donor funding.

36. BDSZ contacted CHAMP (a well staffed organisation focusing on HIV/AIDS issues) to develop information materials and methodologies to particularly assist the project target group of small and micro enterprises. This has resulted in a contract between CHAMP and the project whereby CHAMP has been tasked to design a booklet with information on HIV/AIDS that can be distributed among MSEs. In addition CHAMP will produce 10 radio slots of 30 seconds each that will be broadcasted by the radio partners of BDSZ. The review mission had a meeting with CHAMP management and the first draft of the publication is being reviewed internally. The booklet seems to contain generic information but did not yet have much that specifically targets small businesses. CHAMP will work further with other organisations to see how this can be improved if required. Printing and distribution of the booklet is not part of the contract with CHAMP and the mission understands that BDSZ and other ILO projects will share this

responsibility. The radio slots were not yet ready but are expected within the coming months.

The collaboration between BDSZ , Champs and other ILO projects seems an appropriate way for the project to deal with the HIV/AIDS issue

37. BDSZ made contact with AfriConnect, an internet service provider which entered the Zambian market recently. AfriConnect is working with Celtel on an SMS suite which since May 2005 provides short text messages with information demanded by mobile phone users. The phone user pays for the text service (\$0.15 or ZMK 700 for each message) providing revenue for Celtel and AfriConnect to maintain the services. Currently the information is primarily geared towards the consumer market but there are clearly opportunities to use this medium for information for small businesses as cell phones are more accessible to them than land lines and internet services. Ideas are already floating about input and commodity prices in the agricultural sector for instance. A critical part is collecting and packaging information demanded by the SMEs. BDSZ is discussing with other interested partners if there is an opportunity for the project to support this development and how.

The potential of SMS service for MSEs is promising and offers interesting opportunities for BDSZ to collaborate with other partners in market sub sectors.

38. BDSZ sees the promotion of linkages between small and large business as an important avenue for developing SMEs. Business exhibitions are one way to promote these linkages and the project contracted a consultant (Mr Marimara at a costs of \$8,000) to assess the opportunities and to assist the organisers of the Luanshya Business Enterprise Exhibition in the formulation of a business plan to run the operation as a sustainable enterprise through active involvement of the corporate sector. However, the USAID supported Copperlink which operated from nearby Kitwe managed to attract substantial one off donations from other organisations and therefore the BDSZ business plan was not followed. The BEE was held in May 2004 and considered a success in numbers of participating companies and visitors. However, the next BEE exhibition organised early 2005 in Mufilera in the Copperbelt was a low key affair and clearly lacked the support since the termination of the Copperlink programme. BDSZ still has discussions with other commercial event organisers and there is a possibility to revive the initiative.

BDSZ intervention on the B2B exhibitions was well designed but could not deliver due to more powerful incentives. However, the environment has changed and the initiative could be taken up again.

39. BDSZ assisted in the organisation of an ILO training course "Making Micro finance Work: Managing for Improved Performance". BDSZ worked together with local partners AMIZ and M&N Associates in the making the arrangements for conducting this course here in Zambia but provided no further inputs. ILO Training centre sent two professional trainers and all expenses were covered from ILO and other sources. In total 22 MFI staff participated in the course. A follow up ToT course was scheduled to take place in July 2005 in Lusaka without assistance of BDSZ.

40. BDSZ recognises the importance of micro finance for SMEs and the need to improve the services that MFIs provide. It sees training to those MFIs to improve their management capacity as a business service in its own right which provided it with the justification to support the ILO course. However, most BDS experts separate (rightly or

wrongly) credit provision with other business services. Also the project document excludes credit services from the services to be covered under BDSZ. The MTR does not see how the intervention has compromised the project but suggests that in future the project refrains from activities related to micro finance as it does not have particular expertise in this area.

BDSZ provided office support in the delivery of a training course on microfinance conducted and financed by ILO Turin

Annex 2: Summary of Current and Planned Sida Support to Private Sector Development 2003-2007

Sida's support to private sector development aims to foster pro-poor growth and 'Make Markets Work for the Poor', and contribute to government priorities as set out in the PRSP.

Area of Support	Intervention
Enabling Environment	Agricultural Support Programme <ul style="list-style-type: none"> • \$15.2m, 2003-2007 • Target group: small-scale farmers, local authorities, private sector • Improving livelihoods of rural households through improved food security and sale of agricultural produce • Specific focus on 'farming as a business' and facilitation of market linkages • Constraints addressed: poor agricultural production; limited access to markets; limited business and marketing skills • Expected outcomes: promotion of profitability ethics to stimulate culture of entrepreneurship; promotion of market linkages into formal sector.
	BDS Zambia <ul style="list-style-type: none"> • \$1m, 2003-2006 • Target group: MSEs, BDS service providers • Enhancing supply and demand of BDS provision • Specific focus on testing of market development approaches in media sector
	Integrated Framework <ul style="list-style-type: none"> • A UNDP global initiative, aimed at enhancing trade-related capacity of participating countries • Launched in Zambia in 2004 with preparation of Diagnostic Trade Integration Study has not yet been finalised, but which will recommend specific areas of intervention • Scope of support will be dependent on outcome of this study and collaboration of other donors
	PSD Reform Programme <ul style="list-style-type: none"> • Planned basket funding with DFID and Netherlands, under joint financing agreement with GRZ, and in close collaboration with other HIP donors • Support likely to commence in 2005, dependent on outcome of NDP
Financial Sector Development	Financial Sector Development Programme <ul style="list-style-type: none"> • \$1m Joint funding with DFID, 2005–2007 in partnership with Bank of Zambia • Enhancing financial sector market intelligence through demand and supply-side studies and supporting implementation of PSDP

Area of Support	Intervention
	<p>Rural Finance Programme</p> <ul style="list-style-type: none"> • \$3.2m of \$17.4m project 2005-2011 in partnership with MoFNP and IFAD • Improving livelihoods of rural households by increasing access to appropriate financial services • Target group: poor households, small-scale rural enterprises, outgrower companies, salaried workers • Constraints addressed: limited access to financial services, limited development of microfinance sector, lack of rural finance strategy • Increased access to and use of financial services by rural households and enterprises, financial production innovation, more conducive policy framework.
Public-Private Participation	<p>Support to Zambia Railways</p> <ul style="list-style-type: none"> • Financial and technical support provided since 1997 focusing on assisting with restructuring and concessioning of the railways • Current support SEK4m • Assisting with post-concessioning process, including establishment of monitoring and contingency systems and preparation of lands holding plan
	<p>Zambia Business Forum</p> <ul style="list-style-type: none"> • \$150,000 2004-2006, through joint agreement with ZBF and Sida, DFID and Netherlands • Support provided through with DFID and Netherlands • Institutional capacity support to assist ZBF in the strengthening of the public-private relationship to support private sector growth
	<p>Rural Electrification Authority and Rural Electrification Fund</p> <ul style="list-style-type: none"> • \$1.8m, 2004-2007 in close collaboration with MEWD and World Bank IAES Project • Support provided through with DFID and Netherlands • Target group: rural and peri-urban populations • Increasing access to energy and ICT services by Zambia's rural population to stimulate income-generating activities and improve service provision • Constraints addressed: limited access to electricity and ICT in rural areas; lack of rural electrification policy; limited private investment in energy in Zambia • Expected outcomes: increased access and sustainable supply of energy; public-private investment promotion; institutional strengthening

Annex 3: Mission schedule and persons met

Day/Date	Time	Institutions/ persons	
Mon-Tuesday 13-14 June		Reading project materials and initial preparations	
Wednesday 15 June	8:00-9:00	BDS-Z, management team Introduction	
	9:00 – 10:00	Briefing at Sida with AnnLouise, Dennis , Tapera and Lemmy	
	10:30 – 17:00	Briefing on progress by project team	
Thursday 16 June	9:00	Zamnet Mr Kunda and Ms Majorie	
	10:15	Radio Phoenix, Vincent and Pamela, Errol Hickey (introduction)	
	11:30	The Post, Edem Djokotoe	
	14:15	Media Institute Southern Africa, MISA Daniel Sikazwe	
	15:30	Africonnect ISP, Chris Tembo	
Friday 17 June	8:30 – 10:00	Ms Lucy Nampenda, ex programmer Radio Ichengelo	
	10:00 – 11:00	CHAMP, Anthony Morrison, Operations Director	
	11:30 – 13:00	Briefing by project team	
	14:00	Mr. Sapi Phiri Zambian Congress of Trade Unions,	
	15:00	Caphas Mukuka, FFTUZ 096 452 474	
	16:00	Zambian Federation of Employers, Mr Chrispin Mazuba and Ms Betty	
Sunday 19 June	14:00 – 18:00	Travel to Kitwe	
Monday 20 June	8:00 – 9:30	Radio Icengelo • Fr Frank Bwalya, station manager 096 903 497 • Amos & Kennedy, staff	
	9:30 - 14:00	Icengelo partners and SMEs • Kalulu Mwanza, Director, Morika Investments, 096 926 921 • AWFM office; President; Lesa P Kanyanta 097 693869 • Wusakile engineering group, hammer mills • Mwizalelca business group, shoe manufacturing • D Munyenembe, Supplier of car spares, Wusakile Kitwe, 096 782354/903 891 Agri-engineering equipment group, pumps etc	
	15:00 – 17:30	Kalulushi • Mr Jacob Sakala, (ex) Secretary DBA, 095 789 428 • Thomas Mumpangwe, Owner Plastic Industry, Kalulushi, tomarg2003@yahoo.com	
Tuesday 21 June	8:00 – 10:00	Kitwe: • Cetzam, Mr Ross Nathan 02 226 153 097 860 900 • FINCA	
	11:00 – 13:00	Luansyha,	

Day/Date	Time	Institutions/ persons	
		DBA, Mr Jonas Mumba, Secretary 096 787 804 mumbajonas@yahoo.co.uk	
	14:00 – 18:00	Travel to Lusaka	
Wednesday 22 June	14:00 -	Briefing with BDS-Z management team	
Thursday 23 June	9:00 – 10:00 10:00 – 11:00 11:00 – 11:30	<ul style="list-style-type: none"> • Sida, Ms Kristina Kuhnel • RNE, Ms Marriet Schuurman • DFID: Ms Susan Barton 	
	14:00 – 15:00	Steadman research Services, Mr Moses Odhiambo, 01 232 263/ 097 894 753	
	16:00 – 17:00	Meeting with SNV, Mr Kim Shelsby and Gerrit Struyf, private sector support: tel 01 255 174/5	
Friday 24 June	8:00 – 10:00	Meeting Tapera, financial report	
	10:00 – 11:00	ILO office, Mr Dennis Zulu, ILO Programme Officer	
	11:00 – 13:00	Interviews with individual staff members of BDSZ	
	13:00 – 14:00	Briefing with BDSZ management team	
	15:00 – 16:00	Meeting Michael Field, BDS Advisor USAID PROFIT	
3 days spread over intermediate period		Preparation first draft of report	
Thursday 7 July	10:00 – 11:00	Meeting with ASP project, Johan Folkeson and Anna Brattberg	
Friday 8 July	9:30 – 10:00	Meeting with Sida, Ms Kristina Kuhnel	
Thursday 14 th July	16.00 – 16.30	Telephone discussion with Ms. Iris Mabuwa, SRO programme officer. Harare	
Friday - Saturday		Completion of final draft report	
Monday 18 July		Submission final draft report to ILO	
Friday 29 July	16:00	Telephone conversation between Dr Fackson Banda and Ms. Sina Chuma, SME specialist, ILO Harare	
Wednesday 16 Aug	16:00	Discussion with ILO Director Mr Ndaba-Hagameye and colleagues on comments	
17/18 Aug		Consideration of ILO comments and editing of report	
23 Aug		Submission of final report	

Annex 4: Terms of Reference

TERMS OF REFERENCE

Developing Business Service Markets for Micro and Small Enterprises in Zambia
Mid-term Project Implementation Review (PIR)
May 2005 Lusaka, Zambia

Project UN Ref No.	ZAM-03-MO2-SID
Project Title:	ILO/BDS Zambia: Developing Business Service Markets for Micro and Small Enterprises in Zambia
Period Covered:	September 2003 – March 2005
Starting Date:	1 st September 2003
End Date:	31 st August 2006
Implemented by:	ILO Office for Zambia, Malawi & Mozambique
Donor:	Swedish international development agency (Sida)

Project Background

Developing Business Service Markets for Micro and Small Enterprises in Zambia [Business Development Services (BDS) Zambia] is a small business development services project implemented by the ILO Lusaka Area Office and funded by the Swedish International Development Agency (Sida). The project was officially launched on 28th April 2004 by the Minister of Commerce, Trade and Industry, Mr. Dipak Patel.

Small enterprises play a critical role in the overall economy, providing a broad range of goods and services both for domestic and foreign consumption. In so doing, small enterprises provide an important source of income and jobs, an important vehicle for poverty reduction.

Business services are critically important in determining the competitiveness of small businesses and markets. In weak markets these are often hard to define, are incorporated within market transactions, and tend to focus on 'basic issues' – communications, infrastructure, market links etc. – and may require innovative and flexible structures and approaches.

The BDS-media project follows a 'market development' approach²² to supporting and stimulating the provision of sustainable commercial media services to small enterprises towards a broad based pro-poor and diversified private sector economic growth in Zambia. The issues of business risk and impact cost of HIV/AIDS on small-medium enterprises are embedded in the activities of the project as a cross-cutting theme.

Project Objectives

Development Objective

To expand substantially the opportunities for quality employment for women and men in SMEs in Zambia

²² From a broader perspective, the intended goal of market development may be expressed in terms of an increase in total surplus (consumer's and producer's surplus), representing the additional value from an expansion in trade in a particular BDS market.

Immediate Objective

To make SMEs in Zambia healthier and more likely to grow by increasing their access to Business Development Services they need and want at a price and quality they can afford.

PROJECT ASSUMPTIONS

1. Micro, Small and Medium Enterprises (SMEs), if well-informed, are “rational” consumers: they are willing to pay for services that improve their performance.
2. BDS Providers have the internal capacity and resources, and as such Service “products” and delivery mechanisms can be developed to meet the needs and willingness-to-pay of even the smallest and poorest SMEs.
3. Therefore, BDS providers can be commercially viable without permanent subsidies.
4. There is an enabling Business Environment and Market development can be accelerated by targeted media initiatives.

THE SCOPE AND PURPOSE OF THE EVALUATION

The aim of the mid-term evaluation is to assess whether project achieving its objectives, and determine whether the initial activities and outputs have so far been beneficial to the target groups. The evaluation shall ascertain whether the original project strategy, institutional framework and assumptions remain valid. The evaluation should provide the project management team, the social partners, and the donor with the feedback and information needed to assess and possibly revise, policies, strategies, data collection methods, objectives, institutional arrangements, work plans, and resources. It is possible that the evaluation may further provide information on intermediate results, best practices, opportunities for replication, and potential for improving coordination with other projects.

METHODOLOGY:

Prior to the field mission to the project site, the evaluation team will be provided with the relevant documents on the project such as the project document and revisions thereof project, budget and budget revisions, progress reports, information on social partners and target groups that have been closely working with the project and major outputs produced by the project so far (e.g. training material, draft legislation, etc.). A five (05) day mission to the project sites will be carried out to gather supplementary information, interview and consult the project team, national social partners, target groups and stakeholders.

WORK BREAKDOWN STRUCTURE

1. **Design:** The evaluation should study whether the original project design : (a) was logical and stated in unambiguous terms; (b) concentrated on the identified problems and needs and spelled out the strategy to be followed for addressing them; (c) described the target groups and how the benefits would accrue to them; (d) placed the project in the appropriate institutional framework and defined the roles and responsibilities of the main project partners; (e) set out clear objectives and corresponding indicators of achievement to measure the changes to be brought about by the project; (f) described the main outputs, activities, and inputs needed to achieve the objectives; (g) stated valid assumptions about the major external factors affecting project implementation and performance; (h) indicated the required prior obligations to be fulfilled by the main partners, and (i) addressed issues of long term sustainability.

2. **Delivery**: To measure the delivery process so far the evaluation should be concerned with: (a) reviewing how the inputs through activities were transformed into outputs; (b) analysing the quantity, quality and timeliness of the outputs delivered; (c) examining whether the technical and administrative guidance and support provided by the project staff, partner organisations and the relevant ILO units at headquarters and at field level (the ILO Sub regional Office for Southern Africa in Harare and the ILO Office in Lusaka) were adequate; (d) ascertaining the extent to which external and/or internal factors have influenced the project results; (e) assessing the adequacy of data collection and monitoring to determine project performance; (f) determining whether the project's response to such factors was adequate; and (g) recommending, if appropriate, what adjustments and follow-up actions are required to increase the chances of success.
3. **Performance**: The evaluation should look beyond implementation factors and focus on the effects and impact of the work done so far. The evaluators should consider the following:
 - **Relevance**: to the extent possible, in view of the limited progress in achieving results, examine the usefulness of the project's results in solving the identified problems and meeting the needs of the target group(s). The analysis should ascertain whether the project continues to make sense and identifies any changes that may have occurred in its context during implementation and whether it should be reformulated.
 - **Effectiveness**: assess the extent to which the project has achieved its objectives and reached its target group(s). The analysis should determine if the expected results have been or will be accomplished and, if not, whether the statement of objectives should be modified.
 - **Anecdotes**: record activities and outputs that proved to be successful in achieving a beneficial impact and that contribute towards achieving the full objectives of the project. The evaluation should examine and recommend ways for capturing such information.
 - **Efficiency**: assess the results obtained in relation to the expenditure incurred and resources used by the project during a given period of time. The analysis should focus on the relationship between the project's inputs, including personnel, consultants, travel, training, equipment and miscellaneous costs, and the quality and quantity of the outputs produced and delivered.
 - **Sustainability**: ascertain the extent to which the project's results have had or are likely to have lasting effects after the termination of the project and the withdrawal of external resources. The factors affecting sustainability should be examined on the basis of the priority assigned to the project by the direct recipients and/or intended beneficiaries. Their readiness to continue supporting or carrying out specific activities, or even replicate the activities in other regions or sectors of the country, is particularly relevant. The analysis should also assess the availability of local management, financial and human resources that would be needed to maintain the project's results in the long run. In particular the evaluation should examine the extent to which the BDS Media projects have established linkages with other ILO projects and on going Government of Zambia initiatives such as the Private Sector Development Programme, the PRSP, the Interim National Development Plan etc.
 - **Causality**: examine the factors or events that have affected the project's results. If the inputs needed to carry out the planned activities and deliver the expected outputs were available on time or whether there were significant deviations from the planned schedules and the reasons for such changes. The assessment

should also analyse the effect of other factors such as technical, administrative or managerial constraints, inadequate inputs, failed commitment by project partners, insufficient funds, a faulty assumption or the effect of an unexpected external factor.

- **Unanticipated effects:** identify if the project is having any significant unforeseen positive or negative effects and the possible action to be taken to enhance or mitigate them for a greater overall impact.
- **Alternative strategies:** identify whether alternative approaches might have had greater impact or might have been more cost-effective. Furthermore, in view of the difficulties experienced in operationalizing the project, assess how best now to ensure a positive outcome, including whether a new approach should be adopted for the remainder of the project.

SOME SPECIFIC ACTIVITIES

1. Read and review background information, reports, documents and other relevant materials to arrive at the country context and ILO/Sida development goals, for example the Republic of Zambia Interim National Development Plan (INDP), Poverty Reduction Strategy Paper and its revised version, and the Private Sector Development Programme Initiative, ILO Strategic Objectives for the 2000/2005, the ILO Decent Work Agenda and Sida Country Assistance Plan. In particular the Evaluation team shall examine and determine how the project has taken into account the above priorities in its implementation strategy.
2. Conduct discussions and review Meetings and Discussions **in Lusaka** **the project team**
3. **Proceed to interview and collect relevant information from SMEs in Lusaka and Kitwe. In particular discussions with:**
 - i. Zambia Chamber of Small Business Associations (ZCSMBA)
 - ii. Moderated groups of randomly selected SMEs
4. Conduct discussions and review meetings **in Lusaka** with;
 - .i Internet Service Provider(ISP) – ZAMNET Communication Systems, Lusaka
 - .ii Newspaper Publisher – POST Newspapers Limited, Lusaka
 - .iii Radio Phoneix Lusaka
 - .iv Microfinance training providers – M&N Associates and Association of Microfinance Institutions in Zambia (AMIZ) in Lusaka.
 - .v Steadmans Research Services (SRS) Lusaka - Media Monitoring Independent Services.
 - .vi MISA
 - .vii The World Bank Programme on Development Market Place
 - .viii **In Livingstone** with Business magazine publisher – Livingstonian, Livingstone, Southern Province, and **in Kitwe** with
 - .ix Radio Icengelo, Kitwe, Copperbelt,
 - .x Zambia International Trade Fair (ZITF), Kitwe Copperbelt
5. Conduct discussions and review meetings **in Lusaka** with;
 - ILO Lusaka Office and BDS Project Team
 - Sida as the project donor

- ILO social partners Zambia, Zambia Confederation of Employers and Congress of Trade Unions, including the Ministry of Commerce, Trade and Industry, Ministry of Transport and Communications and the Ministry of Information and Broadcasting, as well as other relevant organizations in Zambia such as MISA Zambia, Zambia Business Coalition on HIV/AIDS (ZBCA) and Zambia Business Forum.
- Some donors involved in private sector development in particular small enterprise and media development including DFID, USAID, World Bank, IDA, NORAD, DANIDA, CIDA and JICA.

In addition the Evaluation Team shall arrange to interview the relevant technical specialists in Geneva and Harare either by web chat or by teleconference whichever is feasible.

REVIEW TEAM COMPOSITION AND SPECIFICATIONS

The Evaluation team shall comprise of three people, two of whom will be independent external members and one of which shall represent the ILO and be the team leader, while the other will be designated by the donor to represent Sida on the team. The ILO shall also engage a local consultant to join the team and assist in the evaluation team.

The team leader shall be an individual who is knowledgeable with current trends on BDS and in current trends on job creation through small enterprise development and in particular the role of BDS in enhancing quality jobs in SMEs. The Evaluation teams shall conduct the evaluation in accordance with the terms of reference specified in this document but may bring along suggestions that will enhance the delivery and quality of the project outputs and objectives. He/she is responsible for preparing the draft report, discussing it with the project management team, the beneficiaries and stakeholders and submitting the final evaluation report fifteen days after the evaluation mission. The team leader shall assume overall responsibility in the drafting and apportioning of responsibilities thereof to produce the draft Evaluation report. The team shall agree on the final draft evaluation to be discussed and tabled with the Project team, the ILO offices and the Donor and other stakeholders for purposes of receiving feedback and comments before a final report is submitted.

OUTPUTS AND REPORTING FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

At the end of their evaluation mission the team should conduct full debriefing presentations to the ILO, Sida, Project Team, intermediary project partners and SMEs - of a draft report with the preliminary findings, conclusions and lessons learned. Comments and additional information by the participants to that meeting to correct or rectify any factual errors or misinterpretations in the draft report may be taken into consideration by the evaluators subject to their independent judgment.

Within a maximum period of fifteen days of the completion of evaluation mission, the evaluation team through the team leader shall present to the ILO Technical Units in Harare and Geneva the final report of the evaluation. The ILO Technical Unit in Harare shall forward the report to Sida through the Lusaka ILO office within 5 days of receipt.

TIMEFRAME

The work will be undertaken from 23 May to 10 June, 2005 at the latest.