

AFRICAN DEVELOPMENT FUND



**PROJECT: SUSTAINABLE LIVESTOCK INFRASTRUCTURE
MANAGEMENT PROJECT (SLIMP)**

COUNTRY: ZAMBIA

PROJECT APPRAISAL REPORT

Date: July 2019

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AFRICAN DEVELOPMENT FUND



ZAMBIA

SUSTAINABLE LIVESTOCK INFRASTRUCTURE MANAGEMENT PROJECT (SLIMP)

RDGS/AHAI/COZM/PGCL DEPARTMENTS

October 2019

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Currency Equivalents

(June 2019)

1 UA	=	1.37762 USD
1 UA	=	17.6448 ZMW
1 USD	=	12.80818 ZMW

Fiscal Year

1st January to 31st December

Weights and Measures

1 metric tonne (t)	=	2,204 pounds (lbs)
1 metre (m)	=	3.28 feet (ft)
1 millimetre (mm)	=	0.03937 inch
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

Acronyms and Abbreviations

7NDP	....	Seventh National Development Plan	LISP	....	Livestock Infrastructure Support Project
ADF	....	African Development Fund	MFL	....	Ministry of Fisheries and Livestock
AfDB	....	African Development Bank	M&E	....	Monitoring and Evaluation
APMEP	....	Agriculture Productivity and Market Enhancement Project	MTR	....	Mid-Term Review
ASIP	....	Agriculture Sector Investment Programme	NAESS	....	National Agricultural Extension and Advisory Services Strategy
COZM	....	Zambia Country Office	NAIP	....	National Agriculture Investment Plan
CP	....	Cooperating Partner	NDC	....	Nationally Determined Contributions
CPIA	....	Country Policy and Institutional Assessment	PC	....	Project Coordinator
CPPR	....	Country Portfolio Performance Review	PCN	....	Project Concept Note
CRLMP	....	Climate Resilient Livestock Management Project (GEF-funded)	PCU	....	Project Coordination Unit
CSP	....	Country Strategy Paper	PFP	....	Provincial Focal Point
CSO	....	Central Statistical Office	PSC	....	Project Steering Committee
EA	....	Executing Agency	RDGS	....	Southern Africa Regional Development and Business Delivery Office
ESMP	....	Environmental and Social Management Plan	SIP	....	Small-scale Irrigation Project
FAO	....	Food and Agriculture Organisation	SNAP	....	Second National Agricultural Policy
GEF	....	Global Environmental Facility	TAAT	....	Technologies for African Agriculture Transformation
GoZ/GRZ	....	Government of Zambia	TYS	....	Ten Year Strategy
HH	....	Household	UA	....	Unit of Account
IFAD	....	International Fund for Agriculture Development	USD	....	United States Dollars
ILRI	....	International Livestock Research Institute	ZMW	....	Zambia Kwacha

Loan Information

Client's Information

BORROWER: Republic of Zambia

EXECUTING AGENCY: Ministry of Fisheries and Livestock (MFL)

Financing Plan

Source	Amount (UA)	%age	Instrument
ADF	7,500,000	83.2%	ADF Loan
IFAD-ESLIP ¹	416,600	4.6%	IFAD Loan
Government	952,600	10.6%	Counterpart funding
Beneficiaries	148,500	1.6%	Counterpart funding
Total Cost	9,017,700	100.0%	

Important Financial Information

Loan Currency	UA
Interest Rate	1% per annum
Commitment Charge	0.5% per annum
Service Charge	0.75% per annum
Tenor	30 years
Grace Period	5 years
FIRR, NPV (base case)	20%, NPV at 12% = USD 601.8 million
EIRR (base case)	22%, NPV at 12% = USD 209.8 million

Timeframe - Main Milestones (expected)

Concept Note Approval (Regional Director)	April 2018
Board Approval	October 2019
Effectiveness	December 2019
Physical Completion	December 2022
Last Disbursement	June 2023
Last Repayment	January 2049

Project ID/SAP Code: P-ZM-AAE-003

¹ Parallel financing (funds) from the on-going IFAD-funded E-SLIP, which is being implemented within the SLIMP Provinces.

PROJECT SUMMARY

1.1 **Project Overview:** The livestock sub-sector's goal is to transform small-scale livestock farming into sustainable commercialised value chains which contribute to income generation, poverty reduction and employment creation. The Sustainable Livestock Infrastructure Management Project's (SLIMP) objective is to contribute to poverty reduction through enhanced sustainable use of livestock infrastructure for improved livestock production and productivity, commercialisation and institutional capacity building. This will lead to improved household food and nutrition security, and incomes. SLIMP outcomes include (i) enhanced incomes of small-scale livestock farmers including entrepreneurs, and (ii) empowerment of livestock-keeping farmer organisations through improved access to public and private sector services.

1.2 The Project consists of three (3) components namely: (a) Component 1 TAAT-based Climate Resilient Livestock Production and Productivity, with 3 sub-components (1.1 Range and Pasture Improvement, 1.2 Livestock Breed and Dairy Improvement/Development, and 1.3 Disease Management and Surveillance); (b) Component 2 Infrastructure Development, Management and Commercialisation, with 2 sub-components (2.1 Infrastructure Development, Commercialisation and Utilisation, 2.2 Livestock Market Development and 2.3 Promotion of PPP Investments/SAPZ); and (c) Component 3 Institutional Support and Capacity Building, with 3 sub-components (3.1 Project Coordination, 3.2 Women/Youth Empowerment, and Nutrition Education, and 3.3 Knowledge Management, Monitoring and Evaluation). Gender, social, climate change, and environmental issues have been mainstreamed in all Project activities. The Project cost, including physical and price contingencies, is UA 9.02 million which will be financed by (i) ADF Loan of UA 7.50 million (83.2%), (ii) Government in-kind contribution of UA 0.95 million (10.6%), (iii) beneficiaries in-kind and matching fund contribution of UA 0.15 million (1.6%), and (iv) IFAD E-SLIP parallel financing of UA 0.42 million (4.6%). The Project will be implemented over a period of 3 years. The Executing Agency (EA) is the Ministry of Fisheries and Livestock (MFL). The Project activities will be coordinated, in the interim, by the existing lean ex-Livestock Infrastructure Support Project (LISP) Coordination Unit (PCU) whilst finalising recruitment of core staff of the lean SLIMP coordination unit.

1.3 The Project is expected to directly benefit 248 registered livestock-keeping groups with more than 100,000 households (HH) with fully-paid-membership status (33,600 female headed HH). In addition, 90,000 livestock keeping HH, within participating Districts, will indirectly benefit from improved livestock infrastructure and services. About 800,000 people, including 400,000 women and 70,000 youths, will indirectly benefit from increase in supply of quality livestock products. The Project will directly create 120 permanent jobs, 18,000 seasonal jobs, and 60,000 indirect seasonal jobs along the livestock value chain. About 20,000 women between 12-49 years, and 12,000 children under 2 years will be reached through nutrition interventions and outputs which will be targeted towards improving access by women of reproductive age (including adolescent girls) and children to nutritionally valuable milk and also meat products. In addition, the community based and mass media Social and Behaviour Change Communication (SBCC) activities will benefit many women, men, boys and girls in Zambia.

1.4 **Needs Assessment:** The Project is in line with Zambia's National Vision 2030 and Seventh National Development Plan (7NDP: 2017-2021). Based on the strategy of economic diversification, the Government has launched a nationwide programme to scale-up development of the livestock sub-sector and enhance its contribution to the national economy. The livestock sub-sector is an important source of economic growth, job creation, and household incomes which contribute to poverty reduction. With respect to this, the Government

has requested the Bank's financial support for enhanced management of existing livestock infrastructure which were developed under the Bank-funded LISP and Agriculture Sector Investment Programme (ASIP). This Project is in line with the Bank's (i) Ten Year Strategy (2013-2022) on inclusive growth and special area of emphasis on agriculture and food security, (ii) High 5's "Feed Africa", and "Improve the quality of life for the people of Africa" and (iii) Zambia Country Strategy Paper (CSP: 2017-2021) Pillar 2 (*Support to Private Sector Development*) which underscores private sector areas, enterprise development and agriculture.

1.5 Bank's Added Value: The Bank has wide experience in financing flagship agriculture and infrastructure projects in Zambia and other Regional Member Countries (RMCs). The Bank, as a result of its long term involvement in the livestock sub-sector, has developed sound experience in satisfactory development of rural infrastructures. Lessons learnt from the Bank's involvement in Agriculture Sector, especially the livestock and crop development projects, include the need to involve beneficiaries in infrastructure selection, siting, construction and management in order to enhance ownership and sustainability.

1.6 Knowledge Management: Knowledge gained through implementation of previous agriculture-related projects has been used in designing this Project which will also be used during implementation. Knowledge that will be generated through implementation of this Project will be useful during design and management of future projects related to livestock infrastructure development, livestock processing and marketing, gender and climate change mainstreaming, and capacity building. The Project has specifically included a sub-component on Knowledge Management, Monitoring and Evaluation (M&E) which will provide opportunities for further knowledge generation and processing. The gained knowledge will be documented through technical quarterly progress reports, mid-term review report, beneficiary impact assessment report and project completion report.

RESULTS-BASED LOGICAL FRAMEWORK (PROJECT MATRIX)

Country and Project Name: Zambia – Sustainable Livestock Infrastructure Management Project Purpose of the Project: To contribute to poverty reduction through enhanced sustainable use of livestock infrastructure for improved household incomes, food and nutrition security.						
RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES
		INDICATOR (INCLUDING CSI)	BASELINE	TARGET		
IMPACT	1. Contribute to poverty reduction in participating Provinces.	1. Proportion reduction (%) of population living in poverty, within the participating Provinces.	2019 1. 70%	By 2025 1. 60%	CSO Household survey.	
OUTCOMES	2.1 Improved household income of livestock farmers. 2.2 Improved food and nutrition security of livestock farmers.	2.1 Average household income (USD per year). 2.2.1 Average months per year of household food scarcity. 2.2.2 Proportion (%) of children 6-23 months with a minimum acceptable diet, among the target population	2019 2.1 USD 500 2.2.1 Five (5) months 2.2.2 (40)	By 2024 2.1 USD 1,500 2.2.1 Two (2) months 2.2.2 (70%)	CSO Household Survey. Demographic Health Survey Report	<u>Assumptions:</u> <ul style="list-style-type: none"> Continued Government support to livestock sub-sector. Favourable livestock market prices.
OUTPUTS	3. TAAT-based Climate Resilient Livestock Production and Productivity 3.1 Rangeland improved. 3.2 Pasture production scaled-up 3.3 Livestock breed improved 3.4 Dairy improved (Developed)	3.1.1 Number of community rangeland management committees established. 3.1.2 Total weight (kg) of rangeland seeds procured and distributed. 3.1.3 Area (ha) of improved rangelands (oversow rangelands with seeds) 3.2.1 Number of beneficiaries for pasture production identified (map & select) 3.2.2 Total weight (kg) of pasture seeds procured and distributed. 3.2.3 Lead (trainers) livestock farmers trained in feed production, utilisation, and business skills. 3.3.1 Number of (i) beef cattle, and (ii) goats stocked/restocked through a Pass-on-a gift scheme 3.3.2 Number of (i) beef cattle, and (ii) goats stocked/restocked at breeding centres. 3.3.3 Number of lead (trainers) breeders/farmers trained in animal husbandry 3.3.4 Number of livestock extension assistants trained in sustainable animal husbandry practices 3.4.1 Number of dairy animals stocked or restocked around the three milk collection centres through pass-on a gift scheme. 3.4.2 Number of technicians trained in Artificial Insemination (AI) 3.4.3 Number of dairy farmers trained in sustainable fodder production and utilisation 3.4.4 Number of dairy farmers trained in milk handling (hygiene, milking, storage, transportation).	(2019) 3.1.1 (0). 3.1.2 (0). 3.1.3 (0) 3.2.1 (0) 3.2.2 (0) 3.2.3 (0) 3.3.1 (i) 0; and (ii) 0. 3.3.2 (i) 0; and (ii) 0. 3.3.3 (0). 3.3.4 (0) 3.4.1 (0) 3.4.2 (0) 3.4.3 (0) 3.4.4 (0)	(2022) 3.1.1 (25, with 50% women). 3.1.2 (1,500). 3.1.3 (3,000) 3.2.1 (1,000, 50% women) 3.2.2 (1,000) 3.2.3 (100, 50% women and youths) 3.3.1 (i) 70; and (i) 180. 3.3.2 (i) 30; and (i) 60. 3.3.3 (100, 50% women and youth) 3.3.4 (140, 50% women and youth) 3.4.1 (250) 3.4.2 (20, 50% women) 3.4.3 (180, 50% women) 3.4.4 (180, 50% women)	MFL Annual Report CSO Livestock census. CSO Household survey. Project Quarterly Reports	Risk 1: Low livestock population Mitigation 1: The Project will promote community and private sector restocking programme including farmers' mind-set change. Risk 2: Project implementation delays Mitigation 2: Regular and close follow up by MFL and the Bank.

Country and Project Name: Zambia – Sustainable Livestock Infrastructure Management Project								
Purpose of the Project: To contribute to poverty reduction through enhanced sustainable use of livestock infrastructure for improved household incomes, food and nutrition security.								
RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES		
		INDICATOR (INCLUDING CSI)	BASELINE	TARGET				
	3.5 Disease surveillance improved	3.5.1 Number of lead farmers trained in diseases recognition and reporting.	3.5.1 (0)	3.5.1 (260, 50% women)				
		3.5.2 Number of extension workers trained in diseases recognition and reporting.	3.5.2 (0)	3.5.2 (150, 50% women)				
		3.5.3 Number of annual livestock disease map produced, linked to NALEIC	3.5.3 (0)	3.5.3 (1)				
	3.6 Disease management enhanced	3.6.1 Number of Livestock Production, Animal Health and Marketing Information Platform established	3.6.1 (0)	3.6.1 (1)				
		3.6.2 Number of Livestock Disease Control Calendar developed and distributed to key stakeholders, including women and youth	3.6.2 (0)	3.6.2 (15,000)				
		3.6.3 Number of extension staff trained in sustainable animal health practices	3.6.3 (0)	3.6.3 (150, 50% women)				
	4. Infrastructure Development, Management and Commercialisation							
	4.1 Infrastructure development improved.	4.1.1 Number of LSC Tier 1+ constructed (New, including low cost house).	4.1.1 (0)	4.1.1 (14)				
		4.1.2 Number of existing LSC Tier 1 upgraded to LSC Tier+ constructed (including dip tank & low cost house).	4.1.2 (15)	4.1.2 (15)				
	4.2 Infrastructure Commercialisation and Utilisation enhanced.	4.2.1 Number of business plans and investment promotion packages developed, for potential investors.	4.2.1 (0)	4.2.1 (6)				
		4.2.2 Amount of Matching fund (ZMW) and Number of private sector partner/beneficiary – Northern & Muchinga.	4.2.2 (i) ZMW 0; and (ii) 0	4.2.2 (i) ZMW 1 million; and (ii) 50.				
		4.2.3 Amount of Matching fund (ZMW) and Number of emerging private sector beneficiary – SAPZ.	4.2.3 (i) ZMW 0; and (ii) 0	4.2.3 (i) ZMW 6 million; and (ii) 100.				
		4.2.4 Number of TA Commercialisation (PPP/Investment Expert) recruited.	4.2.4 (0)	4.2.4 (1)				
	4.3 Livestock Market Developed	4.3.1 Number of (national) marketing information system (MIS) established and operationalised.	4.3.1 (0)	4.3.1 (1)				
		5. Institutional Support and Capacity Building						
	5.1 Project Management - Project properly managed.	5.1.1 Number of PCUs established, in Kasama.	5.1.1 (0).	5.1.1 (1).				
		5.1.2 Disbursement rate (% average per year).	5.1.2 (0%; 0%; and 0%)	5.1.1 (55%; 25%; and 20%)				
	5.2 Women/Youth empowered	5.2.1 Number of (i) women, and (ii) youth groups supported through the pass-on-a-gift scheme (small ruminants and poultry).	5.2.1 (i) 0; and (ii) 0	5.2.1 (i) 20; and (ii) 5				
			5.2.2 (i) 0; and (ii) 0	5.2.2 (i) 4; and (ii) 2				

Country and Project Name: Zambia – Sustainable Livestock Infrastructure Management Project						
Purpose of the Project: To contribute to poverty reduction through enhanced sustainable use of livestock infrastructure for improved household incomes, food and nutrition security.						
RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/MITIGATION MEASURES
		INDICATOR (INCLUDING CSI)	BASELINE	TARGET		
	5.3 Nutrition education enhanced	5.2.2 Number of (i) women, and (ii) youths groups for hides and skins value addition/development of leather products. 5.2.3 Number of households (HH) supported with clean cooking solutions using small-scale household-type biogas-digesters. 5.2.4 Number of (i) Women and (ii) youth trained in governance, gender, group dynamics and pasture management. 5.3.1 Number of (i) women; and (ii) youth in nutrition-sensitive livestock production. 5.3.2 Number of (i) nutrition SBCC campaigns; (ii) girl nutrition clubs, and (iii) women groups supported with nutrition-sensitive income generation activities	5.2.3 (0) 5.2.4 (i) 0; and (ii) 0 5.3.1 (i) 0; and (ii) 0 5.3.2 (i) 0; (ii) 0; and (iii) 0	5.2.3 (8) 5.2.2 (i) 400; and (ii) 100 5.3.1 (i) 1,200; and (ii) 300 5.3.2 (i) 428; (ii) 20; and (iii) 16		
KEY ACTIVITIES	Components				Inputs	
	Component 1 - TAAT-based Climate Resilient Livestock Production and Productivity: Sub-component 1. Range and Pasture Improvement; 1.2 Livestock Breed and Dairy Improvement/Development; and 1.3 Disease Management and Surveillance. Component 1 cost: UA 2,389,500 (26.5%).				Project Cost: UA 9,017,700.	
	Component 2 - Infrastructure Development, Management and Commercialisation: Sub-component 2.1 Infrastructure Development, Commercialisation and Utilisation; 2.2 Livestock Market Development, and 2.3 Promotion of PPP Investments (SAPZ). Component 2 cost: UA 3,416,300 (37.9%).				ADF Loan: UA 7,500,000 (83.2%). IFAD E-SLIP Loan: UA 416,600 (4.6%). Government: UA 952,600 (10.6%). Beneficiaries: UA 148,500 (1.6%).	
	Component 3 - Institutional Support and Capacity Building: Sub-component 3.1 Project Coordination; 3.2 Women/Youth Empowerment, and Nutrition Education; and 3.3 Knowledge Management, Monitoring and Evaluation. Component 3 cost: UA 3,211,900 (35.6%).					

PROJECT TIME FRAME/GENERAL IMPLEMENTATION

SCHEDULE²

No	Description of Activities	Project Calendar Year (PY)															
		PY0				PY1				PY2				PY3			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	Signature and Fulfilment of Loan Conditions				■												
2	Project Launch/Preliminary Activities				■												
	Component 1: TAAT-based Climate Resilient Livestock Production and Productivity																
3	Range and Pasture Improvement																
4	Livestock Breed and Dairy Improvement/Development																
5	Disease Management and Surveillance																
	Component 2: Infrastructure Development, Management and Commercialisation																
6	Infrastructure Development, Commercialisation and Utilisation																
7	Livestock Market Development																
8	Promotion of PPP Investments (SAPZ)																
	Component 3: Institutional Support and Capacity Building																
9	Project Coordination																
10	Women/Youth Empowerment, and Nutrition Education																
11	Knowledge Management, Monitoring and Evaluation																
12	Bank: Supervision Missions						■		■		■		■		■		
13	Bank: Mid-Term Review Mission										■						
14	Bank: Project Completion Mission																■
15	Financial Audit																■
Notes: Q1 = First Quarter (January to March); Q2 = Second Quarter (April, May, June); Q3 = Third Quarter (July, August, September) and Q4 = Forth Quarter (October, November, December)																	
PY1 = Project Year 1																	

² This is a general Project implementation schedule. Consequently, the detailed annual work schedule will be developed before the beginning of each Project year (PY).

REPORT AND RECOMMENDATION OF THE MANAGEMENT TO THE BOARD OF DIRECTORS ON PROPOSED LOAN FOR THE ZAMBIA SUSTAINABLE LIVESTOCK INFRASTRUCTURE MANAGEMENT PROJECT

Management submits the following Report and Recommendation of an ADF Loan proposal of **UA 7,500,000** from the Bank resources to finance the Sustainable Livestock Infrastructure Management Project in Zambia.

I. STRATEGIC THRUST AND RATIONALE

1.1. Project Linkages with Country Strategy and Objectives

1.1.1. The National Vision 2030 articulates the medium to long-term development agenda of the Government which outlines Zambia's desire to become a prosperous middle-income country by the year 2030. The Seventh National Development Plan (7NDP: 2017-2021) which operationalises the Vision 2030 aims to create a diversified and resilient economy for sustained growth and socio economic transformation driven among others, by agriculture, under the theme of "*Accelerating development efforts towards the Vision 2030 without leaving anyone behind*". Within the Agriculture Sector, the Government developed the Second National Agricultural Policy (SNAP, 2016) which provides framework and guidelines for the development of agriculture, including livestock and fisheries. SNAP (2016) provides scope for attaining sustainable food security and nutrition particularly at national level and contributing significantly to profitability of agricultural enterprises, job creation, enhanced income generation, poverty reduction, as well as increased contribution of the sector to Gross Domestic Product (GDP). The Government is in the process of revising the National Agriculture Investment Plan (NAIP) within the context of the Comprehensive Africa Agriculture Development Programme (CAADP). The National Agricultural Extension and Advisory Services Strategy (NAESS: 2017-2020) provides guidelines in provision of pluralistic extension and advisory services in order to accelerate agricultural transformation and contribute to poverty reduction. The objective of NAESS (2017-2020) is to transform small-scale farming into sustainable, commercialised and profitable agriculture that contributes to poverty reduction through improved household food security, nutrition, and incomes. The NAESS recognises the role of private sector and non-state actors as providers of extension services. Crowding in of private sector investments into the agriculture sector remains a top priority of Government, as stated in its major policy statements. SLIMP is therefore in line with Zambia's 7NDP (2017-2021), SNAP (2016) and NAESS (2017-2020). The Project also aligns with Nationally Determined Contributions (NDC 2015) adaptation priorities.

1.2. Rationale for Bank's Involvement

1.2.1. The proposed Project is anchored on Bank Group's Zambia-Country Strategy Paper (CSP: 2017-2021), whose emphasis is also on private sector development to support the industrialization and job creation. The CSP (2017-2021) has two pillars, namely (i) Pillar 1 (*Support to Infrastructure Development*) which supports water and sanitation, energy and transport and is aligned to the Bank's Ten-Year Strategy (TYS: 2013-2022) priority area of infrastructure development, and (ii) Pillar 2 (*Support to Private Sector Development*) underscores key private sector areas, enterprise development, and agriculture. Pillar 2 is aligned to YYS (2013-2022) priority areas of agriculture and food security, and scaling up High 5's "Feed Africa", "Industrialise Africa", and "Improve the quality of life for the people of Africa". SLIMP is aligned to Pillar 2 of CSP (2017-2021), Bank's Feed Africa Strategy for Agriculture Transformation in Africa (2016-2025), Climate Change Action Plan, and Gender Strategy.

1.2.2. The Zambia comparative socio-economic indicators are reflected in Appendix 1. As at June 2019, the Bank's active portfolio in Zambia consisted of 22 operations to the value of UA 753.75 million. The portfolio comprised 18 public and 4 private sector operations valued at UA 647.4 million (86%), and UA 106.35 million (14%), respectively. The average age of projects was 3.85 years, with overall disbursement rate of 32.08%. As a result of in-country presence and easy access to implementing partners, in 2019, timely audit submission improved to 100% and the number of projects at risk was zero. For Agriculture Sector, there is no PCR backlog for closed Projects. The active portfolio did not have any operations classified as problematic or potentially problematic. Green-flagged projects were at 78%, yellow flagged at 13%, and red-flagged projects at 9%. As per April 2019 CSP MTR/CPFR, the Bank's overall portfolio performance remained satisfactory with an average total score of 3 on a scale of 1 to 4.

1.2.3. The main challenges affecting portfolio implementation and performance included (i) slow procurement process, as a result of non-adherence to procurement plans, (ii) poor contract management due to inadequate supervision of contractor/consultants, (iii) low disbursement caused by weak compliance with Bank policies and procedures on eligible expenditures and untimely justification of expenses, (iv) delays in disbursement of counterpart funding, (v) infrequent Project Steering Committee meetings, and (vi) inconsistent adherence to annual work and plan & budget. A number of turnaround measures were introduced in 2018 which changed the Zambia portfolio from a red to a green trajectory. The 2019 Portfolio Improvement Plan (PIP) was developed in order to improve portfolio with continued focus on structured dialogue between Government and the Bank, fiduciary clinics, targeted training, portfolio monitoring, and technical support by task managers. The portfolio implementation experiences and useful lessons from Livestock Infrastructure Support Project (LISP), Agriculture Sector Investment Programme (ASIP), Agriculture Productivity and Market Enhancement Project (APMEP), and Small-scale Irrigation Project (SIP) have been mainstreamed in design of SLIMP. LISP (2014-2019) and ASIP (1996-2008) design focused on livestock infrastructure development, which have been targeted by SLIMP, for sustainability. Appendix 2 presents Bank's active portfolio in Zambia. The Government's official request for this Project is reproduced in Appendix 3.

1.3. Donor Coordination

1.3.1. Although the Joint Assistance Strategy (2011-2015) has expired and the Cooperating Partner (CPs) have not revised it, it still remains the main aid coordination instrument for CPs activities. Despite Government's encouragement to CPs, the preparation of an updated Joint Assistance Strategy (2017-2021) has stalled. The Strategy sets out the CPs support to the National Development Plans (NDPs), provides the medium term framework to realize the aid principles, and aligns development to the National Aid Policy and Strategy as well as Vision 2030 and NDPs. The high level aid architecture is well structured and institutionalized through the CP Group led by a Troika which holds monthly meetings with the Secretary to the Treasury, the Permanent Secretary of National Planning and their technical teams. In addition, Joint Sector Working Groups hold regular meetings that provide a platform for policy dialogue. The Bank is active in the CP group and also participates in relevant sector working groups and has chaired the following working groups: transport (since 2014 to 2019), the agriculture sector (2013), water and sanitation (2012; 2015, 2017 and 2018) and monitoring and statistics (2014 and 2015). The agriculture sector is currently chaired by IFAD and consists of AfDB, FAO, JICA, World Bank, WFP, IFAD and USAID. Following the approval of the Capacity Enhancement for Public Finance and Economic Management Project (CEPFEM) the Bank is a core member of the PFM group. Development aid, to Zambia, from traditional bilateral donors has declined since 2016 and notable bilateral partners such as Norway, Sweden and Finland have reduced their direct support to agriculture. On the other hand, emerging development partners from China and South Africa (DBSA) are increasing support in agriculture sector. The contribution of donors to the agriculture budget was about 24.5% in the 2018 fiscal year, with an active portfolio totalling UA 104 million. The 2018 CPs'

support is summarised in Table 1.1, and the associated Agriculture Sector projects are indicated in Appendix 4.

Table: 1.1 Donor Support to Agriculture (2018)

	Sector or subsector*	Size			
		GDP	Exports	Labour Force	
	Agriculture (including fisheries and forestry)	21	20	67	
Players - Public Annual Expenditure (average) : 2018 Budget					
	Government	Donors	AfDB 23.4%	FAO 0.1%	Finland 3.4%
UA m	UA 424.0 m	UA 104.0 m	WB 34.3%	JICA 2.4%	USAID 7.9%
%	75.5%	24.5%	EU 4.7%	WFP 3.3%	Norway 1.0%
			DFID 2.1%	IFAD 17.4%	
Level of Donor Coordination					
	Existence of Thematic Working Groups (this sector/sub-sector)			[Y]	
	Existence of SWAs or Integrated Sector Approaches			[N]	
	AfDB's Involvement in Donors Coordination			[M]	

Key: **L:** Leader. **M:** Member but not leader. **N:** No involvement. **Y:** Yes. **N:** No.

1.3.2. The National Livestock Development Programme (NLDP) that Government has embarked on is coordinated with various CPs who are funding different aspects or specific geographic zones. The World Bank is covering Southern, Central and Eastern Provinces, focussing on infrastructure and disease control. IFAD is covering livestock disease control throughout the country. The EU has been providing institutional capacity building within the Ministry of Agriculture (MoA) and MFL. Recent AfDB activities, in livestock sub-sector concentrated on development of production, marketing and disease control infrastructure in Northern and Muchinga Provinces.

II. PROJECT DESCRIPTION

2.1. Project Objectives and Components

2.1.1 The livestock sub-sector goal is to transform small-scale livestock farming into sustainable commercialised value chains in order to contribute to income generation, poverty reduction and employment creation. SLIMP objectives are to contribute to poverty reduction through enhanced sustainable use of livestock infrastructure for improved smallholder livestock production and productivity, commercialisation and institutional capacity building. This will lead to improved household food and nutrition security. The Project outcomes include (i) increase in incomes of small-scale livestock farmers including entrepreneurs, and (ii) improved food security through empowerment of livestock-keeping farmer organisations with exposure to public and private sector services. The Project will also contribute to enhanced management of livestock infrastructure, value addition, and improved integration of private sector.

2.1.2 The Project consists of three (3) components, namely: (a) **Component 1 TAAT-based Climate Resilient Livestock Production and Productivity**, with 3 sub-components (1.1 Range and Pasture Improvement, 1.2 Livestock Breed and Dairy Improvement/Development, and 1.3 Disease Management and Surveillance); (b) **Component 2 Infrastructure Development, Management and Commercialisation**, with 2 sub-components (2.1 Infrastructure Development, Commercialisation and Utilisation, 2.2 Livestock Market Development and 2.3 Promotion of PPP Investments/SAPZ); and (c) **Component 3 Institutional Support and Capacity Building**, with 3 sub-components (3.1 Project Coordination, 3.2 Women/Youth Empowerment and Nutrition Education, and 3.3 Knowledge Management, Monitoring and Evaluation). The Project

components, sub-components and associated activities are indicated in Table 2.1, below, and also in Appendix 5, of this report. Readiness of civil works (infrastructure) is presented in Appendix 5b. Description of the components, sub-components and activities are presented in the Project Appraisal Report (Volume II). No feasibility study is required since technical details are already available, based on the data and knowledge which were generated during implementation of Bank-funded LISP and ASIP. For new civil works (standard livestock infrastructure), this Project will utilise LISP's detailed designs/drawings, tender documents and bills of quantities. The Project Completion Reports (PCRs) of LISP and ASIP indicated satisfactory progress on completion of most outputs. However, the PCRs highlighted that major infrastructure such as livestock service centres tier 3, livestock market centres, slaughter facilities and milk processing centres were not utilised optimally due to the current weak institutional management systems. This Project will address the weak infrastructure management. The Project design has also included youth/women empowerment, TAAT related activities, and climate smart technologies.

Table 2.1: Description of Project Components and Sub-components
(Note: associated major activities are indicated in Appendix 5)

No	Component Name	Cost (UA)	Sub-component Name and Cost (UA and %)
1	Component 1: TAAT-based Climate Resilient Livestock Production and Productivity	2,389,500 (26.5%)	Sub-component 1.1: Range and Pasture Improvement. Cost UA 494,200 (5.5%). Sub-component 1.2: Livestock Breed and Dairy Improvement/Development. Cost UA 1,576,400 (17.5%). Sub-component 1.3: Disease Management and Surveillance. Cost UA 318,900 (3.5%).
2	Component 2: Infrastructure Development, Management and Commercialisation	3,416,300 (37.9%)	Sub-component 2.1: Infrastructure Development, Commercialisation and Utilisation ³ . Cost UA 1,270,600 (14.1%). Sub-component 2.2 Livestock Market Development. Cost UA 331,300 (3.7%). Sub-component 2.3 Promotion of PPP Investments (SAPZ). Cost UA 1,814,400 (20.1%).
3	Component 3: Institutional Support and Capacity Building	3,211,900 (35.6%)	Sub-component 3.1: Project Coordination. Cost UA 728,600 (8.1%). Sub-component 3.2: Women/Youth Empowerment, and Nutrition Education. Cost UA 1,272,800 (14.1%). Sub-component 3.3: Knowledge Management, Monitoring and Evaluation. Cost UA 1,210,500 (13.4%).
Total		9,017,700	

2.1.3 Livestock-Technologies for African Agriculture Transformation (TAAT): TAAT contribution to the Project will largely be on the deployment of ready to use appropriate technologies. In order to implement Component 1, the Project will align with TAAT which is a technology, financing and partnership platform within the framework of the Bank's "Feeding Africa" strategy. TAAT-livestock has the following specific objectives (a) increase livestock production and productivity through the identification and dissemination of appropriate technologies, and (b) conduct extension campaigns on livestock production and productivity, through Regional technology dissemination infrastructure, consisting of CGIAR centres of excellence, National Agricultural Research and Extension Systems, private sector, and CPs.

2.1.4 Private Sector Participation: In line with 7NAP (2016), Public Private Partnership (PPP) Act (2018), crowding in private sector investments to improve returns in the Agriculture Sector

³ List of existing LISP and ASIP Infrastructure is indicated in Annex 4.

remains a top priority of Government. This Project will provide opportunities for (i) commercialisation and co-management of complex public livestock infrastructure through PPPs with private sector, and (ii) participation of Private Sector to manage public livestock infrastructure on cost recovery basis through PPP partnership models in line with Zambia's PPP policy. In line with the PPP Policy and Strategy, Government intends to scale up partnerships with private sector in the provision of socio-economic services. The PPPs would form an integral part of Government's overall strategy for the provision of public social services and livestock infrastructure development. The choice of PPP arrangement for a particular livestock infrastructure will depend on Government's policies and on potential value for money to be generated under such an arrangement, which will include service contracts, management contract and leases. The Bank's CSP (2017-2021) Pillar 2 (Support to Private Sector Development) underscores support to key private sector areas, enterprise development and agriculture. The Bank's Private Sector Development Policy and Strategy is built around three pillars (i) investment and business climate improvement, (ii) economic and social infrastructure strengthening, and (iii) enterprise development. The Project has made a provision for matching fund to stimulate private sector investments and reduce their initial cost of investments in livestock value chain development. During appraisal, the Bank engaged agribusiness companies linked to Zambia National Farmers Union (ZNFU) in order to explore opportunities for partnership, in existing and pipeline projects.

2.2. Technical Solutions Retained and Other Alternative Explored

The technical solutions which were retained have been included in the Project design whilst other alternatives which were explored are indicated in Table 2.2.

Table 2.2: Other Alternatives Considered and Reason for Rejection

Alternative name	Brief description	Reasons for rejection
Expand livestock infrastructure to other districts and provinces	Expanding livestock infrastructure facilities to districts and provinces that were shelved under LISP, such as Luapula province	Expanding Project scope in absence of improved and sustainable institutional management regimes would not generate value for money. It would place a burden on Government's treasury for operational cost
Support to Small Ruminants in the whole country	Focus the project on developing the Small Ruminant Value chain throughout the country	This would be a very expensive undertaking requiring more resource injection to build support systems
Finance the project as a fully public sector operation	Finance the whole project as a public sector operation without partnership with private sector.	ADF resource envelope is limited and GRZ has adopted a cautious approach towards acquisition of non-concessional loans. Adopting a PPP framework would improve management capacity of the infrastructure and inject more private sector capital investment in livestock infrastructure.

2.3. Project Type

This is a stand-alone investment Project aimed at promoting sustainable livestock value chain development in Zambia.

2.4. Project Cost and Financing Arrangements

2.4.1 SLIMP builds on the Bank-funded LISP and ASIP that developed various livestock infrastructure in the project area and is closing in December 2019. The total Project cost, including physical and price contingencies, is UA 9.02 million which will be financed by (i) ADF Loan of UA 7.50 million (83.2%), (ii) Government of Zambia (GoZ/GRZ) in-kind contribution of UA

0.95 million (10.6%), (ii) beneficiaries in-kind and matching fund contribution of UA 0.15 million (1.6%), and (iv) International Funds for Agricultural Development (IFAD) funded Enhanced Smallholder Livestock Investment Programme (IFAD E-SLIP) parallel financing of UA 0.42 million (4.6%), as indicated in Appendix 6. It should be noted that GRZ contribution of UA 0.95 million shows its commitment to SLIMP, and is considered adequate given number of various on-going development projects which it is undertaking and has already provided counterpart funding or 100% development cost.

2.4.2 Partnership with other CPs: Based on consultations with the IFAD E-SLIP Coordinator, the said Programme will parallel-finance procurement of pasture seeds and livestock for stocking and restocking under Sub-component 1.1 (Pasture and Pasture Improvement), Sub-component 1.2 (Livestock Breed Improvement) and Sub-component 1.3 (Dairy Improvement/Development). The said E-SLIP funded activities will be supervised by SLIMP Coordination Unit due to their footprint, within the Provinces. This will release financial burden from E-SLIP, in term of supervision since SLIMP is also financing similar livestock-related activities. Partnering with E-SLIP will build synergy and complementarity which will lead to enhanced impact since E-SLIP has already mobilised smallholder farmers into business oriented groups. E-SLIP activities will be reported separately, in terms of physical and financial progress. SLIMP will also complement on-going GEF-funded CRLMP activities.

2.4.3 Summary of the Project costs by components, sources of financing, expenditure categories, and schedule by component are presented in Tables 2.3 to 2.6. The ADF Loan amount by Categories of Expenditure, (*for Loan Agreement and Disbursement Letter*), is indicated in Appendix 7. The Detailed Cost Tables are in PAR Volume II Technical Annex B.2.

Table 2.3: Project Cost Estimates by Components (ZMW and UA ‘000)

Component Name	ZMW (‘000)			UA (‘000)			% For’n Cost
	Local	Foreign	Total	Local	Foreign	Total	
1. TAAT-Based Climate Resilient Livestock Production and Productivity	28,974.0	11,710.0	40,684.0	1,642.1	663.7	2,305.8	29
2. Infrastructure Development Management and Commercialisation	21,422.8	36,239.5	57,662.3	1,214.1	2,053.8	3,267.9	63
3. Institutional Support and Capacity Building	33,102.0	21,206.2	54,308.2	2,339.5	738.3	3,077.8	39
Total Baseline Costs	83,498.8	69,155.7	152,654.5	5,195.7	3,455.8	8,651.5	45
Physical Contingencies	1,293.0	1,822.4	3,115.4	96.3	80.3	176.6	58
Price Contingencies	2,109.3	1,235.6	3,344.9	119.5	70.1	189.6	37
Total Project Costs	86,901.1	72,213.8	159,114.9	5,411.5	3,606.2	9,017.7	45

Table 2.4: Sources of Financing (Amount in UA ‘000)

Source of Financing	Total Amount (UA ‘000) and Percentage Contribution (%)					
	Foreign		Local (excl. Taxes)		Total	
	UA ‘000	%	UA ‘000	%	UA ‘000	%
ADF Loan	3,189.6	88.5	4,310.4	79.7	7,500.0	83.2
Government	0	0	952.6	17.6	952.6	10.6
Beneficiaries	0	0	148.5	2.7	148.5	1.6
IFAD E-SLIP Loan	416.6	11.5	0	0	416.6	4.6
Total	3,606.2	40.0	5,411.5	60.0	9,017.7	100.0

Table 2.5: Project Cost by Categories of Expenditure (UA '000)

Expenditure Category	Amount (UA '000)			% Foreign Cost
	Foreign	Local	Total	
A. Investment Costs				
1. GOODS				
Vehicle	156.5	0	156.5	100
Equipment, Seeds and Animals	691.2	926.6	1,617.8	43
Matching Fund	56.7	0	56.7	100
Sub-total	904.4	926.6	1,831.0	49
2. WORKS				
Infrastructure Development (N&M)	866.8	88.4	955.2	91
Eastern Province Infrastructure Renovation	104.3	6.8	111.1	94
Sub-total	971.1	95.2	1,066.3	91
3. SERVICES				
Training-Technical Support and M&E	108.8	1,271.2	1,380.0	8
Financial Audit	10.2	-	10.2	100
Procurement Audit	3.4	-	3.4	100
Youth and Women Empowerment	502.7	341.7	844.4	60
Promotion of PPP Investments (SAPZ)	955.2	649.5	1,604.7	60
Sub-total	1,580.3	2,262.4	3,842.7	41
Total Investment Costs	3,455.8	3,284.2	6,740.0	51
B. Recurrent Costs				
1. OPERATING COST				
Personnel (Govt Staff/NBF)	0	624.7	624.7	0
Personnel (PCU Staff/ADF Loan)	0	463.5	463.5	100
DSA and Meal Allowance	0	699.8	699.8	0
Operation and Maintenance	0	123.5	123.5	0
Sub-total	0	1,911.5	1,911.5	24
Total Recurrent Costs	0	1,911.5	1,911.5	24
Total Baseline Costs	3,455.8	5,195.7	8,651.5	45
Physical Contingencies	80.3	96.3	176.6	58
Price Contingencies	70.1	119.5	189.6	37
Total Project Costs	3,606.2	5,411.5	9,017.7	45

Table 2.6: Expenditure Schedule by Components (UA '000)

Component Description	Amount (UA '000)			
	PY1	PY2	PY3	Total
1. TAAT-Based Climate Resilient Livestock Production and Productivity	1,621.8	416.2	267.7	2,305.7
2. Infrastructure Development Management and Commercialisation	2,240.0	665.6	362.4	3,268.0
3. Institutional Support and Capacity Building	1,289.0	1,010.3	778.5	3,077.8
Total Baseline Costs	5,150.8	2,092.1	1,408.6	8,651.5
Physical Contingencies	121.1	34.6	20.9	176.6
Price Contingencies	52.7	64.3	72.6	189.6
Total Project Costs	5,324.6	2,191.0	1,502.1	9,017.7

2.5. Project Target Area and Population

2.5.1. Project Area: Considering that this Project will mainly focus on enhancing sustainable management of livestock infrastructure, it will be implemented in (a) LISP Districts in Northern Province (Senga, Mungwi, Lunte, Mbala, Mporokoso, and Kasama Districts), and Muchinga Province (Lavushimanda, Kanchibiya, Nakonde, Isoka, Mpika, Chinsali, Shiwang'andu, and Mafinga Districts), and (b) ASIP Districts in Eastern Province (Nyimba, Petauke, Katete, Chipata and Lundazi Districts). List of participating Provinces, Districts, and associated infrastructure, is indicated in Appendix 8.

2.5.2. Project Beneficiaries: The human population, within participating Districts is about 2,527,726 out of which 50.6% are women, and 26.4% are youths whilst the total number of households (HH) is 233,300 with 33,600 female headed HH. The main beneficiaries will be livestock-keeping farmers and entrepreneurs located in the targeted Districts, mainly organised through enterprise groups, cooperatives or associations. Under LISP and ASIP, various livestock infrastructure were constructed in areas with relatively high livestock population, and also potential for growth. The Project will directly benefit 248 registered livestock-keeping groups with more than 100,000 households (HH) with fully-paid-membership status (33,600 female headed HH). In addition, 90,000 livestock keeping HH, will indirectly benefit from improved livestock infrastructure and services. About 800,000 people, including 400,000 women and 70,000 youths, will indirectly benefit from increase in supply of quality livestock products.

2.6. Participatory Process for Project Identification, Design and Implementation

In June 2016, the Government submitted to the Bank a Project brief and also the “*Small Ruminants Value Chain Analysis Report*” which were used to identify and prepare this Project. The Project preparation mission was fielded from 26th February 2018 to 13th March 2018 which was followed by an appraisal mission from 19th to 28th June 2019. During Project preparation and appraisal missions, the Bank and Government held consultative meetings with key stakeholders, including smallholder and emerging livestock farmers and traders. In addition, stakeholders’ workshops were held in Lusaka in order to discuss the project design and select the participating Districts. Separate meetings were held with CPs, the private sector, and Senior Government Officials. At Provincial level, consultative meetings were held with key stakeholders including Provincial and District staff, private sector including livestock processors, NGOs, and smallholder farmers. Due to revised ADF loan amount, in June 2019, a stakeholders’ workshop was held in Lusaka in order to discuss a scaled down project design. Further meetings were held with IFAD-ESLIP team, private sector, NGOs, PPP Unit, and Senior Government Officials. It is expected that consultations will continue during implementation of planned activities including participatory monitoring and evaluation.

2.7. Bank Group Experience and Lessons Reflected in Project Design

2.7.1 The Bank has gained infrastructure development experience during design and implementation of agriculture projects in Zambia, including, SIP, ASIP, LISP, CRLMP, CIDP, GAFSP-APMEP, Lake Tanganyika Development Project (LTDP), and Zambia Aquaculture Enterprise Development Project (ZAEDP). The main lessons considered by this Project have been drawn from the Bank’s agriculture sector portfolio which include start-up delays, slow procurement, weak financial management systems and weak M&E systems. The portfolio implementation experiences and useful lessons from LISP, ASIP, APMEP and SIP have been mainstreamed in the Project design. LISP and ASIP had significant components of livestock infrastructure development but absence of private sector involvement and inadequate sustainable institutional management placed a burden on the treasury for operational cost which may degrade the infrastructure due to lack of operational funds. Lessons learnt from similar Bank-funded

Livestock Project, in Zimbabwe, include (i) effective collaboration by Public and Private sector through sub-sector and national level dialogue platforms, (ii) interventions at policy level to enable growth of private sector, (iii) training of women and youth in value addition and production of quality leather products, (iv) facilitation of market linkages, (v) linkages to finance and business advisory support for private sector, and (vi) private sector implementing some activities with Government playing an oversight role, which have also been considered.

2.7.2 The Bank worked closely with the Ministry of National Development Planning to undertake quarterly portfolio review workshops with Project Coordination Units (PCUs) from which portfolio improvement matrices were developed and implemented. The Bank also undertook procurement and financial management clinics as part of capacity building efforts. The lessons learnt and actions taken during Project design are tabulated below:

No	Lessons Learnt	Actions incorporated in the Project design
1.	Inadequate involvement of private sector in infrastructure development and management compromises sustainability.	MFL will work with PPP Unit to attract private sector participation in management and investment in public infrastructure, and also establish management entities.
2.	Lack of construction drawings at project start-up resulted in delay in implementation.	Construction drawings and tender documents were developed under LISP and standard structures are available with GRZ.
3.	Role played by PCU in expediting project execution after a delay in start-up.	Project implementation capacity will be enhanced through recruitment of national Experts, who will be part of lean PCU
4.	Inadequate consultation with stakeholders in selection of sites results in poor siting of infrastructure.	Adequate consultations with key stakeholders, including smallholder farmers, were undertaken during Project preparation and appraisal phases.
5.	Weak M&E system results in poor assessment of implementation progress	M&E activities with adequate financial allocation have been included in Project design, as a sub-component

2.8. Project Performance Indicators

The Project's results based logical framework (LogFrame) has provided the output, outcome and impact indicators which will be measured using the M&E system. The rate of physical and financial implementation of planned activities, including infrastructure, will measure the trend towards achievement of Project's objective. The main impact indicator is "proportion reduction (%) of population living in poverty, within the participating Provinces". Key outcome indicators are (i) "average household income (USD per year)", (ii) "average months per year of household food scarcity", and (iii) "proportion (%) of children 6-23 months with a minimum acceptable diet, among the target population".

III. PROJECT FEASIBILITY

3.1. Economic and Financial Performance

3.1.1. The financial and economic rate of return has been computed on the basis that this Project will build on physical successes of LISP and ASIP, to stimulate an increase in livestock production, productivity and off-take rate for cattle, goats, pigs and chicken in project areas. Since SLIMP will build on LISP infrastructure, the baseline year remains 2010 while SLIMP's incremental contribution is estimated on a "with" and "without" SLIMP basis from the year 2019. The Financial Internal Rate of Return (FIRR), Economic Internal Rate of Return (EIRR) and Net Present Value (NPV) were computed on the assumption that the flourishing of livestock business will require other incentives to be provided by SLIMP including (i) community livestock service centres equipped with facilities such dip tanks/spray races, crush pens for effective provision of vaccination and other veterinary services, feeding and watering infrastructure to enable farmers raise healthy animals, (ii) breeding, multiplication centres, artificial insemination services and pass-on-the-gift scheme will improve stocking and increase in livestock numbers, (iii) livestock marketing structures, and slaughter facilities will provide incentives to livestock farmers through

better prices, while accessibility will reduce transaction costs and encourage private traders to provide both inputs and livestock products, (iv) infrastructure facilities will attract private operators such as health inspectors and veterinary officers to invest in livestock development, and (vi) capacity building will enable farmers to raise healthy animals and facilitate provision of extension services.

3.1.2. The Project will reduce livestock mortality resulting in higher livestock numbers, which will improve off-take rate due to better market access and incentives. Improved animal growth rate through better feeding practices and breed improvement will improve carcass weight and meat yields. The project shall continue to seek the collaborative inputs of reputable CGIAR institutions in order to deploy the best off-the-shelf technology and provide technical backstopping facilitated through the TAAT financing framework. The key assumptions underlying the calculations of EIRR and FIRR are: overall annual baseline population growth rate for cattle is 6%, sheep and goats (29%), pigs (12%), chicken (3%) and dairy (30%). It is assumed that SLIMP would stimulate a higher growth rate projection as follows: cattle is 8%, sheep and goats (32%), pigs (15%), chicken (6%) and dairy (35%). The average sale weight will increase as follows: cattle (250kg) sheep and goats (45 kg), pigs (60 kg) and village chicken (2 kg), whereas offtake rate will rise to cattle (15%) sheep and goats (40%), pigs (60%) and village chicken (70%). SLIMP is expected to generate a number of indirect benefits. Productivity improvement is expected to generate additional income for beneficiary livestock farmers from increased sales of live animals, milk, or meat. It is anticipated that the induced average annual household income will rise from USD 500 to USD 1,500. Other direct economic benefits will include overall increase in the supply of good livestock products, increased demands for livestock related services accruing to service providers. Indirect economic benefits include (i) increased food security among livestock farmers (ii) increased demands for livestock related services through streamlined value chain for service providers, fostering the development of animal related business and jobs, and (iii) empowered livestock farmer groups to provide adequate services. The net present value is USD 178 million at 12%. For financial analysis, the market prices were used. The FIRR is 20% and NPV at 12% is USD 195.2 million. The EIRR and FIRR summary are presented below and details are in PAR Volume II, Technical Annex B7.

FIRR, NPV (base case)	20%, NPV (12%) : USD 601.8 million
EIRR, NPV (base case)	22%, NPV (12%) : USD 209.8 million

3.1.3. Sensitivity Analysis: was carried out under 2 assumptions and the results are as follows. The EIRR is 22% and is not very sensitive to price and cost changes. For a 10% price increase, the EIRR is 23% and 18% with a 10% increase in the project costs.

Item Description	FIRR (%)	FNPV at 12% cost of capital (USD million)
Base Figures	20.0%	601.8
Assumption 1: 10% increase in project incremental cost	0%	592.5
Assumption 2: 10% fall in revenues with project	0%	588.0

Item Description	EIRR (%)	ENPV at 12% cost of capital (USD million)
Base Figures	22%	209.8
Assumption 1: 10% increase in project costs with project	23%	172.0
Assumption 2: 10% fall in revenues with project	19%	187.0

3.2. Environmental and Social impacts

3.2.1. Environment: *E&S Safeguard's compliance*: The project is expected to have a multitude of positive environment and social impacts resulting from improved farming practices, improved incomes and nutrition. The negative environmental and social impacts are expected to be

minimal, and site specific. In accordance with the Bank's Environmental and Social Assessment Procedures (ESAP), this project is classified under Category 2 (validated on 3rd September 2019) requiring preparation of an Environmental and Social Management Plan (ESMP). In Zambia, the Environmental Management Act of 2011 does not explicitly provide for assessments required of activities related to livestock development. However, in cases where the support to livestock value chain involves establishment of infrastructure that is likely to cause site-specific impacts, an Environmental Project Brief (EPB) is required. With support from the Bank, the MFL prepared the ESMP whose summary is expected to be posted on the Bank's Website by 30th September 2019. About UA 86,500 has been allocated from the ADF loan resources to cover implementation of ESMP activities, in addition to the amounts which will be indicated in civil works contracts' bills of quantities. Most activities of the sister GEF-funded CRLMP are aimed at mitigating negative environmental and also climate change impacts.

3.2.2. Climate Change: Climate change is a threat to livestock production due to potential impact of rainfall variability, changes in average temperature and amount of CO₂ in the atmosphere on quality of feed and forage, animal mortality and reproduction, water availability, and prevalence of diseases (FAO, 2016). Climate change also directly threatens infrastructure sustainability. According to Bank's Climate Safeguards System, the outcome of the screening process classified the Project as Category 2 (5th July 2019) reflecting that it may be vulnerable to climate risk which requires a review of climate change risks and adaptation measures. Consequently, the assessment of climate change impacts was an integral part of the ESMP. The measures to prepare farmers to respond to climate change are articulated and adopted in the broader Project framework including the ESMP. The Project will develop District-specific implementation plans on climate change adaptation and mitigation measures which will include (i) use of non-climate sensitive fodder, (ii) improvement of existing watering systems, (ii) diversifying livestock breeds, (iii) enhanced disease and pest control practices, and (iv) promotion of early warning systems to improve response. To enhance the capacity of livestock farmers, the on-going complementary GEF-funded CRLMP supports the promotion of animal breeds that are resilient to climate change and has also developed models for community management of livestock, pasture and grazing management techniques, strengthened adaptive capacity of communities/farmers, and restoration of degraded grazing areas. This project aligns with Zambia's NDC (2015) which promotes livestock specific Climate Smart Agriculture (CSA) practices through improved feed management, animal health, rangeland management and use of drought-tolerant breeds.

3.2.3. Land Tenure and Access to Land: Land is a very important factor of livestock production. Zambia has a two-tier system of land ownership, consisting of state and customary land. The Land Act of 1996, guarantees women the possibility of being land-owners. Customary laws have jurisdiction over 94% of the land. Customary tenure does not bring about the registration of ownership rights, but rather only the protection of use and occupancy rights. In the project area, land is under the jurisdiction of traditional chiefs. Under the customary system, traditional land tenure allows persons to access land through their traditional rulers and land inheritance is governed by traditional customs and norms. Access to land for livestock production is not expected to be a major constraint under this project.

3.2.4. Gender: Gender mainstreaming activities are aligned to the 7NDP (2017-2021), which entrenches gender as one of the crosscutting issues in sustainable development. Women and youths will comprise at least 50% of beneficiaries in order to improve their economic status. The Project will contribute to increased household incomes for women, men and youths. Consequently, it is in category II, according the Gender Marker System. Livestock, especially small stock have the potential to provide decent employment for women and improve nutrition needs for young children. Women in the project areas are already active in small-scale production and sale of goats and chicken, as well as marketing of milk in established cooperatives. These women work together with their husbands (family production units) or directly as members of women's clubs,

associations and cooperatives. The *pass-on-the-gift scheme* implemented under the LISP benefitted 1,208 people (903 women, 180 youth and 125 men). Beneficiaries have reported increased incomes and improvement of their livelihoods because of the project. This Project will therefore build on the results of the LISP project and expand the productivity and agribusiness skills for women and youth. The project will also support the development of leather value chain to create employment and business opportunities for women and youth, include: (a) *Expansion of the Pass on Scheme for small stock and poultry for women and youth*. This will include (i) distribution of goats for meat and milk production, (ii) formation/strengthening of cooperatives for pig keeping for women and youth, (iii) processing and marketing of high end goat cheese at the existing milk processing centres, and (iv) formation/strengthen production and marketing cooperatives and associations for small ruminants and poultry; (b) *Value addition/development of leather products*: Currently there limited opportunities for leather tanning in Zambia and large amounts of hides go into waste. The project will support (i) formation/strengthening cooperatives/associations for leather processing for youth and women, (ii) equip one of the training centres with equipment for leather processing, (iii) training of women and youth in and production of handcrafted high value leather products, and (iv) marketing of the leather products; (c) *Development of clean cooking solutions* (biogas digesters) for women from livestock waste; and (d) *Business development Services* for women and youth in the livestock value chain which will include (i) financial literacy training, (ii) establishment of savings schemes; (iii) business development services and; (iv) establishment of a revolving fund to support emerging enterprises. Although women and youth will participate and benefit from all planned Project activities, aggregate funds allocated to their main specific activities are about UA 653,800 (13.3%) of ADF Loan.

3.2.5. Social: Social challenges include high poverty, unemployment, illiteracy levels, and limited access to livestock infrastructure. The social impact of the Project is expected to be positive since it will enhance household incomes and improve livelihoods for rural men, women and youths through livestock production, processing and marketing. Other positive effects will include (i) improvement in household food security and nutrition, (ii) enhancement of skills development and creation of jobs in rural areas for men, women and youths, (iii) decreasing social exclusion of women and youth, (iv) empowerment of rural women and youth, and (v) enhanced economic value of marginal grazing lands. The increased economic activities will boost local development and generate positive multiplier effects on social stability by retaining dynamic youths, who could have otherwise migrated to urban areas. The broader stakeholder participation and partnerships in planned activities will enhance social coherence and stability which are key for inclusive growth and rural development.

3.2.6. Nutrition: In line with the Zambia 1,000 Most Critical Days Programme II, this Project will contribute to reduction in stunting by including nutrition interventions to promote (i) dietary diversification, and (ii) consumption of animal sourced foods by 12,000 young children under 2 years, and 20,000 women of reproductive age (12-49 years), including adolescent girls, through formation of girl-nutrition-clubs. The nutrition interventions will (i) use gender sensitive Social and Behaviour Change Communication (SBCC), (ii) review recipe books to make the recipes more adapted to the local culture while focusing on complementary foods for children, and (iii) nutrition sensitive income generation activity groups for women and youth. The planned nutrition-sensitive activities will be implemented by the Livestock Products Unit of MFL in collaboration with MoA Nutrition Unit, since the National Food and Nutrition Strategic Plan (2016-2020) considers the MoA and MFL, as one sector. At National level, the existing Nutrition Technical Working Group (NTWG) enhances effectiveness and efficiency in implementation of agricultural sector nutrition interventions, including the proposed activities under this project. At District level, the existing District Nutrition Coordinating Committee will implement interventions that cut across sectors. The Project will also facilitate improvement of nutritional status of affected

rural households and communities through consumption of meat and milk products which are rich in proteins.

3.2.7. Green Growth: The Project will contribute to economic growth and human development by maximising resources-use efficiency, minimising waste & pollution, and enhancing resilience to climate and environment-related shocks. Inclusive Growth: In the context of pro-poor growth, the Project will promote equitable allocation of resources, creation of jobs for rural men, women and youths in order to enhance their household incomes and reduce poverty. The Project will directly create at least 120 permanent jobs, 18,000 seasonal jobs and 60,000 indirect seasonal jobs, along the livestock ruminant value chain.

3.2.8. Value Addition: The Project has adopted a commodity value chain approach linking production to processing and marketing with all key stakeholders involved, with major emphasis on infrastructure management and market linkages. The Project will enhance value addition and improve produce-shelf-life across the livestock value chain. The major activities will concentrate on value added processing of available livestock products and entrepreneurship development through investment in milk collection centres and slaughter houses. The Project will enhance efficient management of slaughter facilities, milk collection and processing centres, and also community-based skins/hides processing facilities for women and youth groups, with active participation of private sector.

3.2.9. Involuntary Resettlement: There will be no involuntary resettlement or land acquisition envisioned during implementation of Project activities. Project's activities will be carried out within the existing land which was already demarcated, with no known land disputes.

IV. IMPLEMENTATION

4.1. Implementation Arrangements

4.1.1. The Ministry of Fisheries and Livestock (MFL) will be the Executing Agency (EA) for the Project which will be implemented through the Department of Livestock Development (DLD), over a period of three (3) years. Based on past experiences, the Project's day-to-day operations will be implemented using a lean PCU, through MFL decentralised structures. The PCU will be based in Kasama District, in existing LISP offices. The Government has already assigned ex-LISP CU staff to implement this Project whilst finalising recruitment of PCU staff (national), who will be responsible in day-to-day management of SLIMP activities. The core PCU staff include Project Coordinator (PC), M&E Expert, Procurement Specialist, Project Accountant, Administrative Assistant, and 2 Drivers, who will be competitively recruited. All recruited PCU staff will have performance-based contracts which will be renewable on annual basis, upon satisfactory performance. Existing Government Staff to be attached to SLIMP, from the civil service, including Civil Engineer, Provincial Focal Points, Provincial Gender Focal Points, and Provincial Assistant Accountants.

4.1.2. The existing Project Steering Committee (PSC) which was set-up for LISP will continue to have oversight responsibility and oversee this Project compliance with sub-sector National Policies and Strategies. The PSC consists of (1) Permanent Secretary (PS), MFL - Chairperson, (2) PS-Ministry of National Development Planning – Co-Chairperson, (3) PS – MoA, (4) PS-Northern Province, (5) PS-Muchinga Province, (6) PS-Eastern Province, (7) representative from Zambia Environment Management Authority (ZEMA), (8) 1 representative from Zambia National Farmers' Union (ZNFU) and (9) 1 representative from National Union for Small-scale Farmers of Zambia (NUSFZ). The PC shall be the Secretary of PSC. The PSC will meet on semi-annual basis, and as need arises, in order to (a) approve annual work plan and budget (AWP&B), and (b) provide overall policy and strategic direction of the Project. Based on lessons learnt from previous

projects, in some cases, the PSC takes a long time to convene and approve the first year (PY1) work-plan and budget. Based on this, if it takes 2 months without PSC's approval of PY1 work-plan and budget, then the PS-MFL can approve it and submit to the Bank for further processing. At Provincial level, the responsibility for implementation rests with the Provincial Fisheries and Livestock Coordination Office (PFLCO) who will guide the Provincial Focal Points (PFP). The PFP will work closely with PFLCO and PC, and submit provincial AWP&B, and progress reports, as required. The PC will report directly to the Director of Livestock Development (MFL-HQ) after thorough consultation with respective PFPs and PFLCOs. The Bank's Regional Office (RDGS) and Country Office (COZM) will support the Project through regular supervision missions, informal meetings, and processing of all fiduciary documents.

4.1.3. Procurement Arrangements: Procurement of goods (including non-consultancy services), works and the acquisition of consulting services, financed by the Bank for the project, will be carried out in accordance with the "*Procurement Policy and Methodology for Bank Group Funded Operations*" (BPM), dated October 2015 and following the provisions stated in the Financing Agreement. Specifically, Procurement would be carried out as follows:

- **Borrower Procurement System (BPS)**: Specific Procurement Methods and Procedures (PMPs) under BPS comprising its Laws and Regulations as per the current Public Procurement Act and the respective Public Procurement Regulations, using the applicable Standard Solicitation Documents (SSDs) or other Solicitation Documents agreed during project negotiations for various group of transactions for specified thresholds under the project in the Procurement Annex of Volume II of the PAR.
- **Bank Procurement Policy and Methodology (BPM)**: Bank standard PMPs, using the relevant Bank Standard Solicitation Documents (SSDs), for contracts where the BPS shall not apply for specific transactions or group of transactions as BPM have been found to be the best fit for purpose.

4.1.4. **Procurement Risks and Capacity Assessment (PRCA)**: assessment of procurement risks at the Country, Sector, and Project levels and procurement capacity at the EA, have been undertaken for the project and the findings have informed the decisions on the procurement arrangements being used for specific transactions or groups of similar transactions under the project. The appropriate risk mitigation measures have been included in the project design. Advance contracting will be applied in order to mitigate the risks associated with start-up delays and reduce first disbursement timelines.

4.1.5. Financial Management Arrangements: The overall Financial Management (FM) residual risk for the Project is assessed as moderate. An assessment of MFL's financial management capacity for the implementation of the project satisfies Bank minimum requirements. MFL has prior experience in managing donor funded projects included the on-going Bank-funded LISP and GEF-funded CRLMP. MFL's FM performance in managing the previous and ongoing donor funded projects has been generally satisfactory. As the practice in on-going Bank funded project, a Project Accountant (PA) with adequate experience and qualification acceptable to the Bank will be recruited to be responsible for day-to-day FM functions of the project. The PA shall be supervised by the MFL's Director of Finance (DoF). The overall Financial Management responsibilities shall rest with MFL's DoF. MFL utilises Government's IFMIS to process and maintain project transactions. This Project shall be maintained in IFMIS. To further tailor make the project finance reports to meet the Bank requirements, stand-alone system or spreadsheets may be utilized. The control environment from budget preparation, approval, execution, monitoring and reporting was found to be adequate. The internal audit function within MFL shall include this Project in its annual work programme. MFL has experience in disbursement of CPs including Bank funded projects. In that regard, the Bank will make use of the existing systems within MFL to handle the project's FM including accounting for the project resources and

submitting the required financial reports to the Bank. In accordance with the Bank's financial reporting and auditing requirements, the PCU will be required to prepare and submit to the Bank, the Quarterly Interim Financial Report (QIFR) no later than 45 days after the end of each quarter. In addition, the Project will be required to prepare separate project annual financial statements which will form the entry point for external audit due diligence. Details are in PAR Volume II, Technical Annex B4.

4.1.6. Disbursement Arrangements: Flow of funds to finance the MFL (EA) follows the national treasury and appropriation procedures with control over the use of funds generally adequate. Overall, the EA performance in disbursement has been generally satisfactory. The proposed Project would make use of Bank's disbursement methods including (i) direct payment, (ii) special account (SA) and (iii) Reimbursement methods in accordance with the Bank rules and procedures as laid out in the disbursement handbook. The special account shall be opened in foreign currency and a local Kwacha account at the Bank of Zambia. To facilitate payment of small but recurring eligible project operating expenses, a sub-account in Kasama District shall be opened and will receive funds based on cash-flow as per planned activities, extracted from approved AWPB. The SA shall be justified regularly. The DoF will ensure that there is no excess or idle funds remaining in the sub-account, but will ensure cash management to enable availability of funds to meet the financing needs at the province level. Under the direct supervision of the Principal Accountant at the Province, the Assistant Accountant shall ensure timely processing of all transactions (cash book, payment vouchers and bank reconciliations) relating to the sub-account and submit monthly returns on all expenditures paid within the month to the Project Accountant, for consolidation into PCU's accounting ledgers to facilitate timely QIFR. Copies of transactions supporting documents shall be kept and filed at the provincial level. The original transactions shall be submitted to the PCU together, with the monthly returns. The Project Accountant shall prepare direct payment documents for submission to the Bank through Ministry of Finance (MoF). The Government, through MoF, will be required to submit to the Bank, details of all bank Accounts as well as specimen signatures of authorized signatories for signing withdrawal applications and direct payments.

4.1.7. External Audit Arrangement: In accordance with the Bank's requirements, there shall be separate annual audit for the Project with the involvement of the Office of Auditor General (OAG), as per their mandate. The audited financial statements including the auditor's opinion and the management letter shall be submitted to the Bank, not later than six months after the end of each financial year. In case the OAG decides to outsource the audit service to a private firm, the audit firm shall be recruited using Bank's rules and procedures, through shortlist/least cost selection (LCS) method and the cost of the audit will be financed from loan resources. The financial audit will be undertaken based on Bank's terms of reference. MFL should therefore inform OAG of Project effectiveness to enable them plan for audit accordingly. Detailed auditing arrangements are included in PAR Volume II, Technical Annex B.5.

4.2. Monitoring

4.2.1. Monitoring and Evaluation (M&E) will enable the PCU, MFL and key stakeholders to track project implementation, at all levels, using indicators and targets as presented in the Result Based Logical Framework. The PCU M&E Expert will be responsible for adapting the existing LISP M&E system which uses participatory approach in data collection, analysis and dissemination. The adapted M&E system will monitor physical and financial implementation progress while providing insights on Project impact on beneficiaries. The Government's National Livestock Epidemiological and Information Centre (NALEIC) has already set up the Livestock Information Management System (LIMS) which covers animal health, animal production, livestock and livestock products marketing and trade. The Project's M&E system will be linked to LIMS. SLIMP will provide funds to facilitate M&E training, data collection and processing.

4.2.2. The Project activities will commence with preparation of AWP&B, based on detailed cost tables/DCTs, (PAR Volume II Technical Annex B.2), which will be submitted to the PSC for approval, before transmission to the Bank. In Project Year 1, the Project will update ex-LISP Project Implementation Manual (PIM) which highlights the organisation, implementation, financial, disbursement and procurement arrangements. The Project launch workshop will be organised by MFL with the purpose of ensuring that all key stakeholders understand the Project components, activities, implementation modalities, and reporting needs. The PCU M&E Expert will facilitate knowledge building, and sharing as well as compiling lessons learned. A monitoring plan will be developed based on the LogFrame, which will have gender disaggregated indicators. All spending agencies will submit activity reports through PCU M&E Expert who will consolidate and compile Quarterly Progress Reports (QPRs), based on the Bank's format. All QPRs will be reviewed and cleared by the Director of Livestock Development (MFL) before submission to the Bank, not more than 45 days after the end of reporting period. The Bank will monitor Project implementation through regular supervision missions, at least twice per calendar year, in order to assess progress and monitor key verifiable indicators. The Project has provided funds for Mid-Term Review (MTR), Project Completion Report (PCR), and audits. The key Project M&E milestones/reports are presented in Table 4.2.

Table 4.2: Project Key Milestones

Time-Frame	Key Milestones	Monitoring Process
Year 1	Updated ex-LISP Baseline Report	Beneficiaries, MFL, PCU and Consultant
	Updated Project Implementation Manual	Beneficiaries, MFL, PCU and Consultant
Years 1 to 3	Project Implementation & Reports	Beneficiaries, PCU and MFL
	Procurement (goods, works and services)	PCU and MFL
	Financial Audit Reports	Consultant, OAG, PCU, and MFL
	Procurement Audit Report	Consultant, PCU, and MFL
Year 2 (Q1)	Mid-Term Review (MTR) Report	Beneficiaries, MFL, PCU and Consultant
Year 3	Exit Strategy Paper	Beneficiaries, MFL, PCU, and Consultant
	Beneficiary Impact Assessment Report	Beneficiaries, MFL, PCU and Consultant
	Project Completion Report (PCR)	Beneficiaries, MFL, PCU and Consultant

4.3. Governance

The Government has improved on major components of governance measures such a security, rule of law, regulatory quality, and effectiveness through reforms in public financial management, accountability and transparency. Governance is increasingly becoming a critical for sustainable human development since it promotes cohesion, integration and well-being of Zambians. The 2018 Mo Ibrahim Index of African Governance (IIAG) report ranked Zambia at 18th position (score: 56.2) out of 54 African countries. The IIAG report focusses on (a) Safety & Rule of Law, (b) Participation and Human Rights, (c) Sustainable Economic Opportunity, and (d) Human Development. For Safety & Rule of Law, Zambia was ranked at position 12th (score: 64.9) based on (i) Rule of Law (11th, score 71.7), (ii) Accountability (18th, score 42.5), (iii) Personal Safety (27th, score 49.8), and (iv) National Security (6th, score 95.7). In the same report, Zambia was ranked: (a) 19th (score: 57.5) on Participation and Human Rights; (b) 23rd (score: 48.0) on Sustainable Economic Opportunity; and (c) 21st on Human Development (score: 54.5). However, weaknesses that persist include poor budget management, weak compliance with internal control regulations, untimely implementation of audit recommendations and delays in public procurement. The importance of governance is underlined by its addition as a sub-component under Pillar II of the Zambia CSP (2017-2021). Bank-funded Institutional Support Project was approved in 2019 to address some governance related issues. Proposed measures to be

implemented by SLIMP include (i) provision of financial management manual to guide Project staff, (ii) utilization of MFL internal audit to identify pre-audit transaction challenges, (iii) timely submission of QPRs, (iv) recruitment of qualified and experienced Project Accountant, and (v) organising regular clinics and training-sessions for FM staff.

4.4. Sustainability

4.4.1. The Project will build on sustainability principles through participatory approach used during preparation and appraisal stages. This is an important step towards ensuring the relevance of the investments made and laying of institutional capacity at community level. The Project will be implemented through Provincial and District decentralized system, since it will be community-driven and Government facilitated, in order to ensure full community participation guided by local authorities thus enhancing sustainability. This Project has put much emphasis on developing the capacity of beneficiaries and strengthening their cooperatives/associations in order to view Project interventions as business rather than subsistence venture. Project sustainability will also be ensured by proactive involvement of beneficiaries and Government in participatory M&E system in order to cultivate sense of ownership and commitment. Through the farmer groups/cooperatives, the beneficiaries will be mobilised and trained to properly carry out routine maintenance of the community infrastructure. The Project will work closely with like-minded and business oriented institutions, like Musika, to build business capacity of communities. The Project will mainstream PPP into livestock development by involving rural communities, public and private sector players in the management of livestock infrastructure and associated services which will ensure commercial sustainability of public infrastructure and livestock services. The planned activities will provide suitable environment for continued commitment and sustainability after Project closure.

4.4.2. The process of community engagement, involving co-management and joint investment with private sector is a key learning intervention point for the sustainability and also useful database for other potential development interventions being planned by the Government. Gender sensitisation and mainstreaming at the community and local administration levels will ensure that women and youth continue to participate and benefit equitably from all rural livestock development activities. Based on the livestock breeds/breeding systems, the Project will also implement pass-on-the-gift livestock scheme as an incremental activity, using adapted local species/breeds acquired from Government or private breeding centers. The pass-on-the-gift scheme was successful under LISP and will particularly empower women and youths with ownership of small ruminants (sheep and goats), and the beneficiary farmer pays a co-financing of 25% of the value of an animal before receiving it which promoted sustainability. Capacity building for staff and beneficiaries will equip them with necessary skill thereby guaranteeing sustainability of planned activities when the Project phases-out. The Project's identified localised negative impacts on the environment will be minimized through implementation of proposed mitigation measures since adequate financial provisions have been made.

4.5 Risk Management

The potential risks identified as threat to smooth implementation of Project and mitigation measures are indicated in Table 4.3.

Table 4.3: Potential Risks and Mitigation Measures

No.	Potential Risks	Rating (High, Medium or Low)	Mitigation Measures
1.	Low livestock population will result in underutilisation of livestock infrastructure.	Medium	Project will promote community and private sector restocking programme including farmers' mind-set change, through (i) livestock breeding centres, (ii) pass-on-the-gift scheme, and (iii) strategic siting, design and prioritisation of proposed livestock infrastructure to ensure their relevance.
2.	Project implementation delays.	Low	Regular and close follow up by MFL and Bank.

4.6 Knowledge Building

4.6.1 The Project is expected to generate considerable knowledge which will add value to the overall design and management of similar future interventions. Lessons and experiences, generated by SLIMP, will be shared within the Bank and with other institutions through quarterly progress reports, mid-term review report, and Project completion report which will be produced and distributed, by the PCU, as these will form part of the knowledge transfer and dissemination tools. The Project will promote community participation and management of livestock infrastructure. The Project will work closely with gender related organisations and key stakeholders for purposes of sharing information and learning materials on women and youth empowerment in relation to livestock development. SLIMP will also focus on capacity building for key staff and livestock farmers (beneficiaries) who will be fully involved in the planned activities based on training needs. Discussion with the Project beneficiaries will also be valuable source of knowledge to be captured and shared. Such activities will be conducted throughout the Project implementation period and are aimed at enhancing the knowledge transfer. SLIMP will develop technical messages, leaflets and training manuals on sustainable livestock management targeting both Government staff and livestock farmers (men, women and youth). The Project will facilitate study tours and exchange visits amongst livestock-farming communities in order to share best practices in resilient livestock development, integrating local knowledge and promoting technologies for adaptation to climate change. The Project will also work with NGOs and CBOs in order to increase their capacity and knowledge so that they can ably continue implementing sustainable livestock development activities.

4.6.2 The Project will contribute to knowledge building through (i) M&E system which will be designed to generate information on implementation achievements, Project financing, disbursement trends, procurement, contractor performance, beneficiary participation, Project outputs and outcomes and sustainability, (ii) lessons learnt from supervision mission reports, MTR and PCR, and (iii) beneficiary impact assessment and final stakeholders' workshop which will provide feedback on key lessons and experiences. Depending upon the need, appropriate support (print and electronic media) and several communication channels (such as newspapers, mobile-phone-SMS and radio) will be used in order to enhance Project visibility. The Project has made adequate provision for periodic meetings of technical staff and other livestock stakeholders, including farmers, to jointly review progress of implementation which will provide good learning opportunity.

V. LEGAL INSTRUMENTS AND AUTHORITY

5.1. Legal Instruments

5.1.1 The Project will be financed using an ADF loan agreement signed between the Republic of Zambia (Borrower) and the African Development Fund (the "Fund").

5.2. Conditions Associated with Fund's Intervention

5.2.1 Condition Precedent to Entry into Force: The entry into force of the Loan Agreement shall be subject to fulfilment by the Borrower, of the provisions of Section 12.01 of the General Conditions applicable to the Fund Loan Agreements and Guarantee Agreements (Sovereign Entities).

5.2.2 Condition Precedent to First Disbursement: The obligations of the Fund to make the first disbursement of the Loan shall be conditional upon the entry into force of the Loan Agreement.

5.2.3 Other Conditions: The Borrower shall:

- a. submit to the Fund a withdrawal request with a Special Account denominated in USD, opened at the Bank of Zambia, in the name of the Project, for deposit of the proceeds of the Loan, and a corresponding local currency operating account at a bank acceptable to the Fund; and
- b. make timely provision of the resources required as counterpart contribution to financing of the Project to facilitate timely implementation of the Project.

5.3. Undertakings – The Borrower shall:

- a. carry out the Project in accordance with the Environmental and Social Management Plan (“ESMP”), the Bank Group Safeguards Policies, and the applicable national legislation in a manner and in substance satisfactory to the Fund;
- b. prepare and submit to the Fund, quarterly reports on the implementation of the ESMP, including any deficiencies identified and the corrective measures undertaken; and
- c. refrain from taking any action which would prevent or interfere with the implementation of the ESMP, including any amendment, suspension, waiver, and/or avoidance of any provision thereof, whether in whole or in part, without the prior written concurrence of the Fund.

5.4 Compliance with Bank Group Policies


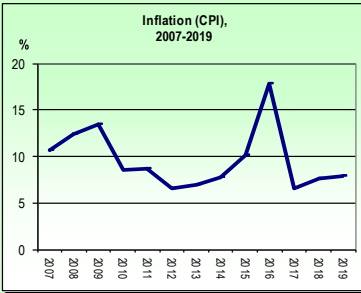
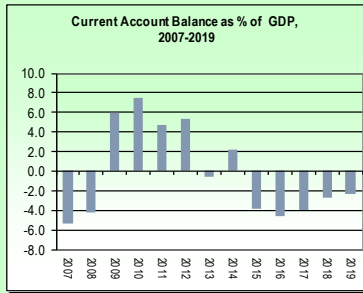
- This project complies with applicable Bank Group policies.

VI. RECOMMENDATION

Management recommends that the Board of Directors approve the award of an ADF Loan of **UA 7,500,000** to the Republic of Zambia, to finance the Project, under the terms and conditions stipulated in this report.

Appendix 1:

Zambia - Comparative Socio-economic Indicators

Indicators	Unit	2010	2014	2015	2016	2017	2018 (e)	2019 (p)
National Accounts								
GNI at Current Prices	Million US \$	18,371	27,827	25,290	22,736	22,237	...	...
GNI per Capita	US\$	1,326	1,781	1,571	1,370	1,301	...	...
GDP at Current Prices	Million US \$	20,265	27,163	21,249	21,031	25,704	23,887	24,919
GDP at 2000 Constant prices	Million US \$	6,217	7,767	7,994	8,294	8,634	8,975	9,356
Real GDP Growth Rate	%	10.3	4.7	2.9	3.8	4.1	4.0	4.2
Real per Capita GDP Growth Rate	%	7.2	1.6	-0.1	0.7	1.0	0.9	1.2
Gross Domestic Investment	% GDP	29.9	34.0	42.8	41.7	41.7	45.4	46.3
Public Investment	% GDP	2.2	4.8	6.0	3.8	3.8	4.4	4.6
Private Investment	% GDP	27.6	29.2	36.8	38.0	38.0	41.0	41.7
Gross National Savings	% GDP	37.4	36.1	38.9	37.3	38.3	41.2	42.3
Prices and Money								
Inflation (CPI)	%	8.5	7.8	10.1	17.9	6.6	7.6	7.9
Exchange Rate (Annual Average)	local currency/US\$	4.8	6.2	8.6	10.3	9.5	10.1	11.0
Monetary Growth (M2)	%	27.4	13.0	35.6	-9.1	18.4	...	...
Money and Quasi Money as % of GDP	%	24.2	29.0	35.9	27.6	28.9	...	...
Government Finance								
Total Revenue and Grants	% GDP	15.6	18.9	18.8	18.2	17.6	18.0	18.2
Total Expenditure and Net Lending	% GDP	18.1	24.6	28.1	23.9	25.4	25.1	24.9
Overall Deficit (-) / Surplus (+)	% GDP	-2.4	-5.7	-9.3	-5.7	-7.8	-7.1	-6.7
External Sector								
Exports Volume Growth (Goods)	%	20.1	-3.6	-11.4	-4.7	3.5	7.4	12.8
Imports Volume Growth (Goods)	%	32.8	-6.5	3.1	-7.2	12.6	4.0	4.4
Terms of Trade Growth	%	37.1	-2.2	-3.2	-1.7	13.9	-4.3	-7.0
Current Account Balance	Million US \$	1,525	581	-831	-955	-1,007	-639	-586
Current Account Balance	% GDP	7.5	2.1	-3.9	-4.5	-3.9	-2.7	-2.4
External Reserves	months of imports	4.1	3.0	3.0	2.9	2.2	2.4	...
Debt and Financial Flows								
Debt Service	% exports	3.7	6.5	8.0	9.7	10.8	12.9	15.8
External Debt	% GDP	15.8	28.0	72.6	82.1	73.2	77.9	81.3
Net Total Financial Flows	Million US \$	790	1,174	1,294	1,391	1,190	...	...
Net Official Development Assistance	Million US \$	919	998	797	964	1,023	...	...
Net Foreign Direct Investment	Million US \$	634	3,195	1,653	469	...	...	...
<div>    </div>								

Source : AfDB Statistics Department: African; IMF: World Economic Outlook, October 2018 and International Financial Statistics, October 2018;

AfDB Statistics Department: Development Data Portal Database, October 2018. United Nations: OECD, Reporting System Division.

Notes: ... Data Not Available (e) Estimations (p) Projections

Last Update: March 2019

Appendix 2: Bank's Portfolio in Zambia (July 2019)

No	Operations	Source of Funding	Nature	Sector	Approval date	Age (since approval)	Effect. Date	Actual First disbursement date.	Completion date	Loan Amount (UA million)	Disbursement % rate_31 March 2019
1	Botswana/Zambia -Kazungula Bridge Project	ADF	SO	Transport	12/7/2011	7.3	11/16/2012	2/25/2014	12/30/2020	51,000,000.00	20.77
2	Multinational - Nacala Road Corridor Development Project PHA	ADF	SO	Transport	12/3/2013	5.3	7/27/2015	1/27/2016	12/30/2020	5,000,000.00	35.26
3	Kariba Dam Rehabilitation	ADF	SO	Power	12/15/2014	4.3	11/16/2015	10/23/2018	6/30/2026	25,200,000.00	0.64
4	GAFFP-Agriculture Productivity and Market Enhancement Project	GAFFP Trust Fund	SO	Agriculture	3/26/2014	5.0	10/20/2014	11/12/2014	6/30/2020	22,453,264.45	64.68
5	Lake Tanganyika Development Project	ADB	SO	Agriculture	12/18/2014	4.3	11/5/2015	1/20/2016	6/30/2020	16,224,503.78	52.65
6	Lake Tanganyika Development Project	GEF	SO	Agriculture	12/18/2014	4.3	2/1/2017	4/12/2017	6/30/2020	5,050,541.49	16.77
7	Cashew Infrastructure Development Project (CIDP)	ADB	SO	Agriculture	11/4/2015	3.4	8/4/2016	8/25/2016	6/30/2022	32,467,766.72	36.01
8	Livestock Infrastructure Support Project (LISP)	ADF	NSO	Agriculture	6/19/2013	5.8	3/25/2014	7/23/2014	12/31/2019	12,000,000.00	81.15
7	Aquaculture Enterprise Dev. Project	ADB		Agriculture	11/18/2016	2.4	5/23/2017	6/7/2017	12/31/2022	32,753,100.67	13.04
8	GEF Climate Resilient Livestock Management Project	GEF	SO	Agriculture	9/21/2017	1.5	11/28/2017	6/1/2018	6/30/2021	4,480,551.81	20.33
9	Strengthening Climate Resilience In The Kafue Basin	SCF	SO	Environment	10/18/2013	5.5	7/21/2014	5/27/2016	6/29/2021	12,626,353.73	62.61
10	Strengthening Climate Resilience In The Kafue Basin	SCF	SO	Environment	10/18/2013	5.5	7/21/2014	10/6/2014	6/29/2021	14,790,871.51	59.34
11	Chinsali - Nakonde Road Rehabilitation Project (North-South)	ADB	SO	Transport	7/10/2015	3.7	7/19/2016	8/16/2016	6/30/2023	139,250,643.94	10.77
12	Chinsali - Nakonde Road Rehabilitation Project (North-South)	AGTF	SO	Transport	7/10/2015	3.7	10/4/2016	12/20/2018	12/31/2020	36,075,296.36	8.86
13	Lusaka Sanitation Program	ADB	SO	Water Sup/Sanit	6/24/2015	3.8	7/7/2016	9/12/2016	12/31/2020	36,075,296.36	25.24
14	Integrated Small Towns Water And Sanitation Project	ADB	SO	Water Sup/Sanit	11/18/2016	2.4	8/22/2017	6/7/2018	12/31/2021	78,581,375.05	0.69
15	Integrated Small Towns Water And Sanitation Project	ADF	SO	Water Sup/Sanit	11/18/2016	2.4	8/22/2017	1/9/2018	12/31/2021	7,070,000.00	10.33
16	Integrated Small Towns Water And Sanitation Project	AGTF	SO	Water Sup/Sanit	11/18/2016	2.4	8/22/2017	6/15/2018	12/31/2021	10,822,588.91	3.52

No	Operations	Source of Funding	Nature	Sector	Approval date	Age (since approval)	Effect. Date	Actual First disbursement date.	Completion date	Loan Amount (UA million)	Disbursement % rate_31 March 2019
17	Integrated Small Towns Water And Sanitation Project	ADB		Water Sup/Sanit	11/18/2016	2.4	4/27/2017	1/9/2018	6/29/2020	1,200,000.00	3.39
18	Transforming Rural Livelihoods In Western Zambia - National	ADB	SO	Water Sup/Sanit	9/10/2014	4.6	10/27/2015	12/28/2015	12/30/2021	11,183,341.87	40.17
19	Transforming Rural Livelihoods In Western Zambia - National	RWSSI	SO	Water Sup/Sanit	9/10/2014	4.6	9/10/2015	12/22/2015	12/31/2019	2,828,305.68	50.71
20	Transforming Rural Livelihoods In Western Zambia - National	OPEC	SO	Water Sup/Sanit	6/29/2015	3.8	6/27/2016		12/30/2021	10,101,082.98	0.00
21	Power Transmission Project	ADF	SO	Power	6/13/2012	6.8	2/10/2015	5/22/2015	12/31/2019	30,000,000.00	73.72
22	Power Transmission Project	NTF	SO	Power	6/13/2012	6.8	6/26/2015	12/8/2015	12/31/2019	6,400,000.00	67.56
23	Itezhi-Tezhi Hydropower Project	ADB	NSO	Power	6/13/2012	6.8	5/11/2015	5/22/2015	4/14/2018	24,961,748.99	100.00
24	Line of Credit to Development Bank of Zambia	ADB	NSO	Finance	9/21/2016	2.5			5/20/2018	14,980,380.57	0.00
25	Line of Credit to Development Bank of Zambia	ADB	NSO	Finance	9/21/2016	2.5	7/31/2018	8/17/2018	6/30/2019	18,037,648.18	2.00
26	Line of Credit to FRB Subsidiary, First National Bank of Zambia	ADB	NSO	Finance	12/12/2012	6.3	6/2/2015	6/10/2015	3/26/2016	31,723,172.61	100.00
27	Zambia National Building Society (ZNBS)	ADB	NSO	Finance	11/8/2017	1.4	6/7/2018		3/31/2021	16,876,925.02	0.00
28	Support for Science and Technology Education Project (SSTEP)	ADF	SO	Social	11/20/2013	5.4	1/7/2015	1/26/2015	12/30/2020	22,220,000.00	51.16
29	Education for Sustainable Development in Africa (ESDA-NMRM)	ADF	SO	Social	12/14/2016	2.3	5/23/2017	7/19/2017	12/31/2019	1,220,000.00	75.94
30	Skills Development and Entrepreneurship Project -	ADB	SO	Social	10/14/2015	3.5	6/29/2016	8/18/2016	12/31/2020	21,645,177.82	20.64
31	Institutional Support Project	ADF	SO	Governance	2019						0
	TOTAL									510,482,924.62	30.08%

Appendix 3: Government Request for this Project (July 2019)



MINISTRY OF FINANCE
OFFICE OF THE MINISTER
(Website: www.mofip.gov.zm, email: treasury@mofip.gov.zm)

REF:

MF/IDM/101/24/183

10th July, 2019

Ms. Mary Monyau
Resident Representative
African Development Bank
Zambia Country Office
P.O Box 51449
LUSAKA

RE: ZAMBIA – ENHANCED LIVESTOCK INFRASTRUCTURE MANAGEMENT PROJECT

Reference is made to your letter COZM/LTR/MW/LMB/06/0001 dated 3rd June, 2019 regarding the above subject matter.

I wish to acknowledge the significant progress and merits that the Livestock Infrastructure Support Project has achieved in developing various livestock production, disease control and marketing infrastructure in Muchinga and Northern provinces.

Further, I note the proposal by Ministry of Fisheries and Livestock to extend support to the project, in order to consolidate gains, implement improved institutional management of the infrastructure and leverage private sector investments in livestock infrastructure development.

In view of the importance of this project, I have the honour to submit to the African Development Bank a request to apply the unutilized ADF allocation of UA 4,704 million towards the Zambia – Enhanced Livestock Infrastructure Management Project.

On behalf of the Government of Zambia, I wish to thank you for your continued support.

Yours faithfully,

Margaret Mwanakatwe, MP
MINISTER OF FINANCE

CC: Hon. Kampamba Mulenga, MP
Minister of Fisheries and Livestock
LUSAKA



Appendix 4: On-going Projects Financed by the Bank and Other Development Partners
(July 2019)

Donor Agency	Program Title	Project Coverage	Total Budget (USD)	Implementation Organization
AfDB	GAFSP-Agriculture Productivity and Market Enhancement Project	Six districts in Southern, Lusaka and Central provinces	31.12m	Ministry of Agriculture
	Lake Tanganyika Development Project	Mpulungu, Nsama in Northern province	27.00m	Ministry of Water, Sanitation and Environmental Protection
	Livestock Infrastructure Support Project	Northern and Muchinga Provinces	18.00m	Ministry of Fisheries and Livestock
	Irrigation development and Support project	3 Sites	115.00m	Ministry of Agriculture
	GEF Climate Resilient Livestock Management Project	Northern and Muchinga Provinces	7.00m	Ministry of Fisheries and Livestock
	Aquaculture Enterprise Dev. Project	Southern, Northern, Luapula, Lusaka and North-Western provinces	45.00m	Ministry of Fisheries and Livestock
	Strengthening Climate Resilience In The Kafue Basin	Southern, Central and Lusaka provinces	38.00m	Ministry of National Development Planning
Norway	Conservation Agricultural Program Phase II	AEZ 1&2	28.00m	Conservation Farming Unit (CFU)
	Expanded Food Security Pack	AEZ 2	2.57m	Min of Community Development, Mother and Child Health
	Community Markets for Conservation - COMACO	Eastern Province	8.60m	Wildlife Conservation Society/COMACO
European Union	Agricultural Sector Performance Enhancement Programme	Nationwide	11,66m	Ministry of Agriculture and Livestock
FAO	Integrated Land Use Assessment II	Nationwide	3.95m	Ministry of Land, Natural Resources & Environmental Protection Forestry Department
	UN-REDD Programme – Zambia Quick Start Initiative	Nationwide	2.18m	Ministry of Land, Natural Resources & Environmental Protection Forestry Department
IFAD	Smallholder Livestock Investment Project (E-SLIP)	North-Western, Western, Southern, Eastern and Northern	46.30m	Ministry of Agriculture and Livestock
	Smallholder Agribusiness Promotion Programme (E-SAPP)	20-30 districts	24.50m	Ministry of Agriculture and Livestock
	Smallholder Productivity Promotion Programme (S3P) (co-financed by Finland)	Luapula and Northern Provinces	39.90m	Ministry of Agriculture and Livestock
World Bank	Livestock Development and Animal health project	Selected provinces	64.75 m	Ministry of Fisheries and Livestock
	Agriculture Development Support Program	National	37.20m	Ministry of Agriculture
JICA	Rural Extension Service Capacity Advancement Project (RESCAP)	Northern, Western and Lusaka provinces	9.00m	Ministry of Agriculture
	Rural and Agriculture Development Advisor	Nationwide	1.30m	Ministry of Agriculture
	Food Crop Diversification Support Project Focusing on Rice (FoDiS-R)	Muchinga, N/P& WP and follow up in EP, SP, WP & Lusaka P	3.10m	Ministry of Agriculture
	Technical Cooperation Project for Community based Smallholder Irrigation (T-COBSI)	Luapula, Northern, Muchinga, Copperbelt and North Western Provinces	5.80m	Ministry of Agriculture and Livestock
USAID	Production, Finance & Technology (PROFIT +)	Eastern Province	24.00m	ACDI/VOCA
	Food Security Research Project (FSRP), Phase III	Nationwide	12.49m	Michigan State University (MSU), Indaba Agricultural Policy Research Institute (IAPRI)
	Expanding Impact in USAID Supported Value Chains	Eastern Province	1.99m	Action for Enterprise (AFE)
	Horticulture Global Development Alliance	Eastern Province and Peri-urban Lusaka	4.80m	ASNAPP, Freshmark, Freshpikt, Stellenbosch University and CETZAM
	Zambia Agriculture Research and Development Project	Eastern province	18.00m	CGIAR: IITA, CIMMYT, ICRISAT, CIP, CIAT, World Fish Center, Harvest Plus,
	Milk for schools	Nationwide	0.63m	Ministry of Agriculture
	Disaster Risk Management	Nationwide	0.78m	DMMU, FAO
	Food Security for vulnerable groups	Nationwide	15.48m	UNHCR,
DfID	Support to Musika - Making Agricultural Markets Work for Zambia	Nationwide	7.14m	Musika
	Access to Finance (includes rural finance)	Nationwide	21.43m	Bank of Zambia and FIs

Appendix 5a: Summary Description of Project Components, Sub-components and Activities

Notes: (i) Unless stated, for each activity, the Project is targeting at least 50% of the beneficiaries to be women; and (ii) details of the Project activities are provided in Appraisal Report II Technical Annex C.

No	Activity/Item Description (Note: major activity under each Sub-component)	Unit	Annual and Total Quantities			
			PY1	PY2	PY3	Total
1	Component 1 TAAT-based Livestock Production and Productivity					
1.1	Sub-component 1.1: Range and Pasture Improvement					
	<i>Equipment and Seeds (Pasture Improvement)</i>					
1.1.1	SLIMP - Procure and Distribute Pasture Seeds	Kg	150	100	-	250
1.1.2	IFAD ESLIP-Procure and Distribute Pasture Seeds, for Multiplication	Kg	250	-	-	250
1.1.3	IFAD ESLIP-Procure and Distribute Pasture Seeds, for Scaling-up Production	Kg	200	-	-	200
1.1.4	IFAD ESLIP-Procure Equipment, for Pasture Seed Production	Set	10	-	-	10
	<i>Equipment and Seeds (Rangeland Improvement)</i>					
1.1.5	SLIMP-Procure and Distribute Rangeland Seeds	Kg	100	100	-	200
1.1.6	IFAD ESLIP - Procure and Distribute Rangeland Seeds	Kg	500	-	-	500
	<i>Training and Technical Support</i>					
1.1.7	SLIMP-Establish Community Rangeland Management Committees	No	25	-	-	25
1.1.8	BENEF/FC-Improve Rangelands (oversow rangelands with seeds)	Hectare	750	-	-	750
1.1.9	SLIMP-Supervise Staff/farmers in Rangeland Improvement	LS	1	1	1	3
1.1.10	SLIMP-Train Pasture Seed Producers	No	100	50	25	175
1.1.11	SLIMP-Seed Inspection and Certification	LS	1	-	-	1
1.1.12	SLIMP-Identify (map & select) Beneficiaries for Pasture Production	No	1,000	400	-	1,400
1.1.13	SLIMP-Reproduce Pasture Production Manual (ex-LISP)	No	1,000	-	-	1,000
1.1.14	SLIMP-Train Lead (trainers) Livestock Farmers	No	50	50	50	150
1.1.15	SLIMP-Establish/conduct Demonstrations on Pasture	No	50	50	50	150
1.2	Sub-component 1.2: Livestock Breed and Dairy Improvement/Development					
	<i>Equipment and Livestock (Livestock Breed Improvement)</i>					
1.2.1	IFAD ESLIP-Procure Beef-Cattle and Goats for Stocking/restocking	No	250	250	-	500
1.2.2	IFAD ESLIP-Procure Livestock for Stocking/restocking at Breeding Centres	No	60	-	-	60
	<i>Equipment and Livestock (Dairy Improvement)</i>					
1.2.3	SLIMP-Procure Dairy Animals for Stocking/Restocking Milk Collection Centres (MCC)	No	600	-	-	600
1.2.4	SLIMP-Procure Improved Breeds for Dairy Multiplication Centres	No	150	-	-	150
1.2.5	IFAD ESLIP-Procure Dairy Animals for Stocking/restocking at MCC	No	100	-	-	100
	<i>Technical Support and Training</i>					
1.2.6	Support Breed and Dairy Improvement Activities	LS	1	1	1	3
1.2.7	Train Lead (trainers) Breeders/farmers in Animal Husbandry	No	300	300	-	600
1.2.8	Train Livestock Extension Assistants in Sustainable Animal Husbandry Practices	No	50	50	50	150
1.2.9	Train Artificial Insemination (AI) Technicians	No	20	-	-	20
1.2.10	Train Dairy Farmers in Sustainable Fodder Production & utilisation	No	120	60	-	180
1.2.11	Train Dairy Farmers in Milk Handling (hygiene, milking, storage, transportation)	No	120	120	120	360
1.2.12	Recruit NGO to carry out Livestock Pass-on-the-gift Scheme	LS	1	1	1	3
1.3	Sub-component 1.3: Disease Surveillance and Management					
	<i>Disease Surveillance</i>					
1.3.1	Train lead farmers in diseases recognition and reporting	No	100	100	60	260
1.3.2	Train/sensitise Extension Workers on Diseases Recognition & Reporting	No	40	40	40	120
1.3.3	Produce Annual Livestock Disease Map, Linked to NALEIC	No	1	1	1	3
1.3.4	Collect & Analyse Samples at DV and RV Laboratories	No	7,000	7,000	5,000	19,000
1.3.5	Conduct Staff Training in Laboratory Diagnostics	No	25	25	-	50

No	Activity/Item Description (Note: major activity under each Sub-component)	Unit	Annual and Total Quantities			
			PY1	PY2	PY3	Total
1.3.6	Train Staff in Meat Inspection (disease surveillance and public health) at slaughter slabs	No	30	30	-	60
	<i>Disease Management</i>					
1.3.7	Sensitise lead farmers on effective routine animal health practices	No	60	60	60	180
1.3.8	Establish a Livestock Production, Animal Health and Marketing information platform	No	1	1	1	3
1.3.9	Develop and distribute Livestock Disease Control Calendar to farmers and key stakeholders	No	8,000	8,000	8,000	24,000
1.3.10	Train extension staff in sustainable animal health practices	No	75	75	-	150
2	Component 2: Infrastructure Development, Management and Commercialisation					
2.1	Sub-component 2.1: Infrastructure Development, Commercialisation and Utilisation					
	<i>Infrastructure Development – Northern & Muchinga Provinces</i>					
2.1.1	Infrastructure Preparatory Activities - including Community Mobilisation	LS	1	-	-	1
2.1.2	Construct LSC Tier 1+ (New, including low cost house).	No	5	-	-	5
2.1.3	Upgrade of existing LSC T1 to Tier 1+ (including low cost house), where applicable (demand driven)	No	5	-	-	5
2.1.4	Construct one slaughter slab including hide/skins facilities at existing Mbala and Nakonde markets	No	2	-	-	2
2.1.5	Construct Demand-driven Community-level Hides/skins Processing Facilities (preferably for women/youth groups)	Number	4	-	-	4
2.1.6	Construct one incinerator at existing 2 Regional veterinary laboratories, and 4 District veterinary laboratories	No	6	-	-	6
2.1.7	Construct structure sets (2no low cost houses and appropriate storeroom, at existing 2 Milk Collection and Processing Centres in Kasama and Mpika).	Sets	2	-	-	2
2.1.8	Construct maize (hammer mills) processing facility including storeroom, at LSC Tier 3 (equipment is already available on site – bought by the Government)	No	2	-	-	2
2.1.9	Construct Storage Shed at LSC Tier 3 (2no)	No	2	-	-	2
	<i>Infrastructure Development – Eastern Province</i>					
2.1.10	Infrastructure-Preparatory Activities including Renovation Inventory	LS	1	-	-	1
2.1.11	Maintenance of Eastern Province Livestock Market Centres	No	5	-	-	5
	<i>Infrastructure Commercialisation and Utilisation</i>					
2.1.12	Develop business plans and investment promotion packages, for potential investors (LSC Tier 3, dairy, poultry, milk collection & processing centres, and market centres).	No	5	-	-	5
2.1.13	Facilitate development business plan and of package for improvement and management of Eastern Province livestock market centres (ex-AfDB ASIP), using potential private investors.	No	1	-	-	1
2.1.14	Facilitate selection of private partners (tendering, evaluation etc).	LS	1	1	-	2
2.1.15	Develop alternative management system for infrastructure which will not be taken up by private sector.	No	1	-	-	1
2.1.16	Support matching fund for private partners	LS	0.5	0.5	-	1
2.1.17	Provide oversight management support for community-managed infrastructure	LS	1	1	1	3
2.1.18	Provide training and business advisory services (MFL-Marketing Department).	Session	4	4	2	10
2.1.19	Recruit TA Commercialisation/PPP/Investment Expert (max 1 year)	LS	1	-	-	1
2.1.20	Technical support to farmer organisations to close the gaps on capacity.	LS	1	1	-	2
2.2	Sub-component 2.2 Livestock Market Development					
2.2.1	Establish and operationalise (national) marketing information system (MIS), and link it to Fisheries Livestock Information System (FLIS)	LS	1	1	1	3
2.2.2	Collect and analyse marketing information data (M&E)/(annual)	LS	1	1	1	3
2.2.3	Disseminate information using community radios (annual) and notice/information boards	LS	1	1	1	3
2.2.4	Conduct market identification and profiling.	LS	1	-	-	1
2.2.5	Promote market days.	LS	2	2	2	6

No	Activity/Item Description (Note: major activity under each Sub-component)	Unit	Annual and Total Quantities			
			PY1	PY2	PY3	Total
2.2.6	Promote contract marketing (guidelines, workshop, backstopping, etc)	LS	1	1	1	3
2.2.7	Conduct study tours, for entrepreneurs, on livestock products (meat and milk) processing, packaging, and utilisation.	No	-	1	-	1
2.2.8	Support entrepreneurs on livestock products meat and milk processing, packaging and marketing (matching-fund)	No	1	-	-	1
2.2.9	Production of Matching Fund Manual (CEEC – linked to sub-component 2.3)	No	-	-	-	-
2.2.10	Support Fund Manager and TA - Business Development and Management (CEEC – linked to sub-component 2.3)	Month	-	-	-	-
2.3	Sub-component 2.3 Promotion of PPP Investments (SAPZ)					
2.3.1	Establish and Support Revolving Matching Fund for Private Partners (CEEC)	LS	1	-	-	1
2.3.2	Profile Investment Packages - Lufwanyama (SAPZ)	LS	1	-	-	2
2.3.3	Facilitate Selection of Private Sector Partners (tendering, evaluating bid documents) - All	Month	12	12	-	24
2.3.4	Conduct Market-Sounding Meetings for Selection of Viable Project Proposals	Month	12	12	-	24
2.3.5	Cashew-Conduct Market Sounding Meetings with Private Sector	Month	12	12	-	24
2.3.6	Recruit Consultant - Profile Investment Packages (Rice processing in Chambeshi, Chitambo and Mongu)	LS	1	-	-	1
2.3.7	Recruit Consultant - Profile Investment Packages (Poultry and Ruminants)	LS	1	-	-	1
2.3.8	Recruit Consultant - Profile Investment Packages (Horticulture - Pineapple, Tomato and other)	LS	1	-	-	1
2.3.9	Recruit Consultant - Profile Investment Packages (Cashew processing in Mongu)	LS	1	-	-	1
2.3.10	Recruit Consultant - Profile Investment Packages (Irrigation - USIP) - 5 viable sites	LS	1	-	-	1
2.3.11	Recruit Consultant-Investment Analyst to Support MoA & MFL	Month	6	6	3	15
2.3.12	Support to MoA Staff (SAPZ)	LS	1	1	1	3
2.3.13	Support MFL Staff (Poultry and Small Ruminants) /m	LS	1	1	1	3
2.3.14	Support Fund Manager (CEEC)	LS	1	1	1	3
2.3.15	Recruit Consultant/TA Commercialisation/PPP/Investment Expert	Month	12	12	-	24
2.3.16	Develop Model Matching Fund Packages (CEEC)	Month	3	-	-	3
2.3.17	Beneficiary Awareness/Sensitisation & Training on CEEC Matching Fund	LS	4	4	-	8
2.3.18	Create Awareness and Facilitate Private Investors' Access to AfDB Private Sector Window	LS	4	4	4	12
2.3.19	Production of Matching Fund Manual (CEEC)	No	1	-	-	1
3	Component 3: Institutional Support and Capacity Building					
3.1	Sub-component 3.1: Project Coordination					
3.1.1	Support Project Coordination Unit (Kasama, Northern Province)	Months	12	12	12	36
3.1.2	Procure assorted PCU vehicles, furniture, and equipment	Set	2	-	-	2
3.1.3	Facilitate production of annual financial audit reports.	No	1	1	1	3
3.1.4	Facilitate production of Procurement Plans	No	1	1	1	3
3.1.5	Facilitate production of Annual Work Plan Budgets (AWPB)	No	1	1	1	3
3.1.6	Facilitate Project Steering Committee (PSC) meetings.	No	1	1	1	3
3.1.7	Operation costs (office operations, vehicle maintenance, etc)	Months	12	12	12	36
3.2	Sub-component 3.2: Women/Youth Empowerment, and Nutrition Education					
	<i>Women/Youth empowerment</i>					
3.2.1	Train lead (trainers) women/youths in governance, gender and group dynamics	No	125	100	60	285
3.2.2	Train women/youths in range and pasture management; livestock breed improvement; dairy production; livestock disease management and surveillance;	No	150	100	100	350
3.2.3	Support/empower women/youth groups through the pass-on-a-gift scheme (small ruminants and poultry) – business development	Groups	25	20	-	45
3.2.4	Support/empower women/youths groups for hides and skins value addition/development of leather products	Groups	3	5	3	11
3.2.5	Support/empower households (HH) with clean cooking solutions using small-scale household-type biogas-digesters	HH	4	-	-	4
3.2.6	Facilitate Entrepreneurship Training (Women/Youth Groups)	LS	1	1	1	3

No	Activity/Item Description (Note: major activity under each Sub-component)	Unit	Annual and Total Quantities			
			PY1	PY2	PY3	Total
	<i>Nutrition Education</i>					
3.2.7	Recruit Nutrition Consultant (Short-term, Part-time)	Month	3	3	3	9
3.2.8	Train Women/youth in Nutrition-Sensitive Livestock Production	No	200	200	100	500
3.2.9	Develop different types of information, education and communication (IEC) materials	Set	1	1	-	2
3.2.10	Develop and print livestock products recipe guide	No	1,000	-	-	1,000
3.2.11	Support Households in Nutrition-related Activities including Campaigns	HH	300	300	100	700
3.2.12	Form and Empower Girls Nutrition Clubs	No	6	6	6	18
	<i>Equipment</i>					
3.2.13	Procure Assorted Training and IGA Equipment - for Women /Youth Groups	Set	2	2	-	4
3.2.14	Procure Assorted Equipment for Hides/Skins Processing	Set	2	2	-	4
3.2.15	Procure Animals for Women/youth Groups-Pass-on-a-Gift Scheme (NGO)	Set	1	1	-	2
3.2.16	Procure Assorted Equipment for Girls Nutrition Clubs' Operations	Set	1	1	1	3
3.2.17	Procure Low Cost Biogas Digester for Rural Household s (Women)	No	4	-	-	4
3.3	Sub-component 3.3: Knowledge Management, Monitoring and Evaluation					
3.3.1	Update ex-LISP Project Implementation Manual (PIM)-1no	Month	2	-	-	2
3.3.2	Update and Strengthen ex-LISP Participatory M&E System- 1no	Month	2	-	-	2
3.3.3	Update ex-LISP Baseline Survey Report (1no)	Month	2	-	-	2
3.3.4	Conduct Mid-Term Review (1no)	Month	-	6	-	6
3.3.5	Conduct Beneficiary Impact Assessment (1no)	Month	-	-	6	6
3.3.6	Project Completion Technical Review (PCR) – 1no	Month	-	-	6	6
3.3.7	ESMP-Environmental Specialist (1no)	Month	3	3	3	9
3.3.8	Carry out Training Needs Assessment	No	1	-	-	1
3.3.9	Technical Support to Farmer Organisations	LS	1	1	1	3
3.3.10	Contribute to Formulation of NAIP (1no)	LS	1	-	-	1
3.3.11	Support Development of Livestock Development Policy -1no	LS	1	1	-	2
3.3.12	Undertake Policy Advocacy for Private Sector Investment in Livestock	Month	1	1	1	3
3.3.13	Project Technical Launch (One Province)	No	1	-	-	1
3.3.14	Preparation of Annual Work Plan and Budget (AWP&B)	No	1	1	1	3
3.3.15	Project Visibility (including Adverts, Posters, Flyers etc)	No	1	1	1	3
3.3.16	Annual Progress Review Meetings	No	1	1	1	3
3.3.17	Portfolio Review Meeting (Quarterly)	No	4	4	4	12
3.3.18	Promote Information Education and Communication (IEC)	LS	1	1	1	3
3.3.19	Knowledge Management (Data collection and dissemination)	No	1	1	1	3
3.3.20	M&E Training, Data Collection and Processing for QPR	Month	4	4	4	12
3.3.21	Support Project Steering Committee (PSC) Meetings	No	2	2	2	6
3.3.22	Implementation of ESMP Activities (various/PY)	LS	1	1	1	3
3.3.23	Support MFL HQ Supervision (various/PY)	LS	1	1	1	3


Appendix 5b: Proposed Livestock Infrastructure and State of Readiness

No	Type of Livestock Infrastructure (<i>Information provided by MFL</i>)	Status of Designs/Construction Drawings and BoQs	Tender Documents
1	Construction of Livestock Service Centres (LSC) Tier 1+	Standard Designs/construction drawings & Bills of Quantities (BoQ) are available (ex-LISP)	Yes (Ready to be tendered out)
2	Laboratory Incinerator		
3	Construction of low cost houses		

Appendix 6: Government Letter (IFAD E-SLIP)

AS Communications should be addressed to the
Permanent Secretary
Telephone +260 211 281374
Fax +260 211 281375

in Reply Please Quote: _____



REPUBLIC OF ZAMBIA


MINISTRY OF FISHERIES AND LIVESTOCK
MULUNGUSHI HOUSE, INDEPENDENCE AVENUE
P. O. BOX 50060
15100 RIDGEWAY
LUSAKA-ZAMBIA

Monday, 23 September 2019

The Country Representative
African Development Bank
Country Office
LUSAKA

SUBJECT: CO-FINANCING OF LIVESTOCK ACTIVITIES AMONG DONOR FUNDED PROJECTS – ENHANCED SMALLHOLDER LIVESTOCK INVESTMENT PROGRAMME AND SUSTAINABLE LIVESTOCK INFRASTRUCTURE MANAGEMENT PROJECT

As a matter of policy, the Ministry of Fisheries and Livestock intend to adopt a coordinated and integrated approach to implementation of donor funded projects and programmes within the Ministry. In this regard, the Ministry welcomes the proposal from the African Development Bank Appraisal Mission to Co-finance the livestock activities of Sustainable Livestock Infrastructure Management Project (SLIMP) in Northern and Muchinga Provinces with the IFAD funded Enhanced Smallholder Livestock Investment Programme (E-SLIP). The Ministry supports the provision of Livestock and the Development of Rangeland Plans under the stocking and restocking programme (416,000 UA) to the implementation of the SLIMP.



Dr. David Shamulenge
Permanent Secretary
MINISTRY OF FISHERIES AND LIVESTOCK

Appendix 7: ADF Loan Amount by Categories of Expenditure
(For Loan Agreement and Disbursement Letter)

Category of Expenditure	Amount (UA)		
	Foreign Cost	Local Cost	Total Cost
A. Goods	521,000	955,300	1,476,300
B. Works	894,100	14,000	908,100
C. Services	1,774,500	2,501,900	4,276,400
D. Operating Costs	0	839,200	839,200
Total Project Cost	3,189,600	4,310,400	7,500,000

Appendix 8a: Map of Zambia Showing the Project Area/Provinces



Appendix 8b: Project Provinces-Districts and Associated Existing Livestock Infrastructure (July 2019)

No	Province	District	LSC Tier 1 (GEF CRLMP)	LSC Tier 1+	LSC Tier 2	Milk Collection and Processing Centres	Livestock Market Centres	Livestock Slaughter Facilities	Feeder Roads (km)	Regional Veterinary Laboratories	District Veterinary Laboratories	Veterinary Quarantine Stations	LSC Tier 3	Veterinary Check Points
1	Muchinga	1. Mafinga	3	1	0	0	0	0	0	0	0	0	0	0
		2. Isoka	2	0	1	0	0	0	0	1	0	0	0	0
		3. Mpika	2	1	1	1	0	0	0	0	1	0	0	1
		4. Nakonde	2	0	0	0	1	1	0	0	1	1	0	0
		5. Chinsali	1	0	0	0	0	0	0	0	1	0	1	0
		Sub-total	10	2	2	1	1	1	0	1	3	1	1	1
2	Northern	1. Mbala	0	1	1	1	1	0	0	0	1	1	0	1
		2. Kasama	0	0	0	1	0	1	5	1	1	0	1	0
		3. Mungwi	1	0	0	0	0	0	0	0	1	0	0	0
		4. Mporokoso	4	1	0	0	0	0	0	0	1	0	0	0
		Sub-total	5	2	1	2	1	1	5	1	4	1	1	1
3	Eastern	1. Nyimba	0	0	0	0	1	0	0	0	0	0	0	0
		2. Petauke	0	0	0	0	1	0	0	0	0	0	0	0
		3. Katete	0	0	0	0	1	0	0	0	0	0	0	0
		4. Chipata	0	0	0	0	1	0	0	0	0	0	0	0
		5. Lundazi	0	0	0	0	1	0	0	0	0	0	0	0
		Sub-total	0	0	0	0	5	0	0	0	0	0	0	0
Total			15	4	3	3	7	2	5	2	7	2	2	2

Appendix 8c: Provincial Livestock Population Data

Type of Livestock kept	Eastern	Muchinga	Northern
Cattle (Number)	601,921	85,162	48,530
Goats (Number)	359,247	159,698	215,520
Sheep (Number)	30,524	3,755	3,781
Pigs (Number)	306,527	67,357	53,250
Village Chickens (Number)	2,013,521	1,151,682	1,300,216
Broiler Chickens (Number)	366,340	178,554	143,553
Layer Chickens (Number)	21,244	22,221	8,196

Source: 2017-18 Livestock Aquaculture Census

Appendix 8d: Livestock Production Growth Trends in Target Area (2010-2018)

Province	Year	Cattle	Goats	Sheep	Pigs	Chickens
Eastern	2010	310,170	113,331	14,881	163,943	1,422,511
	2011	314,823	115,031	15,104	166,402	1,443,849
	2018	601,921	359,247	31	306,527	2,379,882
Muchinga	2010	68,000	64,505	13,763	35,288	1,422,468
	2011	73,930	70,227	14,210	31,870	1,333,296
	2018	85,162	159,698	3,755	67,357	1,352,457
Northern	2010	35,633	42,949	1,222	24,284	1,378,736
	2011	36,557	31,729	1,632	20,334	1,364,390
	2018	48,530	215,520	3,781	53,250	1,451,965

Source: 2017-18 Livestock Aquaculture Census