

**COUNTRY LEVEL EVALUATION**  
**Zambia**

**Final Report**

**Volume 3: Annex XI**

**September 2012**

*Evaluation carried out on behalf of the Commission of the European Union*





---

Consortium composed by  
ECO Consult, AGEG, APRI, Euronet, IRAM, NCG  
Leader of the Consortium: ECO Consult  
Contact Person: Dietrich BUSACKER  
Dietrich.Busacker@eco-consult.com

**Contract No EVA 2007/geo-acp**

This evaluation is mandated by

The Evaluation Unit for  
EuropeAid Development and Co-operation Directorate General  
(DG DEVCO)  
of the Commission of the European Union

This evaluation is managed by the Evaluation Unit, which also chairs the Reference Group made up of members of DG DEVCO, the EU Delegation in Zambia, and the Embassy of Zambia

**The opinions expressed in this document represent the views of the authors, and are not necessarily shared by the Commission of the European Union or by the authorities of the countries concerned.**

## Table of Contents Volume 3 – Annex XI Information Matrix

Page

<b>EQ1: To what extent have the EU interventions through budget support contributed to improve the framework for public policy, expenditure and aid management? .....</b>	<b>1</b>
JC 1.1: GBS and SBSs induced an increase in size and share of EU funding subject to government's budgetary processes .....	6
JC 1.2: GBS and SBSs improved the predictability of aid flows overall, and particularly of EU contribution .....	8
JC 1.3: GBS and SBSs facilitated the establishment of a framework of policy dialogue, focused on key government strategies and priorities .....	11
JC 1.4: GBS and SBS facilitated the delivery of strategic and demand driven non-financial inputs (e.g. TA and capacity development) that are aligned to government priorities .....	16
JC 1.5: GBS and other EU interventions have assisted in improving core indicators for primary education service delivery .....	22
<b>EQ2: To what extent have the EU interventions (GBS, SBSs and capacity development programme) enabled a private sector led development? .....</b>	<b>23</b>
JC 2.1: Support to PEMFA enhanced predictability and transparency in public investment and expenditure .....	32
JC 2.2: Support to PEMFA enhanced fiscal discipline .....	35
JC 2.3: Support to PSD improved the policies and regulatory framework in which the private sector operates .....	39
JC 2.4: Capacity building initiatives supplied the qualified human resources needed by the private sector .....	40
<b>EQ3: To what extent have the EU interventions contributed to improve in a sustainable manner the institutional framework of transport infrastructure management and transport operations regulation? .....</b>	<b>23</b>
JC 3.1: The transport sector policy and programming framework have improved in line with EU performance assessment framework .....	49
JC 3.2: The financing framework for transport infrastructures maintenance and expansion is viable and sustainable, in line with EU performance assessment framework .....	56
JC 3.3: Institutional performance of transport sector management has improved at all administrative levels .....	63
JC 3.4: Transport sector agencies improved in a sustainable way the quality of their human resources .....	64
JC 3.5: EU has contributed to set donors coordination mechanisms in place in support to policy dialogue .....	67
<b>EQ4: To what extent have EU interventions in the transport sector contributed to improve the economic accessibility: locally (to marketing and inputs for agriculture products) and at country level (to external markets)? .....</b>	<b>68</b>
JC 4.1: The maintenance of road, and rail networks and airports has improved in line with EU performance assessment framework .....	73
JC 4.2: The extension of infrastructure networks has improved Zambia's connectivity .....	76
JC 4.3: Access to rural areas and external markets has improved .....	78
JC 4.4: Passenger and freight transport has improved .....	80
JC 4.5: Transport operator's benefits from EU road interventions were passed on to customers .....	84
<b>EQ5: To what extent EU interventions in the health sector contributed to improve the health status of the population, in particular regarding fight against HIV? .....</b>	<b>85</b>
JC 5.1: EU support contributed to increase Service Utilisation and Intervention Coverage .....	98
JC 5.2: EU support contributed to enhanced service availability & quality related to infrastructure, equipment and drugs .....	111
JC 5.3: EU support contributed to enhanced service availability & quality related to health care workers .....	124
JC 5.4: EU support contributed to increased affordability of health care .....	135

<b>EQ6: To what extent have EU interventions contributed to enhance democratic governance?</b> .....	<b>137</b>
JC 6.1: The legal and regulatory framework for civil society is conducive to CSOs involvement in policy processes .....	146
JC 6.2: The presence and interface of CSOs with the population and the government is ensured.....	155
JC 6.3: CSOs become sustainable entities operating in all relevant policy areas and in complementarity with other NSAs .....	168
JC 6.4: The EU support has contributed to that the electoral process was transparent and well organised.....	173
JC 6.5: The EU has ensured the overall coherence of its interventions for reinforcing civil society capacity in relation to governance processes .....	187
JC 6.6: Cross-cutting issues advocacy and implementation are supported by CSOs supported by the EU.....	197
Evaluation Focus Group Discussion with Civil Society Organisations (CSOs).....	205
Portfolio Analysis of EU Funding of CSO Interventions in Zambia 2001-2010 .....	210
<b>EQ7: To what extent have EU interventions contributed to promote smallholder agricultural growth and food security?</b> .....	<b>228</b>
JC 7.1: Access of smallholders to agricultural inputs improved in pilot provinces .....	235
JC 7.2: Production and productivity increased in pilot province and overall .....	240
JC 7.3: Value chain/value addition was developed .....	242
JC 7.4: Food security increased in rural districts, and particularly in districts supported by EU Food Facility .....	245
JC 7.5: The improvement of urban markets infrastructure supported smallholders production.....	248
JC 7.6: The food security policy and programming framework has improved.....	252
<b>EQ8: To what extent was the EU aid modality combination appropriate to the national context and the EU development strategy?</b> .....	<b>254</b>
JC 8.1: Several options of aid modalities have been discussed for aid activities by sector .....	274
JC 8.2: Emerging issues were incorporated quickly and effectively into EU programming and policy dialogue.....	289
JC 8.3: The synergy between aid modalities has been discussed both within each focal sector and overall .....	298
JC 8.4: Combinations of instruments and approaches were defined to suit partners' capacity more than regulations of each financing modality .....	305
JC 8.5: Combining EU aid modalities was an inclusive internal strategic process.....	311
JC 8.6: Aid modality combinations were the result of complementarity with other donors .....	325
Aid Modalities Differentiated Portfolio Analysis of EDF Funding to Zambia 2001-2010 .....	331
<b>EQ9: To what extent has the EU cooperation on national and regional level addressed the needs of the population as well as the policy priorities of the GRZ?</b> .....	<b>354</b>
JC 9.1: The objectives of the strategy reflect the views and priorities of GRZ with respect to a comprehensive policy dialogue with the EU.....	368
JC 9.2: The objectives of the programmes correspond to needs of the population .....	383
JC 9.3: The selection of focal sectors of intervention and subsequent changes in the EU strategy were taken on the basis of the comparative advantages of the EU (e.g. experience and expertise in the sectors)? .....	389
JC 9.4: The EU's co-operation strategy for Zambia and its regional strategy were mutually reinforcing.....	404

## List of Acronyms

<b>ACRONYM</b>	<b>MEANING</b>
ABB	Activity Based Budgeting
ACP	Africa, Caribbean, Pacific
AFD	Agence française de développement
AfDB	African Development Bank
AG	Advisory Group
AGOA	US African Growth and Opportunity Act
AIDS	Acquired immune deficiency syndrome
ART	Anti-Retroviral Therapy for Patient affected with HIV/AIDS
BCG	Bilié, Calmette & Guérin (tuberculosis)
BHCP	Basic Health Care Package
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit
BS	Budget Support
CBPSD	Capacity Building Private Sector Development
CCI	Cross-cutting issues
CCPC	Competition and Consumer Protection Commission
COMESA	Common Market for Eastern and Southern Africa
CP	Cooperating Partner
CPIA	Country Policy and Institutional Assessment
CPRM	Conflict Prevention, Resolution and Management
CPG	Cooperating Partners' Group
CRC	Constitution Review Commission
CRN	Core Road Network
CSE	Country Strategy Evaluation
CSO	Civil Society Organisation
CSP	Country Strategy Paper
DAC	Development Action Committee
DG DEVCO	EuropeAid Development and Co-operation Directorate General
DOL	Division of Labour
DP	Development Partners
DPT	Diphtheria–Pertussis–Tetanus
EAC	East African Community
EBA	Everything But Arms
EDF	European Development Fund
EEAS	European External Action Service
EFA	Education for All
EIB	European Investment Bank
EIDHR	European Instrument for Democracy and Human Rights
EM	Enrolled Midwives
EMIS	Education Management Information System
EPA	Economic Partnership Agreement
EQ	Evaluation Question
ESA	Eastern and Southern Africa
ESA-IO	Eastern and Southern Africa and the Indian Ocean

ETR	End Term Review
EU	European Union
EUDel	EU Delegation
EUZ	Electoral Commission of Zambia
FDI	Foreign Direct Investment
FNDP	Fifth National Development Plan
FTA	Free Trade Agreement
GBS	General Budget Support
GDP	Gross Domestic Product
GRZ	Government of the Republic of Zambia
HDI	Human Development Index
HDM4	Highway Development and Management System ( <i>software</i> )
HIB	Haemophilus influenzae type b (meningitis and pneumonia)
HIPC	Highly Indebted Poor Country
HIV	Human immunodeficiency virus
HLPD	High Level Policy Dialogue
HMIS	Health Management Information System
HoS	Head of Sector
HR	Human Resources
HRSP	Human Resources Strategic Plan
IEPA	Interim- Economic Partnership Agreement
IFMIS	Integrated Financial Management And Information System
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
I-PRSF	Interim- Poverty Reduction Strategy Plan
IRCC	Inter-Regional Coordinating Committee
JAR	Joint Annual Report
JASZ	Joint Assistance Strategy for Zambia
JC	Judgement Criterion
JEU	Joint Evaluation Unit
LDC	Least Developed Country
LMIS	Zambian Logistics Management Information System
M&E	Monitoring and Evaluation
MACO	Ministry of Agriculture and Co-operatives
MCDSS	Ministry of Community Development and Social Services
MCDMCH	Ministry of Community Development, Mother and Child Health
MCTI	Ministry of Commerce Trade and Industry
MDG	Millennium Development Goal
MDRI	Multilateral Debt Relief Initiative
MFN	Most Favoured Nation
MOE	Ministry of Education
MoFED	Ministry of Finance and Economic Development
MoFNP	Ministry of Finance and National Planning
MoH	Ministry of Health
MOU	Memorandum of Understanding
MPSA	Ministries, Provinces and Spending Agencies
MTCI	Ministry of Commerce, Trade and Industry

MTEF	Mid-term Expenditure Framework
MTR	Mid-Term Review
MWS	Ministry of Works and Supply
NAC	National Aids Committee
NAO	National Authorising Officer
NCC	National Council for Construction
NDP	National Development Plan
NGO	Non-Governmental Organisation
NHSP	National Health Strategic Plan
NIP	National Indicative Programme
NPVU	National Pharmacovigilance Unit
NRFA	<u>National Road Fund Agency</u>
NRM	Natural Resources Management
NSA	Non-State Actor
NSA-LA	Non-State Actors-Local Authorities
OAG	Office of the Auditor General
ODA	Official Development Assistance
OEUD	Organisation of Economic Cooperation and Development
OPV	Oral Polio Vaccine
PAF	Performance Assessment Framework
PEFA	Public Expenditure and Financial Accountability
PEMFA	Public Expenditure Management and Financial Accountability
PER	Public Expenditure Review
PFM	Public Finance Management
PLWHA	People living with HIV and AIDS
PMTCT	Prevention of Mother to Child (HIV) Transmission.
PRA	Pharmaceutical Regulatory Authority
PRBS	Poverty Reduction Budget Support
PRSP	Poverty Reduction Strategy Plan
PSD	Private Sector Development
PSIO	Private Sector Intermediary Organisations
RAMP	Rural Accessibility and Mobility Programme
RDA	Road Development Agency
REC	Regional Economic Community
RIP	Regional Indicative Programme
RN	Registered Nurses
RO	Regional Organisation
ROADSIP	Road Sector Investment Programme
ROO	Rules of Origin
RSA	Road Safety Agency
RSP	Regional Strategy Paper
SADC	Southern African Development Community
SADFS	Agriculture Diversification and Food Security
SAF	Structural Adjustment Fund
SAG	Sector Advisory Group
SBS	Sector Budget Support
SIDA	Swedish International Development Agency

SME	Small and Medium Enterprise
SNDP	Sixth National Development Plan
SPS	Sanitary and Phytosanitary Standards
SPSP	Sector Policy Support Programme
SWAp	Sector wide approach
SWOT	Strengths, Weaknesses, Opportunities and Threads
TB	Tuberculosis
TBT	Technical Barriers to Trade
TC	Technical Cooperation
TCF	Technical Cooperation Facility
TI CPI	Transparency International Corruption Index
TNDP	Third National Development Plan
TOR	Terms of Reference
UAE	United Arab Emirates
UN	United Nations
UNDP	United Nations Development Programme
UNIP	United National Independence Party
UNSD	United Nations Statistics Division
US	United States
USAID	United States Agency for International Development
VCT	Voluntary Counselling and Testing
VOC	Vehicle operating costs
WTO	World Trade Organisation
ZABS	Zambian Bureau of Standards
ZAMMOD	<i>Annual macroeconomic model</i>
ZDA	Zambian Development Agency
ZDHS	Zambian Democratic Health Survey
ZWMA	Zambian Weight and Measure Agency



## **EQ1: To what extent have the EU interventions through budget support contributed to improve the framework for public policy, expenditure and aid management?**

- JC 1.1: *GBS and SBSs induced an increase in size and share of EU funding subject to government's budgetary processes*
- JC 1.2: *GBS and SBSs improved the predictability of aid flows overall, and particularly of EU contribution*
- JC 1.3: *GBS and SBSs facilitated the establishment of a framework of policy dialogue, focused on key government strategies and priorities*
- JC 1.4: *GBS and SBS facilitated the delivery of strategic and demand driven non-financial inputs (e.g. TA and capacity development) that are aligned to government priorities*
- JC 1.5: *GBS and other EU interventions have assisted in improving core indicators for primary education service delivery*

### **JC 1.1: GBS and SBSs induced an increase in size and share of EU funding subject to government's budgetary processes**

#### **▪ Indicator 1.1.1: Extent of delivery of financial inputs (EU contribution and overall)**

The Government of the Republic of Zambia (GRZ) and a number of Cooperating Partners signed a memorandum for the provision of Poverty Reduction Budget Support (PRBS) in 2005. This Memorandum of Understanding (MoU) stipulates to (a) enhance ownership and promote the effective implementation of the National Development Plan; (b) increase the predictability of aid flows; (c) promote allocative efficiency in public spending; (d) reduce the administrative burden on the government; and (e) improve domestic accountability and GRZ's institutional capabilities. In turn, GRZ has committed itself to (a) the fight against poverty, including public expenditure patterns consistent with poverty reduction priorities; (b) the implementation of sound macroeconomic policies, as evidenced by a positive International Monetary Fund (IMF) assessment; (c) public financial management (PFM) reforms; (d) the respect for and promotion of peace, democratic principles, rule of law, good governance and the fight against corruption.

The Government has indicated in all its policy documents – Aid Policy and the National development Plan that general budget support is its preferred aid modality. Over the years, budget support has increased from USD100m in 2005 to USD216m in 2009. The delivery of financial inputs towards general budget support processes is provided by the PRBS group of six bilateral donors: the European Commission (EC), the African Development Bank (AfDB) and the World Bank. Sector budget support is provided by the EC in roads, health and in support of the PEMFA (Public Expenditure Management and Financial Accountability) reform programme, and by the United Kingdom in the Health. The EC had undertaken a pilot sector budget support programme from 2006-2008 and from 2009 is implementing a larger sector budget support programme. DFID earmarked some (US\$5m) of its general budget support (GBS) allocation to the Health sector from 2006-2007, although from 2008-2010 – whilst there is additional funding provided for health within the general budget support allocation – it has only broad earmarking for the Ministry of Health (MoH).

Zambia qualified for Budget Support in 2004, after which a first tranche of General Budget Support was disbursed under the EDF9. Consequently, a combination of all the EDF Budget Support operations, with a total of €361m has been disbursed on an average of €51.7m per year. In December 2007, the Government of the Republic of Zambia and the European Commission signed the EDF10 CSP-NIP (2008-2013) under which the EU provides €475m to Zambia. The funds are earmarked for three focal sectors namely; Poverty Reduction Budget Support, Transport Infrastructure with particular emphasis on Road infrastructure and Health. Funds have also been set aside for non-focal sectors such as Food Security and Agricultural Diversification and Governance. These sectors are in line with the Government's National Development Plan and the Cooperating Partner's Joint Assistance Strategy for Zambia (JASZ).

Subsequently, in 2009, the EC increased Zambia's allocation by €30m allocation under the V-FLEX programme (General Budget Support), which added the EDF total to €505m. Zambia is also a beneficiary of other EU funding sources such as, the Water and Energy Facilities, Thematic budget lines, Food Facility and the accompanying measures for sugar producing countries which harmonize other interventions that are financed under the EDF. There is consensus among cooperating partners and government that budget support has evolved to a highly visible and relevant instrument of development

cooperation. The government of Zambia has indicated in its policy documents (National Development Plan (NDP) and Aid policy) that budget support is its preferred mode of aid delivery.

Data, figures, tables:

**Table 1. Total External Financing to Zambia, 2006–2009**

	2006	2007	2008	2009
Gross Domestic Product (GDP), US\$ million	10,702	11,541	14,705	12,805
Total Assistance, US\$ million	588.7	668.5	856.9	857.0
Assistance as % of GDP	5.5%	5.8%	5.8%	6.7%
Assistance per capita, US\$	49	54	68	66
Assistance as % of Central Government Expenditure	23.4%	23.9%	24.5%	28.7%

Source: IMF, World Bank and Ministry of Finance and National Planning

**Table 2. Overall Budget Support, 2006 – 2009, US\$ million**

	2006	2007	2008	2009	Total
<b>General Budget Support Grants</b>	Actual	Actual	Actual	Actual	Actual
EU	39.5	41.6	32.9	77.4 <sup>1</sup>	191.4
Finland	0.0	6.8	7.9	7.1	21.8
Germany	0.0	6.8	6.8	12.9	26.5
Netherlands	7.8	13.6	14.7	13.5	49.6
Norway	14.4	19.0	33.9	27.1	94.4
Sweden	6.8	14.3	15.0	0.0	36.1
UK	42.2	47.4	52.8	47.4	189.8
<b>Sub Total</b>	<b>110.7</b>	<b>149.5</b>	<b>164.0</b>	<b>185.4</b>	<b>609.6</b>
<i>Kwacha Equivalent – billion</i>	<i>398.7</i>	<i>597.9</i>	<i>614.5</i>	<i>935.5</i>	<i>2,546.6</i>
<b>General Budget Support Loans</b>					
Africa Development Bank	0.0	0.0	31.8	23.0	54.8
World Bank	0.0	0.0	0.0	9.6	9.6
<b>Sub Total</b>	<b>0.0</b>	<b>0.0</b>	<b>31.8</b>	<b>32.6</b>	<b>64.4</b>
<b>Total General Budget Support</b>	<b>110.7</b>	<b>149.5</b>	<b>195.8</b>	<b>218.0</b>	<b>674.0</b>
<i>Kwacha Equivalent – billion</i>	<i>398.7</i>	<i>597.9</i>	<i>733.7</i>	<i>1,099.8</i>	<i>2,830.0</i>
<b>Sector Budget Support Grants</b>					
EU Roads	23.6	0.0	37.9	0.0	61.5
EU PEMFA	0.0	2.1	0.0	5.2	7.3
EU Health		6.5	4.3	14.8 <sup>2</sup>	25.6
The Global Fund – MOF	1.9	0.6	5.9	0.2	8.6
<b>Sub Total</b>	<b>25.5</b>	<b>9.2</b>	<b>48.1</b>	<b>20.2</b>	<b>103.0</b>
<b>Total Budget Support</b>	<b>136.2</b>	<b>158.7</b>	<b>243.9</b>	<b>238.2</b>	<b>777.0</b>
<i>Kwacha Equivalent – billion</i>	<i>490.5</i>	<i>634.8</i>	<i>914.0</i>	<i>1,201.7</i>	<i>3,240.9</i>
<b>Total Budget Support - Grants Only</b>	<b>136.2</b>	<b>158.7</b>	<b>212.1</b>	<b>205.6</b>	<b>712.7</b>
<i>Kwacha Equivalent – billion</i>	<i>490.5</i>	<i>634.7</i>	<i>794.9</i>	<i>1,037.4</i>	<i>2,957.5</i>

Source: Ministry of Finance and National Planning and CPs

<sup>1</sup> EU disbursed these funds in December 2009. MoFNP only recorded US\$ 45.2 m as being disbursed in 2009, with the balance of US\$ 32.2 m being recorded as disbursed in 2010, due to macro-economic considerations. Since, by definition, the DCR measures aid flows the total amount has to be recorded in the year it is disbursed.

<sup>2</sup> A similar issue to footnote 7 arose with disbursements for EU Health SBS.

**Extracts:**

*“External and Domestic Resource Mobilisation Patterns indicate that according to the Ministry of Finance, 28 different donors are providing Official Development Assistance (ODA) to Zambia, but there are many more who are giving aid through NGOs. The actual numbers is not well documented. Therefore, the ODA total as presented in Table 3 is less than the total ODA flows to Zambia but how significantly less this is remains an empirical question. ODA to Zambia is very concentrated such that the top three donors provided 34.0% of ODA between 2006 and 2009. The ten largest donors between 2006 and 2009 were; EU (14.3%); USA (10.7%); United Kingdom (9.0%); UN system (8.9%); World Bank (8.7%); Netherlands (7.6%); Norway (5.6%); Denmark (5.2); AfDB (4.4%); Germany (4.3%) and Japan (4.3%). The rest provided 17%.” (PRBS Annual Review, 2010: page 9)*

*“A number of events have affected aid relations in Zambia. The country's huge external debt situation estimated at US\$7.2 billion before 2005 had compromised the funding of public sector activities as a big part of export earnings had to be set aside to service debt. In recognition of the constraints that debt servicing imposed on public expenditure and her economic reform efforts, Zambia accessed the Highly Indebted Poor Countries (HIPC) initiative in December 2000. In April 2005 Zambia attained the HIPC completion point which saw her external debt stock reducing from US\$7.2 billion to US\$3.5 billion. Additionally debt write off under the Multilateral Debt Relief Initiative reached at the Gleneagles G8 Summit in 2005 further reduced the debt stock to less than US\$600m. From that time onwards the Zambian Government has tried to follow strict debt sustainability criteria in contracting new debt. Grants are preferred to loans. Where loans are procured, they are to be preferably targeted at infrastructure development.” (Evaluation of the Implementation of Paris Declaration, 2010: page 14).*

*“Relative financial weight: Two trends have to be considered. Firstly, the modality has become more important as a percentage of total aid. In 2009, budget support accounted for about 20% of total aid and 32% of the grants to GRZ. Secondly, however, the total share of external support has decreased rapidly from around 30% at the beginning of the last decade to less than 20% in 2010 as a result of an increase in domestic revenue. Nevertheless, the funding dimension of PRBS in Zambia has still been considerable and has therefore been politically important. Budget support disbursements represented the lion share of the government's fiscal space. Thus, the financial component of budget support – if combined properly with the instrument's non-financial components – has had the potential to promote policy and institutional reforms beyond the mere financing of poverty reduction.” (Evaluation of budget support, 2010: page iii)*

▪ **Indicator 1.1.2: Increase in size and share of external funding transferred through national financial mechanisms**

The size and share of external funding through the national budgetary processes over the last ten years varies according to the source of the data. There are data disparities which makes it challenging to ascertain the actual trends for aid inflows in Zambia. Government is cognisant of this fact and attributes it to lack of capacity to accurately document these trends.

However, according to Whitworth, 2010 using IMF data on GRZ receipts of grants indicate the proportion of budget support in total grants as 29% of during the period 2005-2009 compared to 19% during 2002-2004. The Evaluation of General Budget Support, 2010 notes that ‘Using Ministry of Finance and National Planning (MoFNP) data on grants from the annual financial reports and the figures on budget support disbursements collected from various sources, the share of budget support in total grants is significantly higher, peaking in 2006 with PRBS grants accounting for 53 % of grants and total budget support (including SBS) for 68 % of grants. In the following two years, this share fell 43 % and 53 % for total budget support receipts. However, these figures overestimate the relative role of budget in total aid receipts, as they include only aid flows that are recorded in the government budget. Taking OECD/DAC data on ODA flows since 2003 puts the relative importance of budget support in a more realistic perspective: As a proportion of total ODA receipts (excluding debt relief), budget support has continuously risen since 2003 from 6.5% to 21.9 % in 2008, before it fell again to 19.7 % in 2009. For OECD/DAC donors only, the share of budget support in total ODA (excluding debt relief) rose from 9.4% in 2003 to 31.0 % in 2009’ (BS evaluation, 2010;page 36).

The Ministry of Finance indicate that 28 different donors are providing ODA to Zambia, but there are many more who are giving aid through NGOs. The actual numbers are not well documented. ODA to Zambia is very concentrated such that the top three donors provided 34.0% of ODA between 2006 and 2009. The ten largest donors between 2006 and 2009 were; EU (14.3%); USA (10.7%); United Kingdom (9.0%); UN system (8.9%); World Bank (8.7%); Netherlands (7.6%); Norway (5.6%); Denmark (5.2); AfDB (4.4%); Germany (4.3%) and Japan (4.3%). The rest provided 17%.

The EC disbursements were lower in 2010 as both the Road (€24m) and Health Sector (€8.5m) budget support transfers could not be authorised by year-end. If those disbursements had been processed, the level of disbursements in 2010 would have exceeded that of 2008. Following PFM issues in the road sector which prevented the disbursement of the corresponding Sector Budget Support, 'only' €40.3m was disbursed in 2010. Since the launch of the EDF10 National Indicative Programme in 2008, and out of the initial €475m, €406.9m (86%) has been committed and €81.8m (17%) disbursed.

An intermediate indicator for measuring size and share of aid cooperation is the extent to which direct budget support and sector budget support delivered through SWAs which are the preferred aid modalities for the GRZ are increasing in the total share of ODA. According to the 2008 PD Monitoring Survey, a score of 54% of "aid in the form of programme-based approaches" was recorded compared to 42% in 2006. The target for 2010 was 66% and this indicator seems to be on track. This upward trend can be attributed partly to the increased number of donors using direct budget support, increased awareness in various sectors that Programme based approaches can deliver more effective results and improved donor coordination, in general.

The Paris Declaration encourages CPs to increasingly utilize country systems when they deliver their aid. The PD Monitoring Survey of 2008 measured the extent to which donors made use of country systems for budget execution, financial reporting and audit. On average across the three systems, 59% of aid channelled to Zambia was through country systems with 11 donors using all three systems, representing 41% of all ODA channelled to the government. Nevertheless, some CPs are still sceptical of the national procurement systems and continue to use their own systems. The finalisation of Procurement Guidelines has been delayed due to internal procedures between the Ministry of Finance and the Ministry of Justice. There is pressure from many stakeholders for government to finalise them. These guidelines will be the basis for developing the Procurement Manual that will standardize all public procurements in the country (see PD Monitoring Survey 2008 Report; and Fifth National Development Plan (FNDP) Annual Progress Reports for 2007 and 2008).

In 2010, Zambia remained broadly compliant with the eligibility criteria for Poverty Reduction Budget Support (PRBS), and received \$218 from the AfDB, DFID, Finland, Germany, Norway, the World Bank, the Netherlands and the EU (approximately 20% of total aid). The EU disbursement as part of the EDF10 Millennium Development Goal (MDG)-Contract was €32.81m. Sweden withdrew from the PRBS group in 2010.

Data, figures, tables:

**Table 3. EU instruments for budget support in Zambia**

Instrument	Period	Amount	Euros million
PRBSI	2003-2006		117
PRBSII	2007-2008		62
PRBS/ MDG-Contract	2008-		255

**Table 4. EC disbursements: 2004-2011**

EC Budget support (EURO Million)	2004	2005	2006	2007	2008	2009	2010
<b>GENERAL BUDGET SUPPORT</b>							
PRBS1: 1 <sup>st</sup> fixed tranche	10						
PRBS1: 2 <sup>nd</sup> and 3 <sup>rd</sup> tranches	29.5						
PRBS1: 4 <sup>th</sup> tranche		9					
PRBS1: 5 <sup>th</sup> variable tranche (PFM) –up to		17.5					
PRBS1: 6 <sup>th</sup> variable tranche (PFM)- up to			35.2				
PRBS2: 62 euro million 2007 and 2008 (2 m TA)				27.083	24.166	0	
MDG C: 225 euro million for 2009-2014						30.00	32.81
V-Flex tranche						30	
Food facility GBS							0
PEMFA (9 EDF)		2.5	0	1.5	0	4	7.5
<b>SECTOR BUDGET SUPPORT</b>							
Health (fixed and variable tranches)9 EDF				5	3.57		
Roads (variable tranches)-up to: 9 EDF		25.4	21		21.4		
Roads rider n. 1: extra 20 million for 2007-2009							0
Roads rider n.2: extra 8.5 million for 2008					8		
Roads SBS 10 EDF (77 million , o/w 69.3 SBS)							0
Health SBS 10 EDF (35 million)						11.5	0
<b>TOTAL</b>	<b>39.5</b>	<b>54.4</b>	<b>56.2</b>	<b>33.583</b>	<b>57.137</b>	<b>75.5</b>	<b>40.31</b>
GBS	39.5	26.5	35.2	27.083	24.166	60	32.81
GBS %	100%	48.7%	62.6%	80.6%	42.3%	79.5%	81.4%
SBS	0.0	27.9	21.0	6.5	33.0	15.5	7.5
FX EUR/USD SBS			1.25	1.43	1.52	1.43	1.33
FX EUR/USD GBS			1.28	1.46	1.56	1.45	1.35
GBS in USD			45.06	39.54	37.70	87.00	44.30

SBS in USD			26.25	9.295	50.11	22.165	9.975	
<b>PROJECT GRANTS</b>						<b>44.6</b>	<b>59.1</b>	
ODA						120.1	99.4	
% GBS						50.0%	33.0%	
% DBS								

Extracts:

*“In 2009, the funding for Zambia was topped-up by a €30m allocation under the V-FLEX programme (General Budget Support) bringing the EDF total to €505m. Finally, Zambia also benefits from financial support through other EU funding sources (such as the Water and Energy Facilities, Thematic budget lines, Food Facility and the accompanying measures for sugar producing countries) which complement the interventions financed under the EDF.” (Cooperation between the European Union and Zambia - Joint Annual Report, 2010: page 5).*

▪ **Indicator 1.1.3: Increase in size and share of external funding subject to Government's budget process and PFM system**

The government has in the last few years made some progress by strengthening fiduciary systems, especially the financial management systems, through the launch of the Public Expenditure Management and Financial Accounting Reforms (PEMFA). PEMFA was launched in 2005 and is aimed at improving fiscal discipline, effectiveness in resource allocation and realisation of value for money in the execution of expenditures. Specific measures introduced under PEMFA are the Integrated Financial Management and Information System (IFMIS) and the Commitment Control System (CCS) which attempts to match expenditure with revenue. According to the 2008 PD Monitoring Survey, the total budget is approximately USD74m and is funded by 11 CPs under a PEMFA Memorandum of Understanding. Zambia has also adopted the Medium Term Expenditure Framework (MTEF), a medium-term (three-year) budget framework within which resources from government and cooperating partners are allocated to achieve approved objectives of the national development plan.

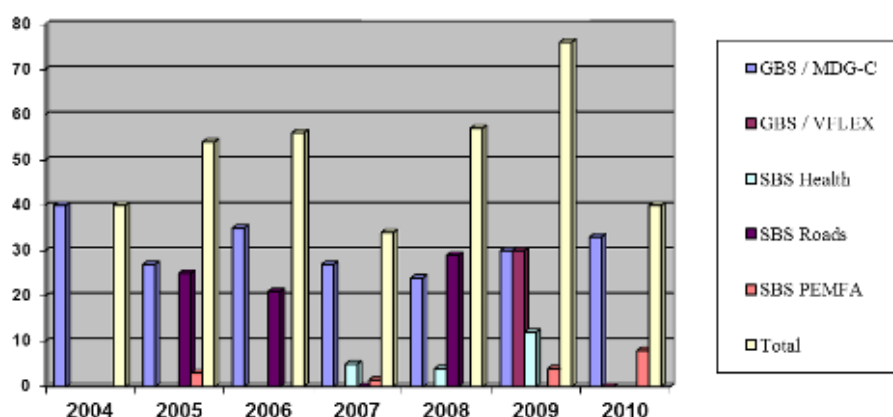
Other measures to strengthen treasury management include strides towards the creation of the Treasury Management Department, the establishment of the Treasury Single Account and the modification of the budget management cycle described above. Despite some minimal administrative challenges, the reforms have already been rolled out at the Bank of Zambia and Ministry of Finance and National Planning. The government is optimistic to roll this out to sector ministries, with Ministry of Health slotted as a pilot phase to enhance effective budget accounting and management for results. In 2006, the World Bank's Country Policy and Institutional Assessment (CPIA) rating for Zambia was a score of 3.5 for the quality of its Public Finance Management systems. The reform of the budget calendar approved by the end of 2009 and implemented in 2010 can be partly attributable to the budget support High Level Policy Dialogue (HLPD). In the follow up of the scandal in the health scandal the PRBS Cooperating Partners put strong emphasis on the issue of reforming the budget calendar and the subsequent reform by GRZ will most likely improve budget planning and policy implementation through the budget.

The two performance assessments of Zambia's PFM system using the Public Expenditure and Financial Accountability (PEFA) set of indicators reveal significant improvements in various dimensions of PFM such as an improved basis for strategic budgeting, greater comprehensiveness of fiscal information (including systematic reporting of arrears), improvements in internal audit, and improved oversight through better coverage and improved methodology for external audit, and the opening up of public access to the Public Accounts Committee hearings. The overall positive assessment of GRZ's efforts to strengthen its PFM system is largely shared by the IMF. However, Zambia's PFM system continues to exhibit significant weaknesses, even in those areas that are arguably of particular relevance PRBS effectiveness and the minimisation of fiduciary risks such as policy-based budgeting, budget variance, and expenditure controls.

According to the PD Monitoring Survey of 2008, 81% of donors utilized procurement country systems compared to 41% recorded by the PD Monitoring Survey of 2006. The 2010 target of aid using country systems for procurement purposes has thus already been attained. This upward trend has been attributed to dialogue and improved national procurement management under the Public Procurement Authority.

The EU disbursed its last €11.5m tranche of EDF9 Sector Budget Support in support to the PEMFA programme. The 2009 PEFA assessment had already shown some encouraging tangible results attributable notably to PEMFA.

Data, figures, tables:



Extracts:

“Zambia has been eligible to Budget Support since 2004, when a first tranche of General Budget Support was disbursed under the EDF9. Since then, and combining all the EDF Budget Support operations, a total of €361m has been transferred to Zambia (an average of €51.7m per year). Following issues in the road sector which prevented the disbursement of the corresponding Sector Budget Support, ‘only’ €40.3m was disbursed in 2010.” (Cooperation between European Union and Zambian government, 2010, page 7)

**JC 1.1: GBS and SBSs induced an increase in size and share of EU funding subject to government’s budgetary processes**

A considerable portion of EC funding towards budget support has been channelled through government’s budgetary processes. In 2009, the EC increased Zambia’s allocation by €30m allocation under the V-FLEX programme (General Budget Support), which added the EDF total to €505m (indicator 1.1.1). However, the EC disbursements were lower in 2010 as both the Road (€24m) and Health Sector (€8.5m) budget support transfers could not be authorised by year-end. If those disbursements had been processed, the level of disbursements in 2010 would have exceeded that of 2008. Following PFM issues in the road sector which prevented the disbursement of the corresponding Sector Budget Support, ‘only’ €40.3m was disbursed in 2010(indicator 1.1.2).

PFM reforms are a major aspect of budget support in Zambia and have been debated in several dialogue forums between government and cooperating partners. The overall positive assessment of GRZ’s efforts to strengthen its PFM system is largely shared by the IMF. However, Zambia’s PFM system continues to exhibit significant weaknesses, even in those areas that are arguably of particular relevance PRBS effectiveness and the minimisation of fiduciary risks such as policy-based budgeting, budget variance, and expenditure controls. Disbursements have been withdrawn due to PFM issues - for instance, in the absence of progress on the revision of the Road Sector Investment Programme (ROADSIP) II policy framework, EDF Sector Budget Support could not be disbursed in 2010 which resulted in Zambia losing out €23.95m (4th & 5th variable tranches floating from 2009 - €8.5m & €3.15m - and release of the 1st fixed tranche floating from 2009 - €12.3m).”

**JC 1.2: GBS and SBSs improved the predictability of aid flows overall, and particularly of EU contribution**

- **Indicator 1.2.1: Increase in the predictability of disbursements of GBS/SBS payments from both EU and Cooperation Partners (deviation of actual disbursed from the forecast and timeliness)**

The 2008 PD Monitoring Survey revealed that CPs in Zambia had made significant progress on predictability of aid moving from a baseline of 50% in 2005 to an impressive 85% in 2007, which surpassed the 2010 targets. These impressive results are attributed to better notification of aid disbursements by CPs to GRZ, and improved ability to accurately record aid disbursements at a centralized level. But it also noted that some donors are only able to commit funding projections for one year which affects planning. While they provide some projections for 2-3 years, there is a clause on subjectivity to availability.

Despite the progress noted in the 2008 PD Monitoring Survey, there was still concern among government officials in both agriculture and health who in interviews expressed frustration that CPs were not disbursing their pledges according to the agreed time frames. The seemingly contradictory perception from that of the findings in the 2008 PD Monitoring Survey was related to the more difficult donor relations of 2010 arising from the alleged theft of funds in the health sector which reversed the above stated progress.

According to the Evaluation of budget support, 2010; aid predictability in Zambia in general is fairly poor, seriously undermining the effectiveness of GRZ planning and cash flow management. According to the internal analysis of one Cooperating Partner, for instance, in 2007 only 58% of the planned donor funded investments recorded in the budget were actually disbursed. PRBS predictability has been relatively poor as well: in 2007, actual disbursements reached a mere 77% of commitments, while in 2008; disbursements were 15% higher than what had been committed.

The evaluation further noted that a number of agencies experienced important delays in releasing resources. The Cooperating partner with the largest delays among those who actually disbursed was the European Commission (on average 5.6 months in 2009, 3.0 in 2008, and 6.61 in 2007). Finland performed best in 2007 and 2008, with no delay, in 2009 (when some Cooperating Partners withheld disbursement after the corruption scandal in the Health sector) only the UK, Norway and the AfDB disbursed without delay. The world bank does not disburse until all conditionalities are met – ‘no results; no money’.

Extracts:

*“The increasing size and share of aid subject to GRZ’s budgetary processes has facilitated planning, accounting, and reporting procedures for the Government with regard to aid inflows. However, this did not lead to a substantial reduction of overall transaction costs because GRZ still faced the challenge of administering huge off-budget inflows from Cooperating Partners. Similarly, aid predictability – which has traditionally been poor in Zambia – did not improve substantially”* (Evaluation of budget support, 2010: ‘Transaction costs and predictability: page iii)

- **Indicator 1.2.2: Existence of a medium term external resources framework for the national budget and sectors supported by EU**

In Zambia, it is widely acknowledged by many assessments that the direct contribution of budget support on national budget is minimal, but rather essential to fill the national fiscal gap. However, it is important to note that budget support has contributed to an increased expenditure in social sectors particularly in education and health.

According to the Evaluation of general budget support, 2010 (pg.68), as a share of GDP, general budget support was expected to average 1.8 % (2.1 % including budget support loans) for the 2006-2010 period (1.6% for 2006-2009). FNDP projections were based on an assumed annual growth rate of 7 % during the implementation period. Given that actual growth rates in the first four years of the implementation period were considerably lower (2006: 6.2 %, 2007: 6.3 %, 2008: 5.7 %, 2009: 6.3%) this implies that budget support as well total aid resources fell significantly short of levels deemed necessary to fund the FNDP. In fact, budget support levels remained much closer to the level of the FNDP baseline scenario extrapolating current funding levels in 2005. The FNDP also includes projections for budget support loans at 0.3% of GDP for all years except 2006. Outturn was 0.08% (2006), 0% (2007), 0.21% (2008), and 0.25% (2009).

Despite budget support becoming more important as a percentage of total aid to Zambia, its share in total national budget expenditure is minimal, with an average of 5.4% between 2005 and 2009, with the highest share of 6.5% in 2005 (Whitworth; 2010) However, despite the relatively small share of budget support in government budget and its low performance against FNDP fiscal targets, there is evidence that the provided resources are decidedly more important for the government’s fiscal space than the relatively small budget share would suggest. This is because domestic revenue barely covers – mostly statutory – recurrent expenditure.

Extracts:

*“After it was finalised, donors in developing their subsequent country strategies took cognisance of the strategic direction provided in the Poverty Reduction Strategy Plan (PRSP) as an attempt to line up their aid behind Zambia’s own set priorities. For example, the PRSP indicated that the commercialisation of smallholder agriculture was to be the main pillar for developing agriculture in subsequent years. A number of donors in the sector took cognisance of this with a new generation of projects that had commercialisation as the core of their support coming in place. Sweden developed the Agriculture Support Programme (ASP) under the theme of “agriculture as a business”, IFAD came up with the Smallholder Enterprise and Marketing Programme (SHEMP) while the United States of America had the*

*Productivity, Finance and Trade (PROFIT) all tackling different aspects of smallholder commercialisation' (Evaluation of Implementation of Paris Declaration in Zambia, 2010: page 17).*

**JC 1.2: GBS and SBSs improved the predictability of aid flows overall, and particularly of EU contribution**

Budget support disbursements in Zambia in general are fairly poor, seriously undermining the effectiveness of GRZ planning and cash flow management. According to the internal analysis of one Cooperating Partner, for instance, in 2007 only 58% of the planned donor funded investments recorded in the budget were actually disbursed (indicator 1.2.1).

However, budget support impact on national budget is minimal but rather essential to fill the national fiscal gap. This is mainly because the domestic revenue base has been growing over the years and hence reducing budget support to an average of 5.4% between 2005 and 2009; with the highest share of 6.5% in 2005 (Whitworth 2010) (indicator 1.2.2).

In conclusion, it is worth noting that predictability of budget support is slightly better than predictability of project aid.

**JC 1.3: GBS and SBSs facilitated the establishment of a framework of policy dialogue, focused on key government strategies and priorities**

- **Indicator 1.3.1: Shift in the focus of policy dialogue, towards more strategic issues, including government strategy, aid management and performance assessment**

The budget support policy dialogue in Zambia originates from Part 5 of the memorandum of understanding, (MoU) of Poverty Reduction Budget Support signed in 2005 between the government and the cooperating partners. Policy dialogue architecture is very formal and elaborate, which comprises of Joint Steering Committee (JSC), the Joint Executive Committee (JEC), and the bi-annual meetings taking place as part of the Joint Annual Review (JAR) process.

The Joint Steering Committee (JSC) is the major steering component of PRBS plan and comprises of both the government and cooperating partners representatives. The JSC, which is co-chaired by GRZ and Cooperating Partners, convenes every quarter. According to the MoU, the JSC quarterly meetings discuss progress made with respect to the performance indicators as agreed in the Performance Assessment Framework (PAF); prepare for review meetings; act as a forum for dialogue as specified in Part 5 of the MoU and mediate in dispute settlement as specified in Part 11 of the MoU.

The implementation of the JSC meetings is coordinated by a Joint Executive Committee (JEC), which comprises of three government officials and two PRBS Group members. These members are selected from amongst the members of the JSC and they rotate on an annual basis. The JEC also prepares the joint reviews and the follow up on management activities, such as deciding on relevant issues for dialogue.

The Joint Annual Review (JAR) meetings are jointly organised by government and cooperating partners and are held twice a year in June and October respectively. Participation at the JAR meetings is open to parliamentarians and civil society and the attendance is often good. According to the MoU, the main focus of the June meeting is performance assessment Framework (PAF), which serves as the basis for commitments by cooperating partners for the subsequent budget year. The October meeting focuses on dialogue to reach consensus on PAF indicators for the next year and also on future budgetary planning. According to the MoU, this dialogue will be based on the government's annual financial reports of the previous budget year, the annual PEMFA evaluation and the ceilings in the annual budget for the next budget year (GRZ 2005b, 11).

It is worth noting that the PRBS policy dialogue is closely linked to the annual High Level Policy Dialogue (HLPD). The HLPD is between government and the Group of Cooperating Partners (CPG) whom are signatories to the Joint Assistance Strategy (JASZ), and is chaired by the Minister of Finance and National Planning. The CPG is subdivided into two sub-groups, namely, the Heads of Cooperation (HoC) and the Heads of Mission (HoM). The HoC focuses on operational multi-sectoral issues including strategic developmental policy matters. It is led by a Troika of two bilateral and one multi-lateral agency and meet once monthly with the Secretary to the Treasury at the Ministry of Finance. The HoM are in charge of the general strategic and political dialogue at the highest level to discuss a diversity of issues with government.

**Extracts:**

*"During the JAR 2007, GRZ was well-represented at the technical level but largely absent at the political level. The Secretary to the Treasury (ST) as the highest civil servant in the MoFNP chaired the meetings. Many problems can be solved at an intermediate level but on a number of occasions it be-*



came evident in the WG that key problems have to be referred to the political level (e.g. agricultural subsidies). The PRBS CPs view the FNDP as a credible plan behind which to align their support but some inconsistencies have emerged between FNDP priorities, budget allocation and execution. This perception is of a fundamental nature and tends to undermine the credibility of the FNDP and the relations of trust between the GRZ and CPs. It is of crucial importance to address this in an appropriate manner. The PRBS MoU in 2005 created the Joint Steering Committee (JSC) as the core structure that is supposed to meet at least quarterly. Such high level meetings have not taken place so far, while the Joint Executive Committee (JEC) at the technical level meets frequently. The Zambian way of dealing with the policy dialogue is not without risks. Even during good weather it may be wise to invest into an umbrella.

The participation of civil society and the private sector in the PRBS process has improved but is still weak. During the JAR 2007, some NGO and private sector representatives were present in the thematic working groups on Tuesday but not during the plenary session on Thursday. NGO and private sector presence was negatively affected by the late invitations. The invitations were despatched only a few days before the event and the documents were only partly available beforehand. An exception to that experience was a stronger private sector participation in the macroeconomic group on pro-poor growth and agriculture. Members of Parliament were entirely absent. Independent of the PRBS process, at the Sector Advisory Group (SAG) level, participation is open to all institutions having expertise on the subject matter, including civil society.” (PRBS learning Assessment 2007: page 13).

- **Indicator 1.3.2: Existence of monitoring of the progress on achieving the agreed results in education, health and agriculture (in a way that promotes mutual accountability and partnerships)**

The Joint Assistance Strategy for Zambia (JASZ) was signed by government and the cooperating partners in May 2007 for the period 2007-2010. It aligns donor's response to the Fifth National Development Plan (FNDP) and includes a country context analysis including a strategy to enhance ownership, alignment, mutual accountability and improved donor coordination. The JASZ outlines a Division of Labour which aims at decongesting sectors which are crowded by cooperating partners such as health and education and spread them across sectors evenly. These developments encouraged the formulation and implementation of ambitious sector plans that aimed at restructuring and revitalisation of the dilapidated sectors. According to the JASZ Evaluation, 2010, the objective of replacing separate CP country strategies with the JASZ was not realised. However, 25% of CPs interviewed in an online survey held the view that there was substantial change in their strategies in Zambia as a result of the JASZ, and 62.5% considered there was some change. These changes related largely to changes in sector engagement (and in the provision of GBS) as a result of the Division of Labour (DOL), although in two cases it was considered that this was driven more by agency head office decisions than by the JASZ as such (OPM, March 2010).

Education sector: In line with the JASZ, the ministry of education and the cooperating partners signed a new MoU in 2008. The MoU indicates that both general budget support and sector budget support as funding modalities for the sector. In 2008, the education sector stopped using the Ministry of education sector plan (MoESP) and developed the National Implementation Framework (NIF), which is the major instrument for implementing the national development plan for the education sector. It has prioritised education as a key social sector by targeting a minimum allocation of 20.5 per cent of the total annual discretionary budget for the sector. Other stakeholders such as international NGOs and local civil society organisations support the sector through projects and / or provision of technical assistance.

Health sector: The health sector developed the National Health Strategic Plan IV for 2006-2010, which identified “governance” as one of its 12 priority intervention areas, the objective being ‘to provide a comprehensive policy and legal framework and systems for effective coordination, implementation and monitoring of health services’. The MoU of 2006 was revised in 2009 with an addendum that included scaling up support towards the MDGs and strengthening country-owned strategies. Despite having a Swap, the sector has mixed aid modalities basket funding, projects, sector budget support and general budget support which poses management challenges for the government.

The sector continued to experience effects of the 2009 misappropriation of funds scandal into 2010, when the ministry of Health embarked on a Governance road map in collaboration with cooperating partners to remedy the problem. The Netherlands and Sweden had interrupted their contributions towards the basket fund which led to many planned activities to be cancelled. As part of the Governance road map, the government rolled out the 'Integrated Financial Management System' (IFMIS) which is spearheaded by MoFNP with EC support. Even though implementation of the Governance road map was recognised, governments request from the EU Sector Budget Support tranche (fixed tranche of €8.5m and variable tranche of €1.5m) was only received in December 2010. It was challenging for the

Commission to disburse these funds in-year and this situation contributed to the poor performance of the health indicators. Furthermore, in spite of overall economic development, attainment of MDG Goals 4 and 5 remains a challenge but, there is a general reduction in the incidence prevalence of tuberculosis and malaria.

**Agriculture sector:** The National Agricultural Policy was developed in 2004 for the period 2004-2015 and was also aligned to the FNDP in 2006. The FNDP recognised the sector as an engine of rural growth and poverty reduction, with a 90% target for household food security by 2015. There are eight active cooperating partners in the sector. The donor-government relationship has been challenging due to contentious issues surrounding fertilizer subsidies and the role of the state in maize marketing. However, there has not been a complete cessation in the flow of external assistance to the sector, although it remains segmented due to the predominance of project funding in the absence of a sector basket. The situation might improve with the signing of the CAADP Compact in 2010. CPs support specific areas within the overall strategies, for instance conservation, irrigation and agri-business programmes. Under the EDF9, the European Union (EU) was supporting extension (Support to Agriculture Diversification and Food Security Programme (SADFSP, 2006 to 2010) in North-Western and Western provinces with a cost of €15m. There is a general perception in MACO and among CPs that alignment is inadequate at the operational level. As part of the EDF10, a comprehensive capacity development programme called Performance Enhancement Programme worth €8.9m was developed for the two Ministries (Agriculture and Livestock). The programme will aim at supporting change management and improving service delivery, sector policy, planning, financial management, human resources management as well as monitoring and evaluation.

**Water sector:** A large number of Cooperating Partners and NGOs support the water sector mainly in form of projects. Additionally, a good number of international non-governmental organisations such as Water Aid, Care International, World Vision and ActionAid significantly support the sector. There have been attempts by almost all multi and bilateral Cooperating Partners to align their activities to national policies but there are still challenges especially regarding procurement, tendering and the role of technical assistance in capacity building.

Under the Integrated Water Resources Action Programme (EU: €3.75m), a significant milestone was the completion of the necessary steps in Parliament for the enactment of the Water Bill, which was assented by the President in early 2011.

#### Extracts:

*“In 2010, and as part of the EDF10, a comprehensive capacity development programme – the Performance Enhancement Programme (EU: €8.9m) – for the two Ministries (Agriculture and Livestock) for a total of. Based on a participatory performance self-assessment carried out in early 2009, the programme will aim at supporting change management and improving service delivery, sector policy, planning, financial management, human resources management as well as monitoring and evaluation.*

*The EDF9 project on Food Security and Agricultural Diversification in Western and North Western Provinces (EU: €15m) came to an end in December 2010. Overall, it enhanced both the capacity of the Ministry of Agriculture and Co-operatives (MACO) to develop food security action plans in Western and North Western Provinces and extension services in targeted districts. It also supported Non State Actors on the Provincial food security action plans. The project was based on the assumption that MACO only needed financial support in order to deliver good extension services to the farmer. However, it appeared during implementation that MACO's capacity to analyse the needs of the sector and translate them into coordinated interventions was a limitation to the project. Consequently, implementation was seriously delayed, specifically policy formulation and the development of strategic plans. However, training and input distributions have been implemented smoothly. The project trained significant numbers of extension officers and farmers and given them the necessary inputs to improve extension service delivery and productivity. However, the long-term impact on the farmers' livelihood should be consolidated by addressing additional structural issues like professionalisation of farmers and marketing.<sup>3</sup> (Cooperation between European Commission and Zambia, Joint Annual Report, 2010:page 10)*

*“There is very limited engagement on mutual accountability mainly because the Mutual Accountability Framework has not yet been developed by the donor group although there have been some discussions towards this. It is nevertheless noted that the PAF for 2010 included three indicators on PRBS donor performance. This will go a long way towards addressing concerns that accountability was not mutual as it seemed that it was only the performance of the GRZ that was at stake and not that of donors. Some Zambian officials have even asked when the civil society would be brought into this matrix of accountability since they too are recipients of donor aid.” Evaluation of Implementation of Paris Declaration, 2010.*

▪ **Indicator 1.3.3: Increased degree of involvement of relevant ministries both at central and sector level, and especially of decentralised institutions**

Sector Advisory Groups (SAGs) were established during the preparation of the PRSP and have been the main vehicle for sector stakeholder consultations. They provide a forum for discussions on policy and budgetary planning processes. For instance, the agriculture SAG spearheaded the design of the Comprehensive African Agriculture Development Programme (CAADP) Compact signed between the GRZ, donors and civil society on 18th January 2011.

However, their success is mixed as some SAGs are more active and meet regularly, while others are dormant. There is consensus amongst stakeholders that dialogue at sector level is weak, largely due to lack of active involvement of SAGs in reviewing sector outcomes and performance. According to the JASZ Evaluation, 2010, SAG meeting which are supposed to take place at least three times a year only take place on average of once a year. SAG reports are distributed months after meetings and key background papers for onward meetings are delayed and sometimes not even prepared at all (OPM 2010). Consequently, the SAGs as well as the annual joint SAG conference have not functioned properly in building a link between specific sector issues and the core mechanisms of the budget support dialogue.

As a result of weak SAGs, the PRBS review meeting are overloaded with sector issues which could have been dealt with at sector level. This has also hindered the Government's capacity to take ownership in the setting of new sector targets for the Performance Assessment Framework.

Extracts:

*"The role of Sector Advisory Groups can and should be enhanced instead of just extending dialogue opportunities between GRZ and CPs. The generic terms of reference for the SAG role provide a good start, complemented by more specific ToRs at the individual SAG level. An open but more formalised and standardised SAG methodology (co-chairs GRZ/CPs, regular meetings, joint agenda setting, systematic follow-up and monitoring) could be a big step forward. As foreseen in the FNDP, SAGs at the district and provincial level should become operational. The Annual Poverty Conference (Annual SAG Conference) provides cross-fertilisation and serves to distil various aspects of poverty challenges. Beyond the annual conference, the quality and frequency of dialogue amongst the SAGs throughout the year should be strengthened. The functions of the sector desk officers in the MoFNP should be reviewed and strengthened. They ought to serve as a sustainable link between the MoFNP and the sector ministries. Desk officers should also participate in policy meetings to enhance their knowledge of the challenges in their respective sectors. There is also a need to expand their TORs to include sectoral linkages in their duties."* (PRBS Learning Assessment 2007: Page 15)

*"Sector Advisory Groups (SAGs) which were established during the preparation of the PRSP have been the main vehicle for stakeholder consultation. During the implementation of these development plans, SAGs are the main entry point for cooperation between the stakeholders at sector level. They provide a forum for discussions on policy and budget planning processes. However, their success is mixed as some SAGs are more active and meet regularly, while others are dormant."* (Evaluation of Implementation of Paris Declaration, 2010: page 22 )

**JC 1.3: GBS and SBSs facilitated the establishment of a framework of policy dialogue, focused on key government strategies and priorities**

One of the major weaknesses in the design of the Policy Dialogue in Zambia is the lack of active participation of third party such as Civil Society Organisations, Parliamentarians as well as private actors. Furthermore, representation of CSOs, parliamentarians, representatives of sub-national entities is comparatively weak both in SAG meetings and PRBS annual reviews. Sub-national actors have mostly been absent from the dialogue process, reflecting the overall (political) weakness of sub-national entities respectively their coordinating mechanisms such as the Local Government Association of Zambia. Furthermore, collaboration between MoFNP and sector ministries has been weak in the dialogue process. Active participation of sector ministries in the core dialogue mechanisms of budget support has been inconsistent, in addition to lack of capacity to fulfil their role in the complex dialogue structure.

The policy dialogue framework provided government and Cooperating Partners a platform to deal with highly controversial issues. In this regard, dialogue mechanism indeed was fruitful in preventing the implosion of harmonisation and alignment attempts during times of crisis.

For instance; After the alleged embezzlement of resources in the health sector, the PRBS group responded swiftly and homogeneously indicating their discomfort about corruption and the overall slow pace of reforms. They quickly suspended the PRBS disbursement and basket funding to the health

sector and jointly initiated a HLPD on the Underlying Principles as stipulated in the PRBS MoU. The Cooperating Partners successfully managed to bring back outstanding reforms to the table. This was a display of an effective policy dialogue platform that the cooperating partners used to dialogue with government.

However, sometimes it has been challenging for cooperating partners to engage in dialogue with a united approach. This is well illustrated by the different reactions by Sweden and the EC in response to the 2009 corruption case in the health sector. The Swedish decision to suspend disbursements was based on the interpretation that the Underlying Principles had been violated. In contrast, the EC assessed the fact that the case was brought to the attention of the Office of the Auditor General (OAG) by members of the administration and followed up upon as positive signs for the functioning of domestic institutions to fight corruption. Accordingly, in the same year, the EC even augmented its disbursements through the Vulnerability Flex Support in 2009 (Evaluation of Budget Support, 2010).

Therefore, this often implicit value of the dialogue structure should not be underestimated despite all deficiencies of the dialogue process itself. Setting up a complex dialogue structure with important functions for an ambitious aid instrument such a budget support requires strong capacity and the political will to manage these dialogue structures in an effective and efficient manner. Cooperating Partners and GRZ continuously have expressed their intention to do so, although capacity on both sides has been limited.

#### **JC 1.4: GBS and SBS facilitated the delivery of strategic and demand driven non-financial inputs (e.g. TA and capacity development) that are aligned to government priorities**

##### **▪ Indicator 1.4.1: Timely and effective delivery of GBS/SBS non-financial inputs**

The European Commission, which is part of the Cooperating Partner Group developed and signed a code of conduct on capacity Development in 2008, which aims at strengthening the effectiveness, efficiency and impact of technical assistance from both project support and direct budget support to Zambia (CPG 2008, 1). Cooperating partners acknowledged that effective government institutions would facilitate efficient management of public resources and external funds and they embarked on a number of programmes and initiatives of technical assistance and capacity building.

The non-financial inputs have focused on in education and health sector. However, even in the relatively well-performing education sector, Cooperating Partners have recently become more critical on the effectiveness of Cooperation in the education sector. There is a strong sense that the current sector dialogue mechanisms are not working effectively, because meetings are regularly delayed or cancelled and because of inadequate representation at appropriate levels. An example is the move towards targeted budget support (sector budget support), as proposed by the Fast Track Initiative (FTI) Assessment: In 2008, it was agreed that Zambia would receive Zambia USD 60m from the Fast Track Initiative (FTI) Catalytic Fund. USD 30m was disbursed in 2009. However, by the end of 2010, Cooperating Partners showed serious concerns about the lack of progress on the introduction of targeted budget support. Also alarmed by possible irregularities in the education sector, under investigation by the Auditor General, they suspended the contribution to the sector pool as well as the second tranche of the Catalytic Fund.

For instance, in the health sector there is a growing resentment that the presence of donors in otherwise routine Government decision-making processes threatens national ownership. On the other hand, the general perception of the Ministry of Health (MoH) staff is that sector and general budget support have eroded their ownership due to the shift away from direct receipt of funds (as is the case under the MoH-controlled SWAp/basket funding) to receipt of donor support through the Ministry of Finance and National Planning (MFNP). In particular, MoH officials have expressed fears that basket funds will be severely depleted as a result of a shift to GBS. On the positive side, the smaller working groups function better. In education for example, overall harmonisation and Ministry leadership have advanced considerably from where the sector had been ten years ago (OPM 2010).

##### Extracts:

*“With regard to other central government agencies, ownership of the existing dialogue structures has been heterogeneous and the collaboration between MoFNP and sector ministries has been weak in the dialogue process. The participation of sector ministries in the core dialogue mechanisms of budget support has been uneven at best. Beyond a lack of the capacity in several ministries to fulfil their role in the complex dialogue structure, political interests played also against it. From a sector ministry’s perspective, accepting the dialogue structure and the underlying intervention logic of budget support would also have meant the acceptance of the finance ministry as the core state agency in regulating the distribution of external and domestic funds – with serious implications for the existing formal and informal*

*distribution mechanism that increased the political weight of the leadership of these ministries. Accordingly, sector ministries aligning to the logic of budget support would have had to give a up their privileged position in negotiating and receiving resources directly from Cooperating Partners.<sup>26</sup> Therefore, sector ministries had a very rational perspective on not seriously trying to overcome the collective action problem of organisational fragmentation with the GRZ.” (Evaluation of Budget Support, 2010: page 40)*

- **Indicator 1.4.2: TA and capacity development initiatives are increasingly coordinated and focused on key government strategic priorities**

The PEMFA Programme was initially a five year programme (2005-2009) with 13 components, namely: (1) Commitment Control System (CCS) and Financial Management System (FMS); (2) IFMIS (Integrated Financial Management System) implementation; (3) Improved Fiscal Policy and Economic Planning; (4) Reformed Budget Preparation and Budget Execution; (5) Improved Debt Management; (6) Improved Internal Audit; (7) Better External Finance and Coordination; (8) Legal and Regulatory Framework; (9) Strengthened External Audit; (10) Enhancing Parliamentary Oversight; (11) Accountancy Training and Regulation; (12) Public Procurement Reform; and (13) Centralized Computer Services Department. The contribution to the budget for the programme for the five year period by co-operating partners amounts to USD 72.2m. By March 2009, 55% or USD 39.7m had been utilized (MoFNP 2009, 3). The PEMFA Programme was (cost-neutrally) extended for one year and will end in 2010 (PEMFA 2010). The government also provides counterpart funding to the PEMFA programme to meet recurrent costs.

The EU disbursed its last €11.5m tranche of EDF9 Sector Budget Support in support to the programme. The 2009 PEFA assessment had already shown some encouraging tangible results attributable notably to PEMFA. According to the PEMFA evaluation of 2010, some successes such as establishment of the new Public Procurement Agency; strengthening of the Institute of Chartered Accountants and creation of the Zambia Macroeconomic Model have been noted. Furthermore, the new provincial offices of the Office of the Auditor General (AGO) have been built, which has increased the audit coverage of budget and institutions. Audit coverage is currently at 79% (similar to 2008), while irregularities were found to have significantly reduced with transactions amounting to 2.29% of actual 2009 expenditure (3.28 % for 2008).

The objective of PEMFA is to complement the efforts of the Government in improving efficiency, effectiveness and accountability in the financial management of public resources at central and sub-national levels. This is essential in order to improve public expenditure management and to strengthen the overall national financial accountability. With regard to budget support, positive results of the programme would impact on Cooperating Partners confidence in using GRZs own country and PFM systems (Hedvall et al. 2007, 6). The Programme is supported by the signatories to the PEMFA MoU, which includes all nine PRBS donors: Norway, The Netherlands, Germany, Sweden, Finland, Ireland, Denmark, United Kingdom, European Commission, World Bank (IDA), United Nations, African Development Bank (AfDB) and the Government of the United States of America. GRZ is also providing counterpart funding to meet recurrent costs (PEMFA 2010, 1).

**Table 8: EU Capacity building initiatives**

Amount	Programme
<b>PRBS 1 : Allocation of €7 million for Capacity building activities</b>	
€2.5 m	PFM reform to the Ministry of Finance to bridge the gap before the EDF9 Institutional Development and Capacity Building Programme is launched, and to provide support for annual assessments of progress with PFM, reviews, annual compliance testing. This component will also make available support for a gender analysis of the budget.
€4 m	PRSP monitoring in general, including specifically support to Ministry of Education and Health for strategic planning in line with the PRSP, results monitoring, and financial management, notably connecting with the MTEF, in the context of the sector plans and programmes. This component also covers support for regular quality assurance of the information systems, indicators, and management responses.
€0.25 m	Transparency and visibility activities, including funding for seminars at political level including Parliament, and with media/civil society to enhance discussion of results reported in the annual reviews/evaluations.
€0.25 m	EC audit/evaluation of the programme including activities funded under the capacity building component.
<b>PRBSII: Allocation of €1.8 million for Capacity building activities</b>	
€1.3 m	Strengthening data quality, through support to the Health ministry .Activities implemented through direct labour operations
€0.25 m	Capacity building activities such as research, studies, training and workshops in the areas of parliament –via a contribution agreement with United Nations Development Programme (UNDP)
€0.25 m	Training of civil society on budget tracking issues via a grant awarded to the local CSO umbrella called Civil Society for Poverty Reduction (CSPR), which is a suitable interlocutor in areas of intervention and relationship between government and CPs.
€0.2 m	Allocated for audits and evaluations
<b>MDG-Contract</b>	
	Parliamentary Reform Programme for 2008-2011 was launched, covering Capacity Building activities on the oversight role of Parliament in the budgetary process. The EC is contributing to the Programme with resources from PRBS 2.

Extracts:

*“Whilst a number of Zambia’s Cooperating Partners (CPs) have supported PFM reform directly through the PEMFA, some have continued to provide bi-lateral support for PFM reform outside of the PEMFA arrangement. This has meant that support within a number of the PEMFA components (e.g. Component 9 – Strengthening External Audit; Component 10 – Enhanced Parliamentary Oversight) has been provided through bi-lateral cooperation and through the PEMFA arrangements together. On the whole, there has been a clear division of labour in the provision of support which has largely avoided the inherent risk of duplication and waste. In these cases, the division of labour has largely been one whereby new systems, processes, procedures and the corresponding development of human resource capacities has been carried out through bi-lateral support and where complementary physical infrastructure has been provided through PEMFA funding.*

*This arrangement has meant that leadership for PFM reform through a given PEMFA component has amounted to overseeing a works building programme (which has been successfully delivered in the case of components 9 and 10, though delivered late in each case), whilst support for complementary aspects of reform (dealing with institutional strengthening and capacity building) operated outside of the PEMFA management framework. It has also created a situation whereby (current) demonstrable PFM progress within a given PEMFA component area may only be attributable to PEMFA activities to a limited degree (although the impact of the PEMFA measures are likely to be more apparent over subsequent years).*

*Over the PEMFA period, in fact, there appears to have been demonstrable improvement in key PFM areas, as measured by the high level PEFA indicator set, through assessments carried out in 2005 and 2008. Moreover, to the extent that data has been made available to the PEMFA assessment team, analysis of Public Expenditure and Financial Accountability (PEFA) indicators in 2010 suggests that these gains have largely been consolidated in the later years of the PEMFA period.” (PEMFA Evaluation, 2010: page v).*

- **Indicator 1.4.3: TA and capacity development initiatives are increasingly demand-led (government, line ministries and local authorities)**

It is important to note that one significant element of PEMFA is the strengthening of existing oversight mechanisms especially the OAG and parliament. In the quest to streamline the role of the Auditor General Office, in 2004 government decentralised the office to all districts countrywide. The government has set the pace for capacity building reforms and encouraged cooperating partners to complement its efforts. Several cooperating partners have responded and provide technical assistance in various aspects of capacity building programmes to fight corruption, which are not within the PEMFA programme. Norway and the Netherlands provide assistance to the OAG aside the PEMFA, which aims at guaranteeing independence of the Auditor General (NORAD 2007, 56).

The EDF9 Capacity Building for Private Sector Development worth EU: €15m was provided to the Ministry of Commerce, Trade, and Industry (MCTI) to assist with the development of a policy and regulatory framework for the business environment, and improve dialogue between the public and the private sector. It is recognized that the support to Zambia Bureau of Standards and Zambia Weights and Measures Agency which included the provision of equipment to provide fee-generating services to business had some positive impact. Interventions with the Zambia Development Agency were aimed at building capacity and removing impediments to business start-up. The programme came to an end in December 2010.

The European Commission programme on technical assistance consists of three phases; Phase one provides capacity building for MPs, Phase two provides hardware and office construction and Phase three will establish constituency offices. Some donors such as Finland, Germany, USAID and the United Kingdom have capacity building projects, which have been targeted at Members of Parliament (MPs) during the last ten years.

USAID has a five year support programme in conjunction with the Economic Association of Zambia (EAZ), which has developed budget literacy guidelines, conducted training courses for relevant Parliament Committees such as the Public Accounts Committees on budget execution. Germany, through GTZ has been providing technical assistance to the Ministry of Finance and National Planning since 2006, which is aimed at incorporating the Poverty Reduction Strategy into the budgetary process by providing Technical assistants to various MoFNP departments. This programme is relevant to PRBS programme because it aims at enhancing the budgetary process which would strengthen management of national resources. In addition, this programme also contributes to PRBS processes by generating and improving data for monitoring and evaluation of government performance.

Extracts:

*“The EDF9 Capacity Building for Private Sector Development (EU: €15m) came to an end in December 2010. Funding was made available in support to the Ministry of Commerce, Trade, and Industry (MCTI) so that it could develop a policy and regulatory framework for the business environment, and improve dialogue between the public and the private sector. The latter part of the project was characterised by greater enthusiasm and ownership after the appointment of a new Permanent Secretary in the beneficiary MCTI. An evaluation will in 2011 provide lessons learnt. It is acknowledged that the support to Zambia Bureau of Standards and Zambia Weights and Measures Agency which included the provision of equipment to provide fee-generating services to business did have some positive impact. Interventions with the Zambian Development Agency were aimed at building capacity and removing impediments to business start-up. Results to date have been mixed mainly due to the Zambian Development Agency (ZDA) being only recently established, however at broader sectoral level there has been an improvement with regard to policy and regulatory review for entry into the business sector (as evidenced by the WB Doing Business Reports over time). Some mix results were produced by grants to Non-State Actors (NSA) which included many of the business associations present in Zambia.” (Cooperation between European Union and Zambia- Joint Annual Report, 2010: page 11)*

*“Budget support related capacity building activities*

- U.K. Department for International Development. Providing support to the Anti-Corruption Commission. Strengthening of political parties. Offering technical assistance to the Secretary to Cabinet. Supporting professionalisation of the public service.*
- Millennium Challenge Account. Providing support to the Anti-Corruption Commission and Zambia Revenue Authority. Helping government implement provisions of the National Corruption Prevention Policy and Strategy (setting up of integrity committees in a few ministries). Re-engineering work processes in the Department of Immigration, Patents and Company Registration, Zambia Revenue Authority, and the Ministry of Lands.*
- U.S. Agency for International Development, DFID, EU and Others. Providing support in the implementation of parliamentary reforms.*
- Norway and Netherlands. Supporting the Office of the Auditor General in implementing reforms in audit practices and effectiveness.*
- Norway, UNDP, Denmark and Others. Supporting access to justice and judicial reforms. Building courts and supporting the recently set up Governance Secretariat.*
- European Union. Supporting capacity development in civil society organisations. Supporting the government in electoral reforms*
- Consortium of Donors. Providing financial and capacity development support to the Task Force on Corruption.” (World Bank 2008)*

▪ **Indicator 1.4.4: Evidence of increased capacity of GRZ to design and implement macroeconomic and sector policies**

Despite human development playing an important catalytic role in poverty reduction and economic development, the quality of human capital in government continued to be low. This was evidenced by increased scarcity of skilled manpower mainly due to lack of coordinated internal training system, inadequate infrastructure and resources for skills development and limited access to higher and tertiary education. Additionally, without appropriate and effective linkages in place, the existing supply of skills did not adequately meet the demand in the labour market.

Job creation was not commensurate with the gains registered from economic growth. In addition, economic growth and poverty reduction was further constrained by several factors, among which were the following: poor infrastructure; low quality of human capital; high cost of financial services; inefficiencies in public expenditure management and limited access to land. However, if fully utilised, the population can contribute to economic growth for sustainable development.

Furthermore, the low quality human development, the focus of the Sixth National Development Plan (SNDP) will be to improve existing capacities through quality training, jobs creation, labour productivity, increasing access to health and higher and tertiary education and facilitate the distribution of skilled labour within and across sectors throughout the country.

Extracts :

*In view of the low quality human development, the focus of the Sixth National Development Plan (SNDP) will be to improve existing capacities through quality training, jobs creation, labour productivity,*

*increasing access to health and higher and tertiary education and facilitate the distribution of skilled labour within and across sectors throughout the country. (Sixth National Development Plan 2012-2015)*

**JC 1.4: GBS and SBS facilitated the delivery of strategic and demand driven non-financial inputs (e.g. TA and capacity development) that are aligned to government priorities**

The support provided through the PEMFA programme and to the Office of the Auditor General Office has assisted to develop essential capacities that are necessary to enhance the use and control of external resources that are channelled through country systems. As observed by the PEMFA Evaluation Report of 2010; that assessing the relevance of training provided under PEMFA is relatively straightforward. Assessing the effectiveness of technical assistance and training received by component staff, however, is far from straightforward. Whilst the Annual Progress reports provide comprehensive information on the type of training that has been planned each year, the duration, the target numbers to be trained and the numbers actually receiving training, there is little or no information reported on the quality or effectiveness of the training (through user or management feedback or otherwise). (PEMFA Evaluation Report, August 2010)

In sum, the fundamental gap in the delivery of strategic and demand driven TA and capacity development is the lack of coordinated implementation of the Code of Practice on Capacity Development (CPG 2008). The code lacks a coherent and harmonised approach to Capacity Development under which a formalized coordination and dialogue process could be established. As a consequence, no formalised coordination and information exchange mechanisms were established with other technical assistance activities outside PEMFA programme have been established.

**JC 1.5: GBS and other EU interventions have assisted in improving core indicators for primary education service delivery**

▪ **Indicator 1.5.1: Improved capacity for planning, management, and monitoring to development and enforcement of policies in the education sector**

In Zambia, sector cooperation in the education sector dates from the end of the 1990s. By then, GRZ implemented an ambitious plan, the Basic Education Sub-Sector Programme (BESSIP) for 1999-2002, to improve access to and quality of basic education. This plan sought to redress the dilapidation of the basic education subsector. In the 1980s and 1990s, economic developments and a heavy debt burden had forced the Government to cut budgets for education. As a result, enrolment rates decreased even though the school-age population was growing fast. Literacy rates did not improve but tended to deteriorate.

BESSIP marked the start of more intensive sector cooperation which also highlighted the ownership role of government. The plan created a model for Zambian ownership; more effectively coordinated support, and thus improved the effectiveness of interventions. In 2003, BESSIP was followed by a second development plan, the Ministry of Education Strategic Plan (MoESP) for 2003-2007. This plan covered the whole education sector. A *Memorandum of Understanding* (MoU), also signed in 2003, marked a new stage in the development of sector cooperation. Until 2003, sector support had mainly been restricted to funding basic education, but the new sector plan of 2003 covered the whole education sector and contributed an increase in donor funding and improved coordination. In 2008, the *National Implementation Framework 2008-2010* (NIF) followed. This Framework functions as the main vehicle for the implementation of the objectives of the Fifth National Development Plan for the education sector. GRZ and cooperating partners are now moving towards targeted budget support (sector budget support), as proposed by the Fast Track Initiative (FTI) Assessment. In 2008, it was agreed that Zambia would receive Zambia USD 60m from the Fast Track Initiative (FTI) Catalytic Fund.

As a result of the implementation of the *Joint Assistance Strategy for Zambia* (JASZ) and the move towards General Budget Support, four cooperating partners (Norway, DFID, EC and Finland) have withdrawn from direct involvement in the education sector through the sector pool. They remain involved in the sector and contribute to the funding through GBS. Four cooperating partners (Ireland, the Netherlands, Denmark and Germany) still provide support through the sector pool. In 2006, 10% of the total budget was funded through the sector pool and 4% through designated project accounts (World Bank, 2008). The remaining part (86%) was funded by GRZ (including GBS). Partly as a result of these developments, the sector contribution of cooperating partners decreased from 38 per cent in 2005 to 12 per cent in 2008 (MoFNP 2009, p 63).

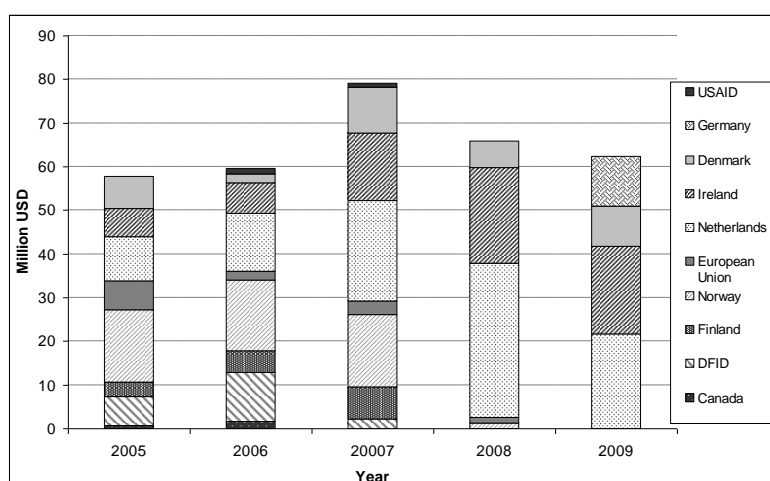
In 2007, the Ministry of Education (MoE) concluded the implementation of the Education Strategic Plan



2003-2007. The EDF9 pool funding mechanism, supported through a €10m programme was concluded also in 2007. The EC also supported in 2007 the Education Management Information System (EMIS), in coordination with USAID. Considering the division of labour under the JASZ, the EC participation in sector dialogue was reduced from 2008, support being limited to short-term consultancies, through the Technical Cooperation Facility (TCF). In this regard, the Commission agreed to fund a consultancy – ‘Review of the Decentralised Procurement of Text Books in Zambia’, with the MoE as the supervising agent. The tender and awarding of the contract was concluded by the Delegation in December 2008.

Although the shift to GBS has not reduced the allocations to the Ministry of Education and domestic spending has increased enormously since 2007, Zambia’s spending on education is still low. The country spends 4.0% of its GDP on education against an average spending of 5.3% in comparator countries (HLPD/PRBS, 2009). The lack of resources contributed to the backlog in infrastructure (World Bank 2006 and 2008).

**Figure 4.1: Development of the sector pool 2005-2009 (million USD)**



Source: MoFNP / MoE; De Kemp calculations, 2010

**Extracts:**

“ One important reason for this divergence relates to a similar collective action problem that has been identified on the side of the GRZ . This collective action problem has to do with the specific sector interests of individual Cooperating Partners. A strong move towards harmonisation and alignment compatible with the intervention logic of budget support would weaken many Cooperating Partners’ special relations with sector ministries and would subordinate their sector interests under a coherent national planning system with the finance ministry as the prime player. In this regard sector interests of individual Cooperating Partners and the interests of sector ministries to restrain the coordinating function of the finance ministry come together in an ‘unholy’ alliance against the intervention logic of budget support.” (Evaluation of budget support in Zambia,2010: page 48)

▪ **Indicator 1.5.2: Increased number of classrooms**

There is consensus from stakeholders in the education sector that government through the Ministry of education has performed exceptionally well. The problem is that population increase and some policies (transfer to Grade 10 for all grade 9 graduates) means that pupil/classroom ratios do not decrease. Indeed at Grade 10 classrooms sizes of 70-80 are reported. As Chapter 1 shows access without addressing equity is unsustainable. The increased focus on improving high school education during the National Implementation Framework 2008-2010 period has led to increased access in the sub-sector. With effect from 2009, MoE introduced a policy allowing all pupils with full certificates at Grade 9 to proceed to Grade 10 with no cut off point.

Infrastructure development was accelerated; MoE developed the 2008 and 2009 Infrastructure Operational Plans to construct 45 high schools, which are still under construction. For Grades 10 to 12 the Gender Parity Index was 0.81 in 2007; in 2008 it rose to 0.83; in 2009, however, it dropped to 0.76 against a target of 0.82 for 2010.

The introduction of the Sector-Wide Approach (SWAp) created the financial preconditions for large investments in basic education and for the abolition of school fees in 2002. In 2000, there were approximately 5,300 basic schools in Zambia; in 2009 this number had increased to more than 8,000 (with the largest growth coming from community schools). Over the same period, the total number of classrooms increased from 25,000 to 44,000.

Extracts:

*“Infrastructure development was accelerated; MoE developed the 2008 and 2009 Infrastructure Operational Plans to construct 45 high schools, which are still under construction”. (National Implementation Framework Evaluation, 2010, page 24).*

*“Enrolment in basic education increased from 1.8m to 3.4m. Investments in teachers and teacher training, in schools and classrooms and in school facilities and books have been and are important instruments for reducing dropout and repetition and improving progression and completion rates.” (De Kemp 2010: IOB, 2008).*

*“The process to revise the PAF commenced in second half of 2010, which focused mainly on the reduction of the indicators. As a result, targets reduced from 36 indicators in 2009 downwards to 25 in 2010. Based on 24 indicators assessed, government performance improved in 2010 to 68.7% . This is largely explained by the fact that in 2010, there were fewer targets in 2010 which were not met compared to 2009, when 10 targets were completely not met. The preparation of the new PAF in currently underway which will be aligned to the new Sixth National Development plan (SNDP). However, one of the challenges of this process will be to formulate the indicators which will be responsive to the needs of all stakeholders. This will be subject to the availability of reliable data and the type of indicators used especially in health and education sectors.”( Report of Progress under the performance Assessment Framework , 2009-2010: page19)*

*”The mechanisms by which the individual Cooperating Partners link their disbursements to the PAF vary substantially:*

- Germany and Finland disburse their budget support as a fixed tranche based on an overall positive assessment of PAF performance as a measure for the Underlying Principle of government commitment to poverty reduction.*
- The Netherlands disburse a fixed tranche based on overall positive PAF performance and commit an additional ‘incentive tranche’ to be disbursed if the overall PAF score exceeds 80 %.<sup>33</sup>*
- The United Kingdom also disburses a fixed tranche based on overall positive performance and commits an additional performance tranche linked to overall PAF performance, but with different thresholds: For an overall PAF score below 50 %, no performance tranche is disbursed. For PAF scores between 50 % and 80 %, a linear disbursement rule is applied (rounded up to the nearest £ 0.5 million).<sup>34</sup> At a PAF score above 80 %, the full variable tranche would be disbursed.<sup>35</sup>*
- Sweden and Norway also both operate a fixed and variable tranche. While the fixed tranche is based on overall PAF performance, the variable tranche is linked to performance against selected PAF indicators (with performance in year n-1 determining disbursement in n+1).*
- The European Commission, in addition to its fixed tranche, operates two variable tranches, linked to specific PAF indicators: an annual performance tranche that is determined by the annual performance assessment; and a performance tranche under the 6-year MDG-Contract scheme, where performance over the first three years of the arrangement determines disbursement in years 4 to 6.*
- The World Bank and the African Development Bank do not use a fixed tranche but both operate floating tranches which are disbursed once a set of selected PAF indicators (prior actions) is achieved.*

*The share of the variable tranche in overall commitments also differs across Cooperating Partners: Norway and Sweden reserve 50 % of their commitments for their variable tranches, the UK only 13 %. The Netherlands, in 2009, would have been able to disburse an additional 30 % as incentive tranche. The EC, in turn, has reduced its performance tranche continuously from initially 91% to 25% in 2010. In 2009, no variable tranche was foreseen by the EC. In 2007, the combined fixed tranches made up 84% of the overall PRBS commitments (Gerster / Chikwekwe 2007, 17).<sup>36</sup> But not only do Cooperating Partners apply very different approaches in determining their PRBS disbursements; more importantly, the conditionality linking variable and floating tranches to indicators is very widely spread across the entire PAF.<sup>37</sup> Prior to the PRBS inventory exercise conducted in 2010, there was evidently no clear understanding on the GRZ side (but not even within the PRBS-Group) of how exactly the individual Cooperating Partners linked their tranches to the PAF.” (Evaluation of budget support, 2010: p. 48-49).*

▪ **Indicator 1.5.3: Improved student-teacher ratio**

The enrolment of children of the poorest households has improved enormously, but this is not the case with the distribution of resources for the education sector (schools, classrooms and teachers). Over the years, CPs have stressed the need to reduce existing disparities between urban and rural areas. Espe-

cially the large disparities in pupil teacher ratios, with much higher pupil teacher ratios in poor and remote rural areas than in wealthier urban areas, are a continuous concern.

In 2006, a World Bank study concluded that teacher deployment was regressive. Schools with pupils from high-income parents had the most experienced teachers and significantly lower pupil teacher ratios. The study concluded that school funding was generally regressive, with 30% higher allocations to richer schools. In 2008, a study of IOB confirmed the large differences between urban and rural areas. Moreover, pupil teacher ratios were highest in the poorest districts. Most teachers prefer to work in urban areas, resulting in an enormous shortage of trained teachers in more remote areas. The lack of housing in rural areas is an obstacle to teacher recruitment and retention in rural areas (World Bank 2006, p. 29). Recent field visits support the conclusion that the absence and low quality of teacher house and the difficult living conditions in rural areas have a negative impact on the retention of teachers. Specific allowances do not provide sufficient compensation. Bonuses for teachers in remote rural areas do not provide sufficient compensation for the hardships and lack of housing these teachers have to face.

One of the reasons, why the Ministry was not more successful in combating inequalities in pupil teacher ratios, is because enrolment grew faster in rural areas and poorer districts than in urban areas and wealthier districts. Between 2005 and 2009, basic school enrolment grew in rural areas with 18%. This growth was concentrated in community schools. The enrolment growth in urban areas was much lower (7%). Large numbers of new teachers were recruited and trained. The total number of teachers increased by 65%, from 37,000 in 2000 to 61,000 in 2009.

**Table 1: Pupil teacher ratios by responsible agency and location (2005 and 2009)**

	2001		2005		2009	
	rural	urban	rural	urban	rural	urban
GRZ	58	37	66	44	56	39
Grant-aided	43	28	60	31	62	41
Community schools	-	-	58	54	73	59
Private / church schools	28	21	39	21	39	18
Total	57	35	64	41	58	38

\* Source: MoE/ EMIS; De KEMP 2010 calculations

**Extracts:**

*“regular consultation among the Signatories is considered critical to continued engagement by the PRBS Group and effective implementation of the National Development Plan and subsequent reform strategies’ PRBS MoU, Part 5 :*

*“The PRBS CPs should pursue a coherent portfolio approach to their assistance to Zambia. At present, PRBS tends to be an additional aid modality while CPs continue to provide ODA to GRZ through programmes and projects, on- and off-budget, on and off-treasury. Inconsistencies such as off-budget and off-treasury funding undermine the potential benefits of the PRBS and do not reduce transaction costs. The JASZ and the GRZ Aid Policy provide an agreed framework to improve the CPs portfolio coherence. The GRZ and CPs should abstain from expanding the JARs in forthcoming years but rather invest in strengthening domestic processes, whether ongoing or planned. Domestic institutions and processes, such as the Sector Advisory Groups (SAGs), and the related annual poverty conference, have the advantage of being inclusive of all stakeholders. Strong domestic institutions and processes enable the PRBS machinery to be kept to a minimum.” (The PRBS Learning Assessment, 2007: page 11).*

**Indicator 1.5.4: Improved teachers` recruitment and training modalities**

The government and various stakeholders in the education sector have continued making efforts to enhance the quality of teacher’s recruitment and training modalities. In the quest to improve teachers recruitment; Nkrumah College of Education and Copperbelt Secondary Teachers College are being transformed into universities; additional infrastructure is being constructed at these colleges. At both institutions degree programmes have been developed and are being implemented.

A new college of education is being established, to train teachers of science and mathematics. In the colleges of education, enrolment increased from 8,970 in 2007 to 9,235 in 2008. An Education Leadership and Management Course for Head Teachers has been developed and commenced in 2009 at the

#### National In-Service Training College (NISTCOL).

However, given that practically all the currently serving Head Teachers and Deputy Heads have had no school management training, in addition to the need to train new Heads and Deputies, including in-service training, NISTCOL is inadequate for the size of problem to be addressed. Use could also be made of the Teacher Resource Centres (not to use the present Resource Centre Coordinators as trainers, but to use the Resource Centres as venues for specially developed, tailor made training programmes).

A School Based Continuous Professional Development Master Plan has been developed.

However, due to reduced funding to the Teacher Resource Centres, their levels of activity have been severely reduced. Given the importance of the Resource Centres for CPD activities, and of CPD activities to quality enhancement, the resource allocations to the Centres should be protected.

#### Extracts:

*“In the three public universities enrolment has increased from 14,262 in 2007 to 15,447 in 2008 and 17,026 in 2009. At the Copperbelt University and the University of Zambia, additional infrastructure has been constructed, such as a library and a unit to house the School of Business at CBU, and new hostels at UNZA; existing infrastructure has been rehabilitated.*

*At UNZA a public private partnership agreement has been entered into to develop infrastructure. An academic audit and a unit cost study for university education have been commissioned to facilitate development of output based resource allocation criteria.*

*With support from NUFFIC both the Copperbelt University and the University of Zambia are putting in place measures to improve the financial management of these institutions.*

*Mulungushi University was established in 2008 and additional infrastructure is being constructed at the University.*

*Including private universities, by the end of 2009 the number of universities was 14. Plans are advanced to establish a Higher Education Authority which will regulate, supervise and monitor standards of higher education.” National Implementation Framework , 2008-2010:*

*“Oxford Policy Management, 2010: At the same time, in the education sector, for example, MoE officials and CP feel that the JASZ and the move towards PRBS have reduced transaction costs and have enhanced harmonisation and coordination in the sector. However, there also appears to be agreement amongst Cooperating Partners that the division of labour system has brought high costs for the lead donors (page 21).*

*After the misappropriation of funds in the health sector, the PRBS group was able to respond almost uniformly signalling their unease about the corruption cases and as well as the overall slow pace of reforms. By temporarily suspending PRBS disbursement and basket funding to the health sector and by jointly initiating a HLPD on the Underlying Principles as stipulated in the PRBS MoU, Cooperating Partners were able to bring outstanding reforms back to the table. In the same vain (albeit arguably easier due to the smaller number of donors involved) Cooperating Partners dealt with a recent problems in the roads sector: In reaction to high unit rates for contractors and over-commitments by ZMK 1 trillion in 2008, Cooperating Partners suspended disbursements and requested an audit by the Auditor General, covering financial, technical and procurement aspects. In his report, the Auditor General pointed to severe deficits in the procurement, linked to weak supervision by Road Development Agency (RDA). Cooperating Partners suspended disbursements of on-going funding and negotiated with GRZ a common Remedial Action Plan, focusing on the implementation of corrective measures to address the audit findings and guarantees that similar shortcomings are not repeated.” (Evaluation of budget support, 2010: page 43).*

*“The Ministry of Finance and National Planning is at the centre of managing aid relations in Zambia. It engages donors at various platforms both international and domestic to mobilize aid resources. It makes itself accountable to the wider GRZ, Parliament, civil society and the citizens at large over matters of mobilisation and use of aid and other resources. But the MoFNP has major human resources weaknesses which prevent it from carrying out these roles effectively. As an example, the restructuring of the ETC in recent years undermined its capacity to coordinate donor cooperation let alone systematically promote the implementation of the PD principles. Currently there are only four staff managing donor relations. As stated earlier, there are 28 donors. The imbalance immediately conveys the extent to which the MoFNP is overstretched in effectively managing donor relations let alone the Paris Declaration commitments’ (Evaluation of Implementation of Paris Declaration in Zambia, 2010: page 16).*

*“A high level of alignment, harmonisation and coordination has been achieved through the JASZ signed in April 2007, and the GRZ Aid Policy approved by cabinet in May 2007. The GRZ assigns an explicit priority to PRBS as the preferred aid modality. However, there is widespread acknowledgment that the project modality will continue for a long time, as the lack of implementation capacities cannot be overlooked. In particular, the consensus on a division of labour and assigning lead donors for the sectors is noteworthy and important for the PRBS. It significantly clarifies and balances donor activities in relation to the sector advisory groups.” (Poverty Reduction Budget Support, Learning Assessment, 2007, page 9).*

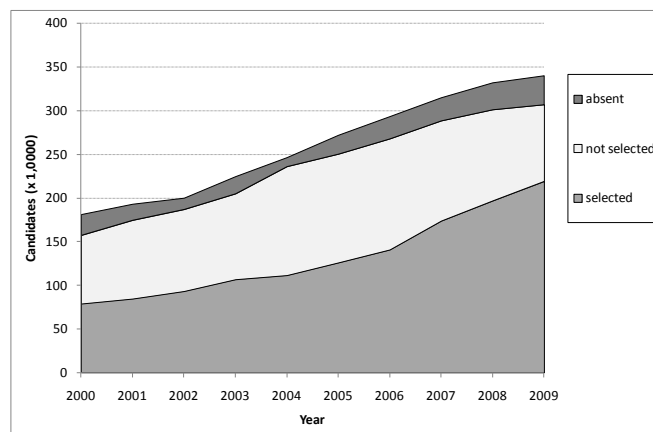
▪ **Indicator 1.5.5: Development and roll out of improved curricula and examinations, supported by appropriate teaching materials**

The Zambia *FTI Assessment* concluded that the Government’s National Implementation Framework 2008-2010 constituted a sound and credible path to the achievement of the MDGs for education. At the same time, the education system does not reach all children and in an equitable manner. Children in rural areas tend to be more disadvantaged in terms of both access and quality. Gender disparities remain at the middle basic and upper basic level and completion rates at the upper basic level are too low. Moreover, girls have continued to drop out of the school system in significantly greater numbers than boys. Teacher management should be improved to tackle retention and absenteeism of teachers and the provision of qualified teachers. Teacher retention is especially a problem in rural areas (HLPD/PRBS). The IOB evaluation (2008) pointed to the improvement of school management as an important instrument to improve learning achievements. It will also help to reduce the absenteeism of pupils. It is also important to reduce the discrepancy between increments in enrolment at basic school level and post basic level (HLPD/PRBS). The FTI assessment points to the necessity to expand access to post-primary education and to improve the link with the world of work.

However, pass rates are not a good indicator of the improvement of the quality of education. As a result of a lack of capacity at the upper basic level, Zambia is forced to restrict the number of pupils admitted to grade 8. Pass rates are therefore determined by the capacity at the upper basic level (grades 8 and 9). The ‘selection’ (admission) of pupils is based on the available number of places and not on pupils’ scores. The development of average examination scores is therefore a better progress indicator. Figure 4.4 shows the development of the average scores for English, mathematics, science and Zambian languages. The maximum score is 60. Between 2001 and 2009, average results did not improve, but deteriorated slightly. A number of districts, especially in Northern, Western, North-western, Luapula and Eastern Provinces have rather low results in comparison with other districts.

According to De Kemp (2010), evaluation results show that the Ministry of Education succeeded in significantly enhancing access to basic education after years of underinvestment by implementing development plans and abolishing school fees in 2002. Enrolment in primary education has increased by more than 80% (from 1.6 million in 2000 to 2.9 million in 2009). Enrolment in basic education increased from 1.8 million to 3.4 million. Investments in teachers and teacher training, in schools and classrooms and in school facilities and books have been and are important instruments for reducing dropout and repetition and improving progression and completion rates (IOB, 2008). Completion rates at grade 7 improved from 67% in 2000 to 92% in 2005. The gender gap has decreased and parity has almost been achieved at the basic education level.

**Figure 1: Development of examinations (grade 7) 2000-2009**



\*Source: MoE / ECZ, 2010

### **JC 1.5: GBS and other EU interventions have assisted in improving core indicators for primary education service delivery**

GBS and other EU interventions have assisted in improving core indicators for primary education service delivery

In the 1980s and 1990s, economic developments and a heavy debt burden had forced the Government to cut education budgets. As a result, the education sector became dilapidated. By the end of the millennium GRZ and cooperating Partners started to cooperate to revitalize the education sector, starting with the basic education subsector. In 2003, the sector cooperation was widened to the whole sector, although basic education remained the main area of interest. As a result of the sector cooperation and the resulting investments, as well as the introduction of free primary enrolment in basic education increased with more than 60% between 2000 and 2005.

With the introduction of GBS and the acceptance of the JASZ, several Cooperating Partners withdrew from the education sector. This did not have a negative impact on the budgeting of the sector. GRZ continued to allocate more money to the sector and basic education profited proportionally. Between 2005 and 2009, real expenditure for basic education did grow more than 50%. Enrolment rates continued to improve, although it is very difficult to give precise figures. Gender disparities decreased and disappeared at the lower basic level. Evidence shows that especially the school attendance of children of the poorest households has improved. However, communities themselves were for a large part responsible for this increase through the creation of community schools.

The sector faces several challenges, partly as a result of the high enrolment growth. Zambia's spending on education is still low. The country spends 4.0% of its GDP on education against an average spending of 5.3% in comparator countries. The lack of resources contributes to the existing backlog in infrastructure. Pupil teacher ratios remain too high, especially in poor rural areas. The distribution of teachers over districts is regressive and has only slightly improved. This is partly the result of the relatively high enrolment growth in the poorest districts (and in rural areas). Disbursements to basic schools appear to be progressive, with the poorest districts getting relatively more money. These disbursements consist of school grants and resources for infrastructure and textbooks. Especially the resources for classroom construction seem to be progressive. At the same time, it must be noted that the budget per pupil is far too low to have an impact. The school grants are completely erratic and the average amount per pupil has decreased by 60% over the years. For poor rural areas, investments in classroom and the recruitment of new teachers are hardly enough to compensate for the increased enrolments. As a result, many children have to sit on the floor, without books and, as a result of the system of double shifts, school hours are too short. There are also serious inefficiencies in the sector, especially in the allocation of teachers.

Partly as a result of a lack of resources, the quality of education remains low. The number of pupils completing primary education and upper basic education has increased enormously, but average results do not improve. It must be noted, however, that with the enormous enrolment growth the characteristics of pupils have changed enormously. In 2010, many children in poor, remote rural areas go to school, while their parents haven't had any education. The improvement of education in rural areas requires a more holistic approach.

In 2007, the Ministry of Education (MoE) concluded the implementation of the Education Strategic Plan 2003-2007. The EDF9 pool funding mechanism, supported through a €10m programme was concluded also in 2007. The EC also supported in 2007 the Education Management Information System (EMIS), in coordination with USAID. Considering the division of labour under the JASZ, the EC participation in sector dialogue was reduced from 2008, support being limited to short-term consultancies, through the Technical Cooperation Facility (TCF). In this regard, the Commission agreed to fund a consultancy – *'Review of the Decentralised Procurement of Text Books in Zambia'*, with the MoE as the supervising agent. The tender and awarding of the contract was concluded by the Delegation in December 2008 (indicator 1.5.1).

## **EQ2: To what extent have the EU interventions (GBS, SBSs and capacity development programme) enabled a private sector led development?**

- JC2.1: Support to PEMFA enhanced predictability and transparency in public investment and expenditure
- JC2.2: Support to PEMFA enhanced fiscal discipline
- JC2.3: Support to Private Sector Development (PSD) improved policies and regulatory framework in which the private sector operated
- JC2.4: Capacity building initiatives supplied the qualified human resources needed by the private sector

### **JC 2.1: Support to PEMFA enhanced predictability and transparency in public investment and expenditure**

- **Indicator 2.1.1: Share of PFM performance indicators in PAF and as elements of the policy dialogue**

The general financial incentives of PRBS together with the policy dialogue on the Underlying Principles and around the PAF indicators acted as the relevant catalyst for PFM improvements while PEMFA was designed, under a basket fund associating 9 CPs (incl. the EU), as a capacity development programme covering almost all aspects of PFM and national planning. The PEFA assessments 2005, 2008 and 2010 confirmed an improving trend for almost all indicators, at core PFM indicators.

The PAFs for the years 2006 to 2008 included 5 PFM indicators, of which 4 were included in the respective annual performance assessment. The 2009 PAF initially included 8 PFM indicators, of which 4 were subsequently subsumed under the heading ‘oversight’, leaving 4 core PFM indicators for the annual reviews.

The high priority given to PFM was driven right from the beginning of the reference period by the CPs in order to limit fiduciary risks attached to joining in basket funding and budget support approaches. This concern was shared by GRZ as far as it facilitated the access to external resources, and was expected to improve predictability and reduce transaction cost. The buy-in did not go much beyond this point, as shown by later weak ownership of most EU driven PEMFA components evidenced by a limited involvement of senior staff in programme management. The shift of mindset of the GRZ dated back to the signature of the major GBS and SBS financing agreements, which coincided with the rise of copper export revenues. The lack of commitment of the government kept growing with the increasing marginalisation of ODA share in GRZ revenues and Zambian GDP. Lack of human resources, notably for MoFNP senior staff for macroeconomic and PFM matters may have reinforced the feeling, by CPs, of a weakening ownership.

Already the core of policy dialogue, mainly at high level but also at sector level, the PFM issues came into harsh light at the end of the reference period with two scandals involving EU focal sectors: the health sector in 2008 and the road sector in 2009. The EU was at the forefront of strong renewal of the policy dialogue on PFM by suspending disbursements for Road Sector Policy Support Programme (SPSP)1 and requiring, with other CPs, a reassessment of the road sector programming documents.

#### Data, figures, tables:

**Table 2 - Expenditure as a Proportion of Budget for each of the PEMFA Components (2005 to 2009)**

COMPONENT	2005	2006	2007	2008	2009	TOTAL
	% (compared with annual budget)	% (compared with annual budget)	% (compared with annual budget)	% (compared with annual budget)	% (compared with annual budget)	2005 to 2009 (compared with original budget)
1 Commitment Control and FMS	38.2	50.3	74.3	22.7	24.4	258.3
2 IFMIS Project Implementation	9.2	21.9	33.2	36.6	89.6	94.3
3 Fiscal Policy and Economic Planning	8.2	44.2	136.2	32.0	59.8	482.0
4 Budget Preparation and Execution	13.2	18.7	15.5	14.5	3.3	48.8
5 Improved Debt Management	53.7	13.1	30.5	24.1	6.6	95.0
6 Enhanced Internal Audit and Control	15.8	50.8	57.0	50.7	41.6	49.5
7 Better External Finance & Co-ordination	-	11.1	18.5	18.3	34.1	44.9
8 Legal and Regulatory Framework	1.5	-	10.5	8.7	24.0	14.3
9 Strengthened External Audit	0.3	31.0	63.3	49.1	46.7	92.0
10 Enhancing Parliamentary Oversight	13.1	12.2	1.6	59.7	46.9	136.2
11 Accounting Training and Regulations / ZICA	1.6	33.2	53.9	20.7	48.7	86.6
12 Public Procurement Reforms	20.5	64.4	21.1	21.5	17.9	38.1
13 Centralised Computer Services Department			1.9	1.3	-0.7	12.2
14 PEMFA Secretariat	7.1	77.2	307.2	45.4	40.5	44.4
Total	11	34	42	36	61	73.5

Source: PEMFA final evaluation, 2011

Extracts:

*“Moreover, whilst an apparently justifiable charge of ‘micro-management’ was levelled at the CPs by the GRZ during the earlier phases of the reform, with apparent implications for the timeliness of approval for work-plans and with negative implications for working relations with the Government, the CPs appear to have failed to intervene at more strategic points when external influence would have been crucial.”* PEMFA final evaluation, p.vii

*“The original PEMFA budget of \$72 million was dominated (in terms of budget allocation) by the IFMIS component, which had an original allocation of \$26.9 million. There was a very high level of spending planned on the PEMFA Secretariat (\$10.9 million). Planned spending on the external audit component (\$7.4 million) and the procurement reform component (\$8.8 million) was also relatively high. It is notable that the planned spending on the fiscal policy and economic planning component (\$0.5 million) and the budget preparation and execution component (\$1.1 million) was relatively (and absolutely for a five year reform programme) very low, particularly given the ambition for reform in these areas at the start of PEMFA.”* PEMFA final evaluation, p.viii

*“As a consequence, no formalised coordination and information exchange mechanisms with other TA activities have been established. (...) The root of this problem is that – beyond the before mentioned Code of Practice on Capacity Development (CPG 2008) that formulates 15 principles on how to provide TA – there is no coherent and harmonised approach to Capacity Development under which a formalized coordination and dialogue process could be established. One way suggested by some interview partners to remedy this could be to develop a joint GRZ/Cooperating Partner Capacity Development Strategy and to establish a formalized dialogue and coordination framework in line with the SAG arrangement in the sectors.”* BS evaluation, draft final report, p.51

*“The PAFs for the years 2006 to 2008 included 5 PFM indicators, of which 4 were included in the respective annual performance assessment. The 2009 PAF initially included 8 PFM indicators, of which 4 were subsequently subsumed under the heading ‘oversight’, leaving 4 — core PFM indicators for the annual review.”* BS evaluation, draft final report, p.61

*“The general financial incentives of PRBS together with the policy dialogue on the Underlying Principles and around the PAF indicators acted as the relevant catalyst for PFM improvements rather than flanking capacity building in the PEMFA framework or PFM-specific conditionality attached to PAF. Some of the most relevant recent reform steps can however be – at least partly – attributed to the High Level Policy Dialogue initiated in the wake of the 2009 health scandal.”* BS evaluation, draft final report, p.63

*“The MoFNP has emerged as the actor within GRZ having the strongest ownership for the dialogue process. The reason for this appropriation is related to the preference structure of the MoFNP. MoFNP perceives the policy dialogue as a means to strengthen its coordination function within the government and to reduce transaction costs vis-à-vis a situation, where it has to individually negotiate with a disperse set of actors both, within the government itself and within the community of Cooperating Partners. At the same time, however, the capacity and the political strength of the ministry to fulfil its coordinating functions within the dialogue process has been limited (...) In particular, there is no well-equipped PRBS secretariat or similar entity that could effectively prepare, structure and follow-up on the policy dialogue. Beginning 2010, a Desk Officer has been assigned to each sector and line ministry to facilitate easier dialogue/ communication between Cooperating Partners and Government. (...) With regard to other central government agencies, ownership of the existing dialogue structures has been heterogeneous and the collaboration between MoFNP and sector ministries has been weak in the dialogue process. (...) Beyond a lack of the capacity in several ministries to fulfil their role in the complex dialogue structure, political interests played also against it. (...) This deficiency in the incentive structure to overcome deeply rooted collective action problems within the GRZ has been transferred into a weak division of labour across the SAGs and between the SAGs and the PRBS group.”* BS evaluation, draft final report, p.41

*“the instrument [BS] is still far from being the dominant mode of aid delivery. This has created a situation, where Cooperating Partners have not only to coordinate a complex and demanding instrument of budget support but also have to – individually – ensure that their traditional project or sector interests are made compatible with budget support – or vice versa. This situation of managing two different worlds of development aid delivery – one aiming at harmonisation and alignment, the other at individual visibility and project success – has increased the transaction cost of dialogue extensively.”* BS evaluation, draft final report, p.42

*“National Development Plan and Strategy - Difficult to link to the budget planning process:*

- No multi-year fiscal framework .*
- Used different sector classification to the budget*
- Analysis tended to be reflective, policy prescriptions and programme plans not suffi-*



*cient developed.*

*No process for updating and adapting strategies and plans to reflect changes in economic circumstances and the government priorities.*

*FNDP quickly became outdated and less relevant in guiding government decision-making.”*

Public Expenditure Review Workshop, December 1-2, 2010; The Planning and Budget Process, A. Bird

▪ **Indicator 2.1.2: Degree of achievement of the expected results of the PFM strategic reform process, and particularly MTEF**

The 2010 PEMFA final evaluation assessed negatively the degree of achievement of the expected results on core PFM reform process: *“In all of the twelve technical components, goals and objectives have either not been achieved at all or they have been delivered much later than programme design had envisaged. Where PEMFA has attempted directly to improve PFM processes, procedures and human resource capacities, in many cases this has not been achieved. In those components where there has been good progress in enhancement of PFM systems and capacities, the underlying improvements have often been achieved by complementary reform processes that have operated in parallel with (but independent from) PEMFA (with PEMFA supplying physical infrastructure, as noted above).”* This conclusion is however balanced by progress made across the board by GRZ in PFM performance, as evidenced by PEFA assessments in 2005, 2008 and 2010. One of the issues revealed by the final evaluation is that some of these reforms are suffering from design weaknesses that might lead to early future redesign and retraining requirements. This risk implies mainly on the most technical inputs pushed through by the EU (IFMIS in particular), whilst being a major part of the EU financial contribution (€26,9m over the initial €76m allocated to PEMFA), does not entail the overall reform process. IFMIS (Integrated Financial Management And Information System) was not yet operational by end 2011.

The MTEF is of strategic importance in improving the strategic planning process and its implementation, i.e. service delivery and investment. The component 4 (Budget preparation and execution) of PEMFA was focused on strategic plans that link more closely to a dynamic and responsive national planning process; and the presentation of resource allocation information to the MoFNP and Parliament that is more strategic and, as a result, more transparent than the detail previously presented in budget documents. This reform was however already implemented before the start of PEMFA but the EU contributed, as assessed by the final evaluation, to a number of achievements, particularly with regard to ensuring that new processes operated as planned, including:

- Preparation and use of Green Papers;
- Formulation of MTEFs;
- Preparation of MTEF and Activity Based Budgeting (ABB) guidelines;
- Preparation and use of Budget Framework Papers (BFPs);
- Establishment of an inter-governmental fiscal architecture manual;
- The training of Ministries, Provinces and Spending Agencies (MPSA) staff in operation of ABB.

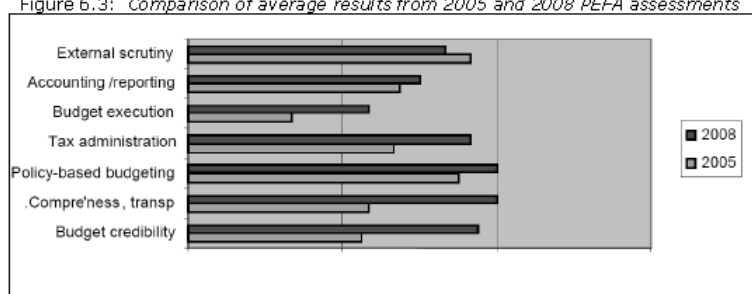
Component 4 under disbursement (from 3 to 19% of annual work plans) was due to overestimated targets which were shared by all components, but also the absence of implementation of some activities among the most demanding in terms of accountability and transparency: PERs and MTEF reviews. Number of issues need to be tackled still to bring a medium-term perspective to budget planning and improve the level of inputs of line ministries and their effective implementation of MTEF approach.

The policy dialogue must be included in EU contribution to PFM reforms, was it on a regular basis (high level platform and SAGs) or, with more significant impacts, during the sector PFM crises at the end of the reference period (health sector in 2008 and road sector in 2009, both supported by EU under SBS approach). These crises amply evidenced that against PFM improvements brought with and by the MoFNP, they did not reached sector ministries which are responsible for most GRZ expenditures.

In sum, PFM reforms, and particularly the implementation of MTEFs, were implemented by the GRZ with an EU significant contribution with PEMFA, even if design weaknesses, inappropriate procedures, some shortcomings on the provided long-term TAs did not ensured a leadership role to EU support. The three PEFA assessments conducted over the reference period (2005, 2008 and 2010) testify of a relatively steady improvement while sector PFM crises at the end of the reference period provided contradictory evidences.

Data, figures, tables:

Figure 6.3: Comparison of average results from 2005 and 2008 PEFA assessments



Source: GRZ (2008)

Table 6.1: PAF PFM-indicator performance 2006-2009

	2006	2007	2008	2009 (PFM)	2009 (oversight)
achieved	1	4	2	2	2
partially achieved	1	0	1	0	1
not achieved	2	0	1	2	0
Score (%)	37.5	100	62.5	50	88.3

Source: annual PAF progress reports; own compilation

Source: BS evaluation, draft final report, p.62

Extracts:

“Over the PEMFA period, in fact, there appears to have been demonstrable improvement in key PFM areas, as measured by the high level PEFA indicator set, through assessments carried out in 2005 and 2008. Moreover, to the extent that data has been made available to the PEMFA assessment team, analysis of Public Expenditure and Financial Accountability (PEFA) indicators in 2010 suggests that these gains have largely been consolidated in the later years of the PEMFA period. (...) Where physical infrastructure has been provided, however, this has either been delivered late, over budget, or with design flaws. In some cases, substantial amounts of time have been lost on implementing reforms that have been underdeveloped or only partially developed, with substantial potential opportunity costs in terms of future redesign and retraining requirements as well as for the extended period over which existing systems may remain sub-optimal in terms of efficiency and effectiveness. On the whole, PEMFA has either failed to deliver what it set out to achieve or has delivered late.” PEMFA final evaluation, 2010, p.v-vi

“Component 4 key issues. The major story of Component 4 is one of gains in transparency and process (carried out largely outside of direct PEMFA support) balanced by lost opportunity. Whilst achievements were made (mostly independent of PEMFA support and not by any means comprehensive with respect to plans), there was a missed opportunity to comprehensively analyse and specify reform requirements at the outset. This meant that those achievements that were made, could and should have resulted in: budgets that link more closely to strategic plans; strategic plans that link more closely to a dynamic and responsive national planning process; and the presentation of resource allocation information to the MoFNP and Parliament that is more strategic and, as a result, more transparent than the detail currently presented in budget documents.

Key issues are as follows:

- Major reforms addressed under Component 4 pre-date the start of the PEMFA - introduction of the MTEF and the ABB and the revival of the NDP all occurred in the years just prior to the PEMFA.
- This provided considerable scope to consolidate and improve upon these reforms in 2005.
- Whilst the intervention logic appeared to be consistent with this (through one stream of work to consolidate the new reforms and another to improve reform design and implementation), the failure to specify a more optimal approach to design of this component meant that key reform opportunities were missed.

Having noted this, a number of achievements were made, particularly with regard to ensuring that new processes operated as planned, including:

- Preparation and use of Green Papers.
- Formulation of MTEFs.
- Preparation of MTEF and ABB guidelines.
- Preparation and use of Budget Framework Papers (BFPs) .
- Establishment of an inter-governmental fiscal architecture manual.
- The training of MPSA staff in operation of ABB (with apparently full acceptance of this new process

throughout government, notwithstanding the additional work it entails).

- In addition, a very simple but very powerful reform was introduced in the budget calendar, with the date for submission of the budget to Parliament being brought forward by three months (although this was a reform independent of PEMFA).

But the further development of the above reform processes did not proceed as planned. In particular:

- PERs and MTEF reviews were consistently scheduled in work plans but not carried out.
- Whilst an MTEF review was carried out in 2008, its recommendations were weak and did not address the most important reform issues.

The huge under-spends in the Component 4 budget reflect in part some of the capacity building and other activities that were planned but not carried out in each year of the PEMFA (over the period 2005-2009, annual spend reached a maximum of just 19% of budget in 2006 and fell to a minimum of 3% of budget in 2009).” PEMFA final evaluation, 2010, p.A11

#### **“Zambia’s MTEF Process**

- Comprehensive and unified Budget
  - Includes nearly all fiscal actions
  - Single budget process for capital and current spending
- Two stage MTEF process, that reflects practice in many countries
  - Strategic phase leading to Green Paper
    - Medium-Term Macro-Fiscal Framework
    - Review of sector programmes and priorities (SAGs)
    - Resource ceilings for budget implementation
  - Budget formulation phase – ABB
    - MPSA Budget Framework Papers
    - ABB submissions
- Consultations at key stages in process:
  - MTEF/Budget Cabinet Consultation Paper
  - Green Paper
  - Finalisation of draft Budget
- Budget now approved by Parliament by beginning of FY.

#### **Issues**

- No formally agreed MTEF and budget planning calendar
  - MTEF and budget process starts late leaving insufficient time for analytical work
- Little input from MPSAs during the strategic phase
  - Little guidance for sector reviews, SAGs not functioning effectively.
- Outer year resource ceilings lack credibility and have failed to bring a medium-term perspective to MPSA budget planning
  - MPSAs continue to plan their budgets for a single year.
- Procedures for capital investment management problematic
  - Project selection/appraisal procedures fail to exclude wasteful projects
  - Commitments for on-going capital investment projects not tracked by MoFNP or fully taken into account in setting resource ceilings.”

Public Expenditure Review Workshop, December 1-2, 2010; The Planning and Budget Process, A. Bird  
“Notwithstanding remaining weaknesses Zambia’s PFM performance has improved substantially since 2005. To date, two performance assessments of Zambia’s PFM system using the PEFA set of indicators (PEFA 2005b) have been conducted. The first assessment in 2005 (GRZ 2005a) served as a first-year evaluation of the PEMFA programme and baseline for future assessments. The second PEFA assessment conducted in 2008 measured progress against this baseline. It notes significant improvements in various dimensions of PFM, in particular an improved basis for strategic budgeting, greater comprehensiveness of fiscal information (including systematic reporting of arrears), improvements in internal audit, and improved oversight (through better coverage and improved methodology for external audit, and the opening up of public access to the Public Accounts Committee hearings). “BS evaluation, draft final report, p.61-62

*“Among the main factors restricting the effectiveness of BS-related TA inputs is the fact that – despite the joint PEMFA programme framework and the provision through country systems – the principles of ownership, alignment, and harmonisation are adhered to only to a limited extent. In particular with respect to the PEMFA programme various interlocutors stressed that, while representing a comprehensive programme with its large number of components and activities, the main rationale behind launching the programme was that it was conceived by Cooperating Partners as a pre-requisite for taking up the provision of budget support. (...) In particular, while MoFNP as a natural ally for most of the reforms supported by the PEMFA programme may actually exhibit sufficiently strong ownership at top management level, this is not necessarily true at all lower levels and in all parts of government. At the same time, some interview partners also argued that the programme design may have been too ambitious in terms of coverage to be effectively managed by MoFNP”* BS evaluation, draft final report, p.50

*“The adoption of a Medium Term Expenditure Framework (MTEF) and the introduction of Activity Based Budgeting (ABB) with MPSA budgets broken down to programme and activity level were first considered in the late 1990s. ABB was piloted in 2000 and rolled out to all MPSAs by 2004, the MTEF was formally introduced in 2004.”* BS evaluation, draft final report, p.64

*“The Government officially launched the PEMFA in June 2005. PEMFA comprises reforms in all the main areas of public finance management from budget and planning to execution, procurement, reporting, audit and oversight. The benefits of each programme’s component are expected to be obtained with a moderated budget (USD74million for 5 years) completely financed by cooperating partners. PEMFA funding is essentially composed of bilateral or multilateral grants and only the contribution of the World Bank has been achieved through a non-rigid loan. The main contributors to the PEMFA budget are the UK (with USD21million) and the EDF9 (with USD20million).*

*PEMFA is still a relatively young programme, and substantial progress still has to materialise (as experience in other developing countries shows, PFM reforms take time to take off). Since the official launch in June 2005, most progress has been made on the initial more administrative phases. Ironically, looking back it appears that most reforms have taken place in the run-up to the creation and negotiation of the programme itself (2004 and early 2005). The main achievements include: introduction of an Activity-Based Budget (ABB) in 2004, which led to a more effective framework for the translation of policy priorities into the budget; preparation of a rolling MTEF, with a macro-economic and fiscal framework in line with PRGF-projections; introduction of quarterly cash allocation plans and cash-flow frameworks; adoption of a new Finance Act, and drafting of new Financial Regulations and Procurement Act; computerisation of the Financial Management System; more frequent and publicly available reporting on expenditure, and timely delivery of audit reports to Parliament.”* CSP 2008, p.23

▪ **Indicator 2.1.3: Evidence of improved coordination between the Ministry of Finance and the sector ministries in budget preparation, activity planning and budget implementation and monitoring**

This issue of improved coordination was mainly dealt by PEMFA components 3 “Policy, planning and budgeting” and 4 “Budget preparation and execution” (see I 2.1.2), with some overlaps. The major achievement of component 3, as seen through the 2010 final evaluation, is the development of a macroeconomic database and macroeconomic model in the MoFNP (the ‘ZAMMOD’). As a result, the MoFNP now has the capacity to assess the economy-wide implications of various policy option scenarios (e.g. changes in tax policy) and the likely poverty impact of various policy options. Some additional modelling was further added but to a large extent these do not target the main planning issue: the involvement of the sector ministries, bringing realistic sector strategic analyses, reliable budgeting of current expenditures and investments projects, and review of previous fiscal year budget implementation.

Activity-Based Budgeting (ABB) was introduced in 2000, prior to EU support through PEMFA (2005) replacing previous line-item budgeting process. This approach utilises two tier classifications breaking down spending allocations by programme and activity, provides with outputs identified at programme level and included with targets in the budget estimates. ABB improved transparency of the budget (both for officials and Parliamentarians) and made it less easy to divert resources to other activities. A 2009 assessment of the budget execution (Bird 2010) evidenced here again the lack of buy-in of sector ministries (introducing too many programmes/activity/outputs to be monitored and assessed) which stayed out of reach of the EU support and TA. The PFM crises at the end of the reference period came to confirm the design weakness of having focused all PEMFA components with the MoFNP.

In sum, the EU was not in capacity to improve the coordination between the MoFNP and the sector ministries, even while supporting both through GBS/PEMFA and SBS (roads, health, both being EU focal sector under the EDF10), aligning on GRZ policy framework (again at central and sector levels), contributing to all ladders of the policy dialogue (high-level and SAGs), and mobilizing some 90% of the NIPs.

Extracts:

*“Whilst there has been improvements in the transparency of the budgeting process, there has been a lost opportunity to have budgets that link more closely to strategic plans and strategic plans that link more closely to a dynamic and responsive national planning process and the presentation of better resource allocation information to the Ministry of Finance and National Planning (MoFNP) and Parliament (Component 4).”* PEMFA final evaluation, p.A3

*“Component 3 [Policy, planning and budgeting] successfully delivered a modelling capability in the MoFNP (although planning for this had originally envisaged a socio-economic modelling capability). Whilst this represents one of the success areas of PEMFA, Component 3 failed to deliver in other key areas. Key issues are as follows.*

- *There is overlap between Components 3 and 4.*
- *There was a missed opportunity at the design stage of PEMFA with regard to these components to plan for reforms that would have strengthened and improved the relevance of the NDP, MTEF and ABB.*
- *One of the success stories of the PEMFA has been the development of a macroeconomic database and macroeconomic model in the MoFNP (the ‘ZAMMOD’).*
- *As a result, the MoFNP now has the capacity to assess the economy-wide implications of various policy option scenarios (e.g. changes in tax policy) and the likely poverty impact of various policy options (e.g. advancing the delivery of a Millennium Development Goal (MDG)).*
- *Wide participation in ZAMMOD (including from the MoFNP, CSO, BoZ) will facilitate sustainability of the ZAMMOD, as will the development of a study module which has been made available to the University of Zambia.*
- *Other key outputs were undelivered, however, including the planned strengthening of the Sector Advisory Groups (SAGs) to facilitate their monitoring of the PRSP and NDP.*
- *Whilst the rationale behind the original intention to establish a socioeconomic model is unclear, the desire to establish a database of socio economic information for planning purposes is understandable. This was not achieved, however.*
- *It should be noted that a Poverty Module was developed as one component of the ZAMMOD, which enables the modelling of some of the likely socio-economic effects of various policy scenarios.*
- *Design of Component 3 was relatively weak. The goal was too broad to be achieved by the outputs and the outcomes specified and there was a missed opportunity at the design stage to properly appraise the requirements to link the NDP and MTEF and the role of the MTEF in informing budget allocations.*

*This resulted in overlap with Component 4 and a failure of both components to address some much needed additional reform issues with regard to the NDP, MTEF and ABB.”* PEMFA final evaluation, p.A3

***“Integrated NDP/MTEF/Budget Calendar - Activity-Based Budgeting***

- *ABB introduced in 2000 replacing previous line-item budgeting process*
  - *Utilises two tier classification breaking down spending allocations by programme and activity*
  - *Outputs identified at programme level and included with targets in the budget estimates.*
- *ABB seen as having:*
  - *Improved transparency of the budget (both officials and Parliamentarians)*
  - *Made it less easy to divert resources to other activities*

***Issues***

- *Risk of strategic focus and management of the budget is being undermined:*
  - *Excessive number of programs/activities.*
  - *Overly detailed breakdown of expenditures by economic item*
- *Inconsistencies in the basis under which ABB has been applied in different ministries (Large variations in the number of programs).*
- *Some major Economic items shown as programs and activities (personal emoluments, utility costs, capital projects)*
- *Excessive number of outputs and indicators but output information not used in budget presentation and monitoring.”*

Public Expenditure Review Workshop, December 1-2, 2010; The Planning and Budget Process, A.

▪ **Indicator 2.1.4: Evidences of improvements for procurement, reporting, audit and oversight**

Procurement was covered under PEMFA Component 12. The 2010 final evaluation assessed that the EU has delivered some improvements in legislation and procedures through PEMFA albeit with delays compared to the original planning: The Public Procurement Act (PPA) was enacted in August 2008 and operationalized through a statutory instrument in December 2008; the Zambia Public Procurement Authority (ZPPA) was established by the Act and was (still) to be created at the end of the reference period. Public Procurement Regulations are being finalized. Capacity building is ongoing. Some PSUs have been certified.

Despite this progress, a number of outstanding issues remains, including:

- The development of Standard Bidding Documents and Procurement Guidelines;
- Development of record management systems in the PSUs needs to be fast-tracked;
- The procurement threshold has been increased for all the PSUs regardless of whether they have a functioning record management system;
- Resources will need to be increased if ZPPA is to effectively carry out its new mandate.

Whilst PEMFA Component 6 (Enhanced internal audit and control) substantially achieved in the delivery of logistical and infrastructure support (vehicles, furniture, software) and clearly defined training courses and manuals provided by consultants or institutions external to the Government, it only partially achieved in terms of their impact and quality, though the PEFA score for indicator PI-20 ('effectiveness of internal controls for non-salary expenditure') improved from 'C' to 'C+' and the PEFA score for indicator PI-21 ('effectiveness of internal audit') improved from 'D+' to 'C+' over the period 2005 to 2008.

The major issues identified by the final evaluation are the followings:

- *"The current audit role is very traditional and narrowly-focussed and there is a need for significant modernisation (over time) through a shift to systems-based auditing as well as a need to keep pace with technical and operational progress (including computerisation).*
- *Whilst the design and planned outcomes of Component 6 have focussed on activities to strengthen human resource and institutional capacities, there has been too much emphasis on technical training and provision of vehicles and equipment but not enough attention given to what was, in fact, the need for a strategic institutional reform agenda for the internal audit and control function.*
- *Some interventions require significant shift in organisational culture, professional knowledge, skill sets, which are all medium to long term challenges that require an appropriate change management strategy mainstreamed within the GRZ. None of this has been present in this phase of PEMFA."*

The Office of Auditor General (OAG) strategic role and capacity was supported by NORWAY, with the EU focusing its support on improving buildings, office spaces and equipment under PEMFA component 10. The end of the reference period has seen clear improvements in external audit coverage, the quality of reporting and the development of specialist (Value for Money audit, etc.) audit reporting and skills. The best example is the 2009 Road audit and the commitment shown by the AG all over the process.

In sum, after only 4 years of running related PEMFA components, significant improvements occurred for procurement, internal audits and OAG auditing with EU contribution but not under EU leadership. The most strategic lesson learned is that crises linked to external auditing, for a corrupted administrative system, can be an accelerating factor for all aspects of PFM rather than the result of an overall development of capacities all across the board, as envisaged with PEMFA.

Extracts:

*"Procurement has delivered some improvements in legislation and procedures albeit with delays compared to the original planning (Component 12)." PEMFA final evaluation, p.A2*

*"Despite slow progress in reform of the public procurement system (attributable to lack of capacity as well as the long turnaround time to enact legislation) and some related scheduling difficulties, tangible outcomes are now beginning to manifest themselves. One of the deliverables that is critical but that does not seem to have received attention in the early part of the programme has been the development and implementation of record management systems in the Procurement Supply Units (PSUs) and the training associated with this. A transparent, accountable and efficient public procurement system, in order to improve expenditure management, will not be realized if record management in the PSUs is not in place. Key issues are as follows:*

- *The Public Procurement Act (PPA) was enacted in August 2008 and operationalised through a statutory instrument in December 2008 (i.e. 4 years into the PEMFA procurement reforms).*

- *A Zambia Public Procurement Authority (ZPPA) was established by the Act and is beginning to take its place in the regulatory and advisory space. ZPPA has shifted its focus from operational issues to an oversight function.*
- *Some PSUs have been certified (though not to the extent initially targeted).*
- *The review of the second and final draft of the Public Procurement Regulations has been finalized (a partial achievement against the relevant output).*
- *Capacity building is ongoing and is expected to continue into the future given the current level of capacity constraints related to procurement in the public sector.*

*Despite this slow, though promising progress, a number of outstanding issues remains, including:*

- *The development of Standard Bidding Documents and Procurement Guidelines remains outstanding.*
- *Development of record management systems in the PSUs needs to be fast-tracked.*
- *The procurement threshold has been increased for all the PSUs regardless of whether they have a functioning record management system.*
- *Resources will need to be increased if ZPPA is to effectively carry out its new mandate.*

*There has been an improvement in the high level PEFA indicator for procurement (PI-19) from a D+ score in the 2005 baseline assessment to a C+ score in the 2008 assessment. Information presented to the evaluation team suggest that this should now be moved to a score of 'B', following the passing into law of the Public Procurement Act No. 12 of 2008 which makes provision for a procurement complaints mechanism. Public expenditure management and financial accountability do appear to have been strengthened through improvements in legislation and procedure for public procurement, albeit with delays compared with the original planning for Component 12." PEMFA final evaluation, p.A15*

*"Whilst the impact of PEMFA support on audit and control cannot be fully and objectively evaluated, the evaluation conclusion is that these aspects have not been achieved. Key issues are as follows:*

- *The current audit role is very traditional and narrowly-focussed and there is a need for significant modernisation (over time) through a shift to systems-based auditing as well as a need to keep pace with technical and operational progress (including computerisation).*
- *Whilst the design and planned outcomes of Component 6 have focussed on activities to strengthen human resource and institutional capacities, there has been too much emphasis on technical training and provision of vehicles and equipment but not enough attention given to what was, in fact, the need for a strategic institutional reform agenda for the internal audit and control function.*
- *Some interventions require significant shift in organisational culture, professional knowledge, skill sets, which are all medium to long term challenges that require an appropriate change management strategy mainstreamed within the GRZ. None of this has been present in this phase of PEMFA.*
- *Planned progress has only been partially achieved in any case, with huge year-on-year budget under-spends.*

*Whilst Component 6 substantially achieved in the delivery of logistical and infrastructure support (vehicles, furniture, software) and clearly defined training courses and manuals provided by consultants or institutions external to the Government, it only partially achieved in terms of their impact and quality. (...) there have been some improvements, with the PEFA score for indicator PI-20 ('effectiveness of internal controls for non-salary expenditure') improving from 'C' to 'C+' and the PEFA score for indicator PI-21 ('effectiveness of internal audit') improving from 'D+' to 'C+' over the period 2005 to 2008." PEMFA final evaluation, p.A16*

*"Key issues are as follows:*

- *PEMFA provided for five new provincial offices for the OAG, to replace previous inadequate facilities.*
- *PEMFA also extended the OAG headquarter building in Lusaka.*
- *Motor vehicles and significant other furniture and equipment were also provided.*
- *By the end of December 2009, office construction and logistic supplies were delivered, albeit with procurement and construction-related slippages.*
- *Whilst new office facilities (and logistical support) are vital to improve working conditions, they are of limited use in and of themselves without capacity building of staff, development of the audit methodology, continued organisational restructuring and PFM legislative changes – none of which was provided for through PEMFA.*
- *Having noted this, the PEMFA measures were designed to complement the reforms being undertaken with bi-lateral support and have achieved what they set out to do in this regard (albeit with slippages).*

*Whilst the period 2005-2009 has seen clear improvements in external audit coverage, the quality of reporting and the development of specialist (Value for Money audit, etc.) audit reporting and skills, interestingly enough this coincided with a shift in the overall PEFA score for indicator PI-26 from 'B+' (at the 2005 evaluation) to 'B' (at the 2008 evaluation)."* PEMFA final evaluation, p.A18

*"Yet, as the 2008 PEFA assessment confirmed, external budget oversight has been strengthened significantly in the past years, too. (...) With regard to external budget oversight further improvements are necessary. In particular, even though the effectiveness of the Auditor General's Office improved significantly, important challenges with regard to follow-up of audit findings remain"* BS evaluation, draft final report, p.62-63

### **JC 2.1: Support to PEMFA enhanced predictability and transparency in public investment and expenditure**

The PEMFA reforms represent one of the three pillars of the Public Sector Reform Programme (PSRP). The objective of PEMFA is to contribute to the efforts of the Government in improving efficiency, effectiveness and accountability in the management and utilisation of public financial resources at both central and sub-national levels in order to improve public expenditure management and to strengthen financial accountability overall. With regard to budget support, positive results of the programme would impact on Cooperating Partners confidence in using GRZs own country and PFM systems. The Programme is supported by the signatories to the PEMFA MoU, which includes all nine PRBS donors: Norway, The Netherlands, Germany, Sweden, Finland, Ireland, Denmark, United Kingdom, European Commission, World Bank (IDA), United Nations, AfD) and the Government of the United States of America. GRZ is also providing counterpart funding to meet recurrent costs.

The PEMFA Programme was initially a five year programme (2005-2009) with 13 components, namely: (1) Commitment Control System (CCS) and Financial Management System (FMS); (2) IFMIS (Integrated Financial Management System) implementation; (3) Improved Fiscal Policy and Economic Planning; (4) Reformed Budget Preparation and Budget Execution; (5) Improved Debt Management; (6) Improved Internal Audit; (7) Better External Finance and Coordination; (8) Legal and Regulatory Framework; (9) Strengthened External Audit; (10) Enhancing Parliamentary Oversight; (11) Accountancy Training and Regulation; (12) Public Procurement Reform; and (13) Centralized Computer Services Department. The contribution to the budget for the programme for the five year period by co-operating partners amounts to USD 72.2m.

PFM was a main focus of EU high level policy dialogue with almost all GBS PAF indicators related to core PFM or extended aspects of PFM (oversight). The high priority given to PFM was driven right from the beginning of the reference by the CPs in order to limit fiduciary risks attached to joining in basket funding and budget support approaches. This concern was shared by GRZ as far as it facilitated the access to external resources, improve predictability and reduce transaction cost. The buy-in did not go much beyond this point, as shown by later weak ownership of most EU driven PEMFA components evidenced by a limited involvement of senior staff in programme management. Another indication of the strategic weight of PFM in policy dialogue is the relatively rare regularity of PEFA assessments after 2005, with three exercises in five years (2005, 2008, 2010). PFM overflowed at the end of the reference period all EU policy dialogue platforms with two scandals, one for each of the EU focal sectors (I-2.1.1).

PFM reforms, and particularly the implementation of MTEFs, were implemented by the GRZ with an EU significant contribution with PEMFA, even if impeded by design weaknesses, inappropriate procedures, some shortcomings on long-term TAs. PEMFA did not ensure a leadership role to EU support but contributed to improve, though in a piecemeal way, the reliability of the MTEF and its underlying analytical tools (ZAMMOD, under Component 3). Major achievements under MTEF preparation and use were familiarizing MoFNP with Green Papers, Budget Framework Papers, preparation of MTEF and ABB guidelines. Those inputs were supported by the establishment of an inter-governmental fiscal architecture manual and training of MPSA staff in operation of ABB. The related PEMFA Component (4) was subject to under disbursement (from 3 to 19% of annual work plans) due to overestimated targets which were shared by all components, but also the absence of implementation of some activities among the most demanding in terms of accountability: PERs and MTEF reviews. The three PEFA assessments conducted over the reference period (2005, 2008 and 2010) testify of a relatively steady improvement while sector PFM crises at the end of the reference period provided the exact opposite evidence (I-2.1.2).

The issue of improved coordination between planning and budgeting that was mainly dealt by PEMFA components 3 "Policy, planning and budgeting" and 4 "Budget preparation and execution" (see I 2.1.2), improved the tools available to the MoFNP but to a large extent failed to include sector ministries in the process. The integration of line ministries was either not considered in designing the component or re-



sisted by the ministries themselves (or both, more realistically). PEMFA was therefore not in a position to contribute to alleviate the main planning/budgeting issue: the involvement of the sector ministries, bringing realistic sector strategic analyses, reliable budgeting of current expenditures and investments projects, and review of previous fiscal year budget implementation. The PFM crises at the end of the reference period came to confirm the design weakness of having focused all PEMFA components with the MoFNP. In sum, the EU was not in capacity to improve the coordination between the MoFNP and the sector ministries, even while supporting both through GBS/PEMFA and SBS (roads, health, both being EU focal sector under the EDF10), aligning on GRZ policy framework (again at central and sector levels), contributing to all ladders of the policy dialogue (high-level and SAGs), and mobilizing some 90% of the NIPs (I-2.1.3).

More tangible results were contributed by the EU for procurement and audits (internal and external) within PEMFA programme. The legal and institutional framework for public procurement was entirely revised, though late enough in the reference period not to be able to assess its effective implementation. Extensive efforts were made under EU patronage to produce further regulations and guidelines and provide trainings. Here again, the MoFNP achievements were impeded by line ministries' PSUs which benefitted, whatsoever or not having been certified, of increased procurement thresholds.

Internal audit capacity was supported by the EU by office space improvement and equipment, as well as training courses without bringing about noticeable change in the traditional way the staff undertake its function. External auditing by the OAG, though supported by the EU in a similar way, also benefitted of a support of Norway on its strategic approach. The end of the reference period has seen clear improvements in external audit coverage, the quality of reporting and the development of specialist (Value for Money audit, etc.) audit reporting and skills. The best example is the 2009 Road audit and the commitment shown by the AG all over the process.

The most strategic lesson learned is that the external audit, for a corrupted administrative system, can be an accelerating factor for all others aspects of PFM rather than the result of an overall development of capacities all across the board, as envisaged by EU and the 8 other CPs involved with PEMFA.

## JC 2.2: Support to PEMFA enhanced fiscal discipline

### ▪ Indicator 2.2.1: Evolution of the fiscal deficit

(see I 2.1.2)

#### Extracts:

*“Considerable progress has been made in implementing public financial management reforms. After consultation with stakeholders, the government has altered its budget cycle to ensure parliamentary approval of the budget in advance of the fiscal year. This is expected to improve budget execution and the legislature’s participation in the budgeting process. In addition, the government is expected to introduce a planning and budgeting act in 2010 in order to clearly define the budgeting process and key deliverables by the government as part of the budget (structural benchmark for end-June 2010).*

*The government is in the advanced stages of finalizing its implementation strategy for the establishment of a Treasury Single Account (TSA). A draft strategy was approved in early 2009 and various modalities of implementation have now been addressed. The implementation will commence with trial runs at the Ministry of Finance and National Planning, followed by a full pilot in early 2010, with other Ministries, Provinces, and Spending Agencies (MPSAs) being added to the pilot in due course. The full introduction of the Treasury Single Account will be phased, commencing in 2010 when six MPSAs will adopt the TSA (structural benchmark for end-December 2010), and all MPSAs expected to use the TSA subsequently.*

*The implementation of the integrated financial management information system (IFMIS) will gather significant momentum in 2010, with the first full pilot commencing in January 2010. Comprising of thirteen technology modules, the IFMIS project will create substantial efficiencies across government institutions, providing for greater financial information flows and improved accountability and control. The first pilot site will be the Ministry of Finance and National Planning, which will operate all thirteen modules starting in January 2010. Over the course of the year, additional MPSAs will be included, with a full rollout expected by end-2011”. IMF Article IV, 2010, p.38*

### ▪ Indicator 2.2.2: Evolution of domestic and external debt

The goal for PEMFA’s Component 5 has been to ‘manage Zambia’s debt both domestic and external to sustainable levels and effectively manage government investments’ which it sought to achieve through

eight broad outcomes, including:

- domestic debt portfolio costs and risk reduced;
- increased clarity of roles and responsibilities;
- improved efficiency and effectiveness of debt management through reorganisation of the Investment and Debt Management (IDM) Department;
- strengthened institutional capacity;
- improved legal and regulatory framework;
- strengthened human capacity in debt management;
- strengthened asset management and
- improved availability and quality of debt data.

The volume of external debt (foreign debt has substantially reduced from an all-time high of US\$7.0 billion pre-HIPC completion point to just over US\$1.0 billion) in particular has been reduced over the PEMFA period but this achievement cannot be related to improved systems, procedures and capacities. Domestic arrears declined from K622.3 billion in December 2002 to K155 billion on December 31 2009, with post-2002 domestic arrears declining from K509.3 million in 2005 to K218.9 million by December 2009. This progress again has largely been made independent of changes that have occurred in PEMFA Component 5.

Whilst there has been useful and important progress in some key outcome areas, progress against all outcomes has either been delayed or not achieved at all: the outcome 'improved legal and regulatory framework' remains at draft level; the strengthening of asset management in the IDM Department is still awaiting a law on SOEs, and the re-organisation of the IDM Department into front, middle and back offices (functional line) remains unachieved.

In terms of PEFA scores related to this component, dimension (i) of indicator PI-17 ('quality of debt data recording and reporting') remained unchanged at 'C' between 2005 and 2008 (and is assessed at 'C' for 2009 too), whilst dimension (iii) ('systems for contracting loans and issuance of guarantees') improved from 'C' to 'B' between 2005 and 2008 (and is assessed at 'B' for 2009).

#### Extracts:

*"The outcome areas in respect of Zambia's debt management have delivered sub optimal results with all outcomes being delayed or not achieved at all. In particular there are key legislative gaps: a law on state-owned enterprises (SoE's) needs to be prepared; the Draft Debt Law must be completed, approved and enacted; and a government policy is required on SoE's (Component 5)." PEMFA final evaluation, p.A3*

*"The goal for Component 5 has been to 'manage Zambia's debt both domestic and external to sustainable levels and effectively manage government investments' which it sought to achieve through eight broad outcomes, including: domestic debt portfolio costs and risk reduced; increased clarity of roles and responsibilities; improved efficiency and effectiveness of debt management through reorganisation of the Investment and Debt Management (IDM) Department; strengthened institutional capacity; improved legal and regulatory framework; strengthened human capacity in debt management; strengthened asset management and improved availability and quality of debt data. Whilst the volume of external debt in particular has been reduced over the PEMFA period, achievements in terms of improved systems, procedures and capacities were less successful than the design for Component 5 had originally envisaged. Key issues are as follows:*

- *Foreign debt has substantially reduced from an all-time high of US\$7.0 billion pre-HIPC completion point to just over US\$1.0 billion.*
- *Domestic arrears declined from K622.3 billion in December 2002 to K155 billion on December 31 2009, with post-2002 domestic arrears declining from K509.3 million in 2005 to K218.9 million by December 2009.*
- *This progress has largely been made independent of changes that have occurred in Component 5.*
- *Whilst there has been useful and important progress in some key outcome areas, progress against all outcomes has either been delayed or not achieved at all.*
- *The outcome 'improved legal and regulatory framework' remains unachieved. As a step toward the modernisation of the legal framework, a draft law on debt has been developed by the Ministry of Finance and National Planning. This draft law seeks to bring together all pieces of legislation relating to the contracting and management of public debt*
- *The strengthening of asset management in the IDM Department was to be achieved through the*

*development of a government policy as well as enactment of a law on SOEs. This remains unachieved.*

- *The re-organisation of the IDM Department into front, middle and back offices (functional line) remains unachieved. This output was first earmarked for delivery in December 2005.*

*In terms of PEFA scores related to this component, dimension (i) of indicator PI-17 ('quality of debt data recording and reporting') remained unchanged at 'C' between 2005 and 2008 (and is assessed at 'C' for 2009 based on information presented to the evaluation team), whilst dimension (iii) ('systems for contracting loans and issuance of guarantees') improved from 'C' to 'B' between 2005 and 2008 (and is assessed at 'B' for 2009 based on information presented to the evaluation team). Whilst some strengthening of public expenditure management and financial accountability can be attributed to the work of this component, the gains are below those that could and should have been achieved." PEMFA final evaluation, p.A14*

▪ **Indicator 2.2.3: Evolution of the inflation rate**

This indicator does not relate to any PEMFA programme's component. It therefore cannot be expected the EU to have had any influence on it.

**JC 2.2: Support to PEMFA enhanced fiscal discipline**

Fiscal discipline was only very indirectly addressed by PEMFA which targeted systems and procedures, and was more a matter related to GBS and high level policy dialogue (see EQ1).

However limited, the EU contribution to improving fiscal discipline through PEMFA was achieved by supporting value for money in the planning process, the macro-economic modelling for foreseeing fiscal resources potential and evaluating alternative policies (ZAMMOD), and the MTEF for managing public expenditures (JC 2.1). The dedicated PEMFA component improved the external and internal debt management capacity (I-2.2.2). The final evaluation of the programme assessed that "*PEMFA has had very modest influence at best on strengthening public expenditure management and financial accountability to date*", which applies as well on revenues and debt management.

**JC 2.3: Support to PSD improved the policies and regulatory framework in which the private sector operates**

▪ **Indicator 2.3.1: Degree of improvement of the comprehensiveness of the policy and regulatory framework**

The EU implemented during the reference period several projects that covered private sector development (PSD) from its various instruments (EDFs, ProInvest, European Investment Bank (EIB), Sugar accompanying measures, Sysmin and probably export related instruments such as Everything But Arms (EBA), FLEX, etc.). Its involvement dated back to the EDF8 (with an Export Development programme phase I, €5.9m), and rolled on continually up to the end of the reference period. Against this long-standing involvement, ending with the Capacity Building Private Sector Development (CBPSD) programme, and the strategic importance of supporting Zambia ensuring a smooth economic transition, the EU did not issued a comprehensive framework for its support to PSD in CSPs.

The basic programmatic document the 2004 GRZ Private Sector Development Reform Programme with the aim of accelerating private-sector-led economic growth. A PSD Action Plan was developed, grouping actions under six main reform areas:

- Policy Environment and Institutions;
- Trade Expansion;
- Infrastructure;
- Citizens' Empowerment;
- Business Facilitation and Economic Diversification; and
- Laws and Regulation.

The Action Plan was funded by several CPs, the EU focusing on the meso level i.e. on the policies and regulatory framework in which the private sector operates through its EDF9 Capacity Building for Private Sector Development project under the Ministry of Commerce, Trade, and Industry (MCTI). The EDF9 project was implementation from 2006 to 2009. Through this programme, as well as its other interventions during the reference period, the EU did not intended to impact on the policy and regulatory framework enabling PSD.

For the Dept. of Information and Planning the CBPSD impact was assessed by the final evaluation as

near to nil due to lack of interest, which strongly limits EU contribution to improving the comprehensiveness of the policy and regulatory framework.

Independently from EU support but probably with contributions in high level policy dialogue platforms, the initial framework of the PSD reform programme was complemented by the FNDP (2006-2010), and then the SNDP.

Extracts:

*“The Capacity Building Private Sector Development (CBPSD) Programme planned to support the Ministry in a number of ways, such as:*

- *Specialist training in formulating and implementing trade remedies in Zambia to level the playing field for locally produced and imported goods.*
- *Training of trade negotiators from the public and private sector to enable them to more effectively contribute to regional and multilateral trade negotiations.*
- *Supporting the Department of Foreign Trade’s work in Trade in Services through the funding of research expertise and training.*
- *Assessing the economic potential of rural districts with a view to formulating a rural economic development policy.*
- *Enhancing and re-launching the MCTI website and providing training in website management.*
- *Supporting the participation of Ministry officers at major events such as Trade Facilitation conference in Cape Town and an Aid for Trade Dialogue in Paris.*
- *Encouraging and supporting greater dialogue between the Ministry, other public sector organisations and the private sector.*

*The purpose of this CBPSD Programme was also to reduce policy-induced and supply-side constraints:*

*(a) Measures to address policy-induced constraints:*

- *Improve the investment climate*
- *Develop and maintain a coherent trade strategy*
- *Improve the implementation of WTO, Cotonou and regional trade agreements*
- *Strengthen institutions processes and consultation mechanisms*
- *Enhance policy coordination*
- *Improve trade information*
- *Strengthen trade support institutions.*

*(b) Measures to address supply-side constraints:*

- *Facilitate export production*
- *Trade and investment facilitation and support services*
- *Market access.” CBPSD final evaluation, 2011, p.13*

*“CBPSD effectiveness – Main findings*

- *Main challenge faced by the CBPSD was the lack of management capacity within the MCTI*
- *Benefits gained by the interventions were positive and enabled the beneficiaries to achieve some of the expected results*
- *Through the different activities of the CBPSD Programme, the effect on MCTI’s capacity to deliver services more effectively and efficiently is not really positive*
- *Statutory Bodies benefited a lot from CBPSD in terms of equipment, trainings, study tours and technical assistance*
- *Contributory grant scheme for private sector business associations aimed at enhancing their service delivery to members produced good results*
- *For the trade and economic-related civil society organisations, the objectives were to fund activities that would raise public awareness of the contribution of the private sector to economic growth.” CBPSD final evaluation, 2011, p.13*

*“CBPSD Impact – Main findings*

- *Impact at MCTI was very low except for Foreign Trade Dept. due to lack of absorption capacity, competences and lack of interest/commitment to the project*

- *Much higher impact at the level of Statutory Bodies such as Zambian Bureau of Standards (ZABS), ZWMA and CCPC<sup>3</sup>*
- *Limited impact at ZDA. The organisation should have benefited from support for its restructuring but refused this assistance. In addition, they wanted support for activities which their own internal budget should have covered*
- *There was significant and positive impact for most Private Sector Intermediate Organisations.”* CBPSD final evaluation, 2011, p.28

*“CPs’ support to Zambia’s private sector development will focus on improving productivity, market efficiency and the overall business climate. The dualistic character of Zambia’s economy will continue to require a differentiated approach. For informal, rural-based small- to medium-enterprises the focus of support will be on market accessibility, financial inclusion and skills. For medium and larger-sized enterprises, there will be focus on competitiveness, productivity, innovation and job creation. CPs will continue to support GRZ’s Private Sector Development Reform Programme to reduce the costs of doing business and create an enabling business environment. Further, in their respective programmes, CPs will work with all relevant stakeholders to create an environment conducive for all businesses in Zambia to improve the overall economic competitiveness.”* JASZ II EU Proposals, 2011

*“In October 2002, the Government adopted the Transitional National Development Plan (TNDP) for the period 2002-2005 incorporating and expanding the scope of its first Poverty Reduction Strategy Paper. The TNDP encompassed all the areas in the PRSP and includes other areas such as the Judiciary, Law and Order, and Defence and Security. The two companion documents PRSP/TNDP captured the core elements of the Government’s poverty reduction strategy. (...)*

*The FNDP 2006-2010 structural reform agenda will focus on (i) improving the business and investment climate (Private Sector Development Programme); (ii) providing for the delivery of basic services (Public Service Reform Programme); (iii) strengthening expenditure and financial accountability systems (Public Expenditure Management and Financial Accountability Programme); and (iv) developing the financial system (Financial Sector Development Programme). Reforms in most of these areas have already started and will be accelerated. On the financing side, the FNDP total estimated cost stands at ZMK63.2 trillion, to be financed from domestic funding (ZMK48.3 trillion) and cooperating partners (ZMK12.1 trillion), with a residual gap of over ZMK2.7 trillion. (...)*

*The implementation of the FNDP could also be affected by generally weak public-service capacities, including in the area of budget planning and execution. Efficient implementation of reforms under the Public Expenditure Management and Financial Accountability programme and capacity-building efforts, linked in particular to the Public Service Reform programme, are imperative to address such constraints. Besides, the intended FNDP growth targets will also require continued implementation of prudent fiscal and monetary policies so as to further enhance macro-economic stability. The reduction of inflation to single-digit levels (achieved in December 2006) will be a key target of the Plan. The necessary additional domestic revenue presupposes the adoption of tax reforms (tax policy, tax administration and mining fiscal regime). Another FNDP target is the reduction of domestic debt to sustainable levels (below 10 per cent of GDP).”* CSP 2008, pp.20-21

*“In 2004, the Government embarked on a Private Sector Development (PSD) Reform Programme with the aim of accelerating private-sector-led economic growth. A PSD Action Plan was developed, grouping actions under six main reform areas: Policy Environment and Institutions; Trade Expansion; Infrastructure; Citizens’ Empowerment; Business Facilitation and Economic Diversification; and Laws and Regulation. The Plan sets out no fewer than 85 reform actions. In December 2005, a MoU was signed between the Government and donors supporting this programme. The cost of implementing the reforms amounts to USD 20million for the period 2006-2011. Some donors (Sweden, Finland, DFID and the Netherlands) will pool their funds using a joint financing mechanism, while others will channel their support for capacity building and technical assistance to Ministries, private sector organisations and public-private partnerships through the traditional project approach. The latter includes the EC through its EDF9 Capacity Building for Private Sector Development project under the Ministry of Commerce, Trade, and Industry (MCTI). The EDF9 project implementation started in 2006 (to 2009) and is focused on the meso level i.e. on the policies and regulatory framework in which the private sector operates, after considering recommendations from the evaluations of the previous EDF8 project in this sector (including the multicountry evaluation, December 2005). The project is based in the Department of Domestic Trade within the MCTI and will provide support to the Department of Trade and Department of Industry*

<sup>3</sup> Zambian Weight and Measure Agency (ZWMA) ; Competition and Consumer Protection Commission (CCPC)

*in charge of Small and Medium-sized Enterprises. Support will also be provided to statutory bodies such as the Export Board of Zambia, Zambia Investment Centre, Zambia Bureau of Standards, and Zambia Competition Commission. Civil Society and Private Sector intermediary organisations will benefit through two specific grant facilities.” CSP 2008, p.24*

*“Support to the private sector will be complemented through the activities of CDE (Centre for the Development of Enterprise). Currently CDE is supporting five individual enterprises in Zambia, mainly in the sectors of agriculture and gemstones, with a total contribution of about EUR 60,000 to finance start-up assistance and technical studies. This amount represents only 7% of the support provided by CDE to the Southern Africa countries. Therefore emphasis will be placed on increasing awareness among private sector actors regarding the possibilities offered by CDE, including the ProInvest facility also managed by CDE.*

*As of May 2006, the EIB’s active portfolio (not reimbursed) in Zambia included 34 loan and three equity operations for a total amount of €428m including the Commission’s special loans of EUR 143m and EUR 16.5m under the Small Scale Mining facility stemming from the SYSMIN programme with the Commission. From this a total of EUR 90m was signed under the Investment Facility, composed of two major loans (EUR 34m for Kansanshi and EUR 48m for Mopani) in the copper sector and one loan (EUR 7.6m) in the power sector (ZESCO). The remaining active portfolio (see Annex 13) was signed under the various Lomé conventions and was financed from risk capital.” CSP 2008; p.27*

*“Other more horizontal actions to improve the environment for private initiatives, under the Private Sector Development (PSD) programme and in coordination with other cooperating partners (Netherlands, World Bank and USAID), will be supported under the 8-EDF9 existing funding and complemented, if necessary, with EDF10 resources linked to EPA implementation.” CSP 2008, p.30*

- **Indicator 2.3.2: Degree of improvement of the functioning of the Export Board of Zambia, the Zambia Investment Centre, the Zambia Bureau of Standards, and the Competition Commission**

The degree of improvement of the Export Board of Zambia, the Zambia Investment Centre, the Zambia Bureau of Standards, and the Competition Commission by the CBPSD was assessed by the 2011 final evaluation of the programme.

The EU support was particularly effective in improving the Zambia Bureau of Standards (ZABS) capacity and achievements during the reference period, gaining weight and autonomy. Similar benefits were achieved with Zambia Weights and Measures Agency (ZWMA), though more at the end of the reference period. The support to the Competition and Consumer Protection Commission (CCPC) brought new guidelines.

The major shortcomings were faced with the Zambia Development Agency (ZDA, ex-Export development Board), which is the major player for enabling PSD and the main beneficiary of the EU project: 2 TAs for 3 years and one for a year; trainings for trade, investment promotion, negotiation skills, and Monitoring and Evaluation (M&E); equipment; export promotion missions; study tours and 6 workshops on investments, sources of finance, donor support funding and awareness creation.

#### Extracts:

**CCPC** - *The revision of the Competition Law helped to consolidate CCPC’s (former ZCC) position. The Consumer Protection Legal Framework was developed and this had a positive impact on the Government and Zambia’s citizens. The previous law was full of “don’ts” and the Guidelines brought a framework of “do’s”.*

**ZABS** - *The highest impact can be found at ZABS as their efficiency has improved drastically. They have procured the necessary equipment and have acquired the knowledge on how to use it. Their facilities have been improved and they have a Quality Insurance under way. Staff has also grown adequately. The role of the TA Pieter de La Court was critical to the good results obtained. However, further training will be needed for the use of equipment (only used at an average of 30%). ZABS has learned a lot in terms of management of projects and are now promoting their activities. They were the biggest recipient of the CBPSD programme.*

**ZWMA** - *As the TA was shared with ZABS, the impact could be felt near the end of the project only when he was 100% dedicated to ZWMA. Main other contribution of the project were vehicles, trainings, study visits abroad (South Africa), computers & equipment, etc. The impact within the organisation of ZWMA is that procedures have been institutionalised with an acceleration of effectiveness and the TA automated the IT system. They are also linked to other programmes which will in turn provide new impact. ZWMA is intervening now in the trade sector namely in factories, mines, and farms and want to expand their knowledge in new additional fields. They are also in liaison with other metrology institu-*

tions in Kenya, Tanzania, Botswana and Malawi. The major impact was that capacity building contributed to increase inspections and verifications by over 65% allowing for better income.

**ZDA** - The impact at ZDA was limited although expectations were high. ZDA has still not digested its own merger of different organisations. The organisation itself should have benefited from support for its restructuring but it seems that it denied this assistance. In addition they tried to obtain support for activities which their own internal budget should have covered. ZDA benefited from three TAs services. (Two for 3 years and one for a year). They received quite some support in capacity building for trade, investment promotion, negotiation skills, and M&E. In addition, support was provided for IT equipment, export promotion missions, study tours and benefited from 6 workshops on investments, sources of finance, donor support funding and awareness creation. The project improved skills at ZDA and increased its visibility and “moved its status of baby to young adult” as was quoted to the evaluators by one Director.” CBPSD final evaluation, 2011, p.30

▪ **Indicator 2.3.3: Extent of improvement of the coordination between central agencies in charge of supporting the private sector initiatives**

Central agencies (ZDA, ZWMA, ZBS) being statutory bodies of the Ministry of Commerce, Trade and Industry (MCTI), the improvement of their coordination depends largely on reinforced capacity and commitment of the said ministry. The CBPSD final evaluation assessed that the project has “a limited impact at the Ministry due to lack of absorption capacity, competences and lack of interest/commitment to the project”. Under those circumstances, improvements were at best limited.

Extracts:

“MCTI - There was a limited impact at the Ministry due to lack of absorption capacity, competences and lack of interest/commitment to the project. This was mainly due to previous management at the Ministry. With the arrival of the new PS changes were put in motion to improve things. Unfortunately, the non-extension of the project caused a final blow to these changes. However, with some additional support to these changes, mid-term impact could be achieved.

The most positive impact could be found at the Dept. of Foreign Trade thanks to the successive Directors’ flexibility and adaptability. The capacity of Foreign Trade staff was enhanced through trainings, studies and attendance to foreign events such as OECD meetings. The challenge remains as there is a need to continue enhancing capacity of stakeholders of MCTI.

At the Domestic Trade Dept. expectations were rather high. Capacity was built in terms of trainings, workshops, seminars, field visits, improved computer and procurement skills. For the Dept. of Information and Planning the impact was near to nil due to lack of interest.

For the Dept. of Industry the main impact for capacity building seems to have been in negotiation and procurement skills as well as in monitoring and evaluation improvement (for the M&E unit). For the industrial development unit the impact was little as the contribution of the Rural Industrialisation Strategy was only partially delivered. (Part 1) It is still being used today. The lack of interest of the former Director did not help either.” CBPSD final evaluation, 2011, p.29

**JC 2.3: Support to PSD improved the policies and regulatory framework in which the private sector operates**

The EU implemented during the reference period several projects that covered private sector development (PSD) from its various instruments (EDFs, ProInvest, EIB, Sugar accompanying measures, Sysmin and probably export related instruments such as EBA, FLEX, etc.). Its involvement dated back to EDF8 (with an Export Development programme, €5.9m), and rolled on continually up to the end of the reference period. Against this longstanding involvement, ending with the Capacity Building Private Sector Development (CBPSD) programme, and the strategic importance of supporting Zambia ensuring a smooth economic transition, the EU did not issued a comprehensive framework for its support in CSPs. Independently from EU support but probably with contributions in high level policy dialogue platforms, the initial framework of the PSD reform programme was complemented by the FNDP (2006-2010), and then the SNDP. (I-2.3.1)

The EU CBPSD programme started in 2005, and ended in 2009. Beneficiaries of the TA were mainly the MCTI and its departments, as well as its Statutory Bodies such as ZABS (Zambia Bureau of Standards), ZWMA (Zambia Weight and Measures Agency), ZDA (Zambia Development Agency) and CCPC (Competition and Consumer Protection Commission). The project also catered to the Private Sector Intermediary Organisations (PSIOs) and Civil Society Intermediary Organisations. The main objective of

CBPSD Programme was to enhance the conducive environment for private sector driven economic activity (investments, production, foreign and domestic trade) in terms of (i) regulatory framework (policies and regulations), and (ii) availability and quality of and access to business support services. This induces that the major player for reaching expected outcomes was the ZDA which provides incentives and opportunities to the private sector.

ZDA was the one among the statutory bodies which benefitted of the more intensive support from EU (TAs, equipment, trainings, workshops, etc.). It is also the one which achieved less in take-in, limiting drastically the impact potential of EU project on PSD. (I-2.3.2)

This shortcoming was reinforced by the lack of interest of MCTI senior staff for the project. Whilst an intensive support was granted to the Foreign Trade, Domestic Trade, and the Industry departments (trainings, workshops, equipment, study tours,...), the CBPSD final evaluation did not identified renewed coordination or improved service delivery. (I-2.3.3)

#### **JC 2.4: Capacity building initiatives supplied the qualified human resources needed by the private sector**

##### **Indicator 2.4.1: Number of qualified workers entering annually the job market**

None of the EU interventions were expected to have an effect on vocational training or higher education.

##### **Indicator 2.4.2: Capacity of vocational training centres and technical/commercial post-graduate trainings courses**

None of the EU interventions were expected to have an effect on vocational training or higher education.

##### **Indicator 2.4.3: Regional ranking of the quality of the teaching in Zambia's training centres**

None of the EU interventions were expected to have an effect on vocational training or higher education.

##### **Indicator 2.4.4: Degree of building of skills of rural population to enable better understanding of agriculture markets**

None of the EU interventions were expected to have an effect on vocational training or higher education.

#### **JC 2.4: Capacity building initiatives supplied the qualified human resources needed by the private sector**

The originally considered involvement of the EU in enhancing the private sector workforce skills and qualification did not materialize. The several projects focused on PSD and economic transition (overall, and for sugar) did not contributed at this level, targeting either macro-economic mechanisms, the regulatory framework, or support to a given business.



### **EQ3: To what extent have the EU interventions contributed to improve in a sustainable manner the institutional framework of transport infrastructure management and transport operations regulation?**

- JC3.1: *The transport sector policy and programming framework have improved in line with EU performance assessment framework*
- JC3.2: *The financing framework for transport infrastructure maintenance and expansion is viable and sustainable, in line with EU performance assessment framework*
- JC3.3: *Institutional performance of transport sector management has improved at all administrative levels*
- JC3.4: *Transport sector agencies improved in a sustainable way the quality of their human resources*
- JC3.5: *EU has contributed to set donor coordination mechanisms in place in support to policy dialogue*

#### **JC 3.1: The transport sector policy and programming framework have improved in line with EU performance assessment framework**

- **Indicator 3.1.1: Policy and programming documents cover major shortcomings of transport sector with related realistic action plans**

The policy and strategy framework of the transport sector comprises the Transport Policy Document approved by Cabinet in May 2002, followed by the submission to the Donors of a Letter of Road Sector Policy signed by the Minister of Finance and National Planning in December 2003. The policy framework was consistent with the PRSP. The Fifth NDP (2006-2010) did not renew the transport policy framework. The Sixth NDP (2011) reinforces former generic orientations (such as for land transport: to coordinate and strengthen transport infrastructure development; to maintain and rehabilitate road transport infrastructure; to maintain rehabilitate and upgrade rail transport infrastructure) and plan for a Transport and Communications Master Plan. The output targets set by the SNDP are hardly realistic, all the more in light of ROADSIP II achievements and financial constraints.

The 2002 transport policy document covers all modes of transport and considers as a long-term goal an integrated transport system. As it stands, the road section is well developed and the other far less. The EU performance assessment framework, being rightly result and output oriented, does not cover as such the policy and planning framework.

#### **Road sector**

The GRZ (MCT) issued in 2003 a Road Sector Policy letter (to the WB) to provide a framework for the implementation of a bankable ROADSIP. This policy letter presents a perfect state-of-the-art of the transport policy framework supported by CPs, particularly the WB/EU supported Road Maintenance Initiative, of this time. It was thus appealing for external funding in the form of basket funding or budget support.

The Transport Policy Document established a comprehensive institutional framework for the road sector which foresees the establishment of the RF, RA and a road safety agency. Another significant landmark of this policy statement is the role of the private sector and conversely the focus of the government on creating an enabling environment and investing in infrastructures. The policy framework was translated only for the road sector in an investment programme: the Road Sector Investment Programme (ROADSIP), a ten-year programme (1997 to 2007) with an original budget estimate of US\$860 million.

The first phase of ROADSIP ended in December 2003 (after only 6 years), replaced by ROADSIP II (2003-2013) due to the revision of the core road network which increased from 12,204 to 40,113 km.

The 2002 transport policy statement was not updated or replaced by a more comprehensive policy or strategic framework during the reference period. Overall, the document does not provide the needed guidelines for balancing modes of transport comparative advantages, allowing a strong prevalence of road transport and thus higher transport costs. This situation led the CPs to integrate the request of a Transport Master Plan in their policy dialogue with GRZ (ex. EU JASZ II proposal), without effect.

The ROADSIP II is a comprehensive document analysing in detail the road sector issues and spelling out the GRZ options stated in the policy letter. The overall objectives of the ROADSIP II are:

- Rehabilitation/periodic and routine maintenance of the core road network of 40,113km through various

funding agencies;

- Improve road condition for Trunk, Main, District, Primary feeder roads, Tourist roads and selected Urban roads through full and accessibility improvements as per “need” and priorities;
- Institutional strengthening of the construction industry through appropriate approaches;
- create employment opportunities through appropriate road interventions;
- improve road safety as per Road Safety Action Plan;
- improve environmental management by building capacity;
- improve rural transport mobility through road improvements;
- improve management of community roads through the Road Development Agency and;
- address poverty and HIV/AIDS country-wide through PRSP and National Policy on HIV/AIDS

EDF8 contributed to ROADSIP with the implementation of two road projects: the Monze-Zimba Road (rehabilitation of a 205-km section in the middle of the trunk road between Lusaka and Livingstone) and the Kabwe–Kapiri Mposhi and Chisamba Roads project (rehabilitation of a 62 km section in the trunk road between Lusaka and the Copperbelt, and a 21 km section of road into the agricultural area of Chisamba).

The purpose of the road SPSP EDF9 was to contribute to the establishment of a safe, reliable and sustainable core road network with an improved provision of basic access for social services and food security achieved by the end of ROADSIP II (Road Sector Investment Plan). The main expected results were: (i) the elimination of backlog of periodic maintenance in all priority and essential roads by the end of ROADSIP II, together with increased capacity in the management of road maintenance and improved management of the road fund revenues in the National Road Fund Agency (NRFA) and (ii) the direct and significant improvement in accessibility and increased capacity of Road Development Agency (RDA) at provincial level and of District Councils (Road Authorities), to plan and manage their road networks. Zambia has been the forerunner of sector budget support in the road transport sector in the framework of EDF9. Implementation of the SPSP EDF9 started at the end of 2005 and accompanied the sector reform progress mainly taking off in 2005 (based on Public Road Acts in 2002) with regard to the establishment, operation and functioning of three autonomous Road Agencies, the Road Development Agency (RDA) for the management of the entire public road network, the National Road Fund Agency (NRFA) for financing the sub-sector and the Road Traffic and Safety Agency (RTSA). The SPSP1 did not assess formally the realism and comprehensiveness of the transport policy, as not 7-key areas assessment was required in 2005.

In the road sector, the realism of the ROADSIP II investment and maintenance programming was questioned relatively rapidly, considering the limited resources, the bias in favour of the paved network, the rising construction costs and the low absorption capacity of the road management system (institutional bottlenecks with RDA and insufficient capacity of the private contractors, for which the issues of construction standards arose). This cautious stand notably of CPs was first confirmed by the ROADSIP II (2009) Mid-Term Review which questioned the programme’s realism along with its affordability and sustainability, and then much more strongly by the Road Audit conducted by the Office of the Auditor General.

The IIT report noted that to bring the entire Core Road Network (CRN) to a maintainable condition, over 2,000 km of (mainly urban) paved and nearly 23,000 km of unpaved roads would require rehabilitation. On the basis of recent contract prices, this would cost in the order of USD 2.6 billion, of which a substantial amount is for the rehabilitation of urban paved roads. With total road funding of USD 243.5 million in 2010, this is clearly unrealistic and was so right from 2008 even with CPs – and EU- financial support.

#### **Civil aviation**

The aviation sector policy stated in 2002 is focused on the following issues: (a) pursuing legal and institutional reforms aimed at revamping the industry to meet the challenges of a liberalised environment; (b) promoting civil aviation in accordance with the Convention on International Civil Aviation; (c) ensuring compliance with regional and international agreements; (d) encourage, training and professional development of human resources in the aviation industry; and (e) attracting both national and international carriers to stimulate tourism and trade. During the reference period, the EU did not support directly the MCT in improving the aviation sub-sector policy framework – neither the institutional framework, which stayed unchanged whilst policy commitments. This concern was raised under EDF10 programming, backed by a formulation study finalized in June 2010.

#### **Rail Sector**

The rail sector policy framework is set by the 2002 transport policy document and was not renewed

during the reference period. The orientations set were sound: concessioning and prioritizing railway tracks maintenance, even if the lack of analysis of the comparative advantages of the truck industry re ponderous goods casts a serious doubt on their realism.

### Inland waterways

The situation is similar as far as planning documents are concerned than for the railways. The sub-sector itself is underdeveloped and bears far less weight in Zambia in passengers and goods transport than other modes.

In sum, the policy framework was set at the brink of the reference period, with the support of CPs (but not specifically EU). The Transport Policy Document provides a broad framework for sector programming, insufficiently developed at strategy level to ensure consistency in sub-sector policies and realism in investment programming. This missing link allowed an overdeveloped and over-engineered road programming to emerge with the financial support of CPs, and particularly the EU. The financial gap became too apparent at the end of the reference period, and called for a throughout revision of the ROADSIP, under the close scrutiny of CPs (EU being the lead partner in this sector).

The other modes of transport strategic frameworks and programming were left aside by CPs, unless the EU support to Lusaka and Livingstone airports rehabilitation, and late in the reference period, the civil aviation support project.

The unbalance between modes of transport, and particularly between the rise of road transport against the decline of rail transport, renewed the interest of the EU and GRZ for an integrated approach of the transport sector. A Transport and communication master plan is anticipated under the SNRP, to be financed by AFDB (after EU has declined).

### Data, figures, tables:

**Table 1.4: Road Sector Investment Programme, Total Expenditures 2004 - 2013, US\$ million**

Component	High Case	Mid Case	Low Case
Trunk, Main and District Roads	854.27	805.52	690.26
Urban Roads	176.94	176.94	176.94
Feeder Roads	257.24	205.11	185.53
Tourist Roads	40.43	40.43	40.43
Rural Accessibility and Mobility	108.57	108.57	108.57
Bridges and pontoons	51.69	51.69	51.69
Road Safety	15.77	15.77	15.77
Environment / HIV/AIDS	3.45	3.45	3.45
Poverty Impact Assessment	0.14	0.14	0.14
Local Construction Industry Development	27.50	27.50	27.50
Financial and Institutional Studies	0.50	0.50	0.50
Road Agency Operations	105.34	105.34	105.34
<b>Total ROADSIP II budget</b>	<b>1,641.84</b>	<b>1,540.96</b>	<b>1,406.12</b>

Source: ROADSIP II Bankable Document – Cash flow scenarios.

### Extracts:

*“With the RoadSIP II targets for unpaved and urban roads well off track and with much donor funding still suspended, GRZ commissioned a consultancy in 2011 to assess the situation and revise the programme. The report noted that to bring the entire CRN to a maintainable condition, over 2,000 km of (mainly urban) paved and nearly 23,000 km of unpaved roads would require rehabilitation (I.T. Transport Ltd 2011). Table 11.5 shows that, on the basis of recent contract prices, this would cost in the order of USD 2.6 billion, of which a substantial amount is for the rehabilitation of urban paved roads. With total road funding of USD 243.5 million in 2010, this is clearly unrealistic. In revising RoadSIP II it is necessary to consider both the financial prospects and the economics of rehabilitating the CRN.*

**Table 11.5 Cost of Rehabilitating CRN in Poor Condition**

	Km	Cost/km, USD	Cost, USD million
TMD paved	66	1,000,000	<b>65.9</b>
Urban paved	1,949	750,000	<b>1,461.9</b>
TMD unpaved	8,917	75,000	<b>668.8</b>
Urban unpaved	1,393	30,000	<b>41.8</b>
Primary feeder unpaved	12,613	30,000	<b>378.4<sup>4</sup></b>
<b>Total</b>	<b>24,938</b>		<b>2,616.8</b>

<sup>4</sup> In practice, feeder roads would be improved incrementally through spot improvements over a number of years using a network approach rather than fully rehabilitated link by link as assumed here.

Source: (I.T.Transport Ltd 2011) and consultants' estimates. TMD stands for Trunk, Main and District roads.  
Raballand & Whitworth, Transport Policy, 2011, pp.15-16

*"It has been estimated that some USD 2.6 billion is needed to achieve the RoadSIP II target of restoring the entire CRN to a maintainable condition, while an additional USD 130 million a year would be needed to maintain it.(...) The fundamental problem is that Zambia is too poor and sparsely populated to maintain the entire 40,000 km Core Road Network to desired standards, let alone the other 26,000 km of feeder, park and community roads. Apart from some urban roads and the trunk roads connecting Lusaka and the Copperbelt to Chirundu / Livingstone / Kazungulu / Nakonde, few roads carry (or have the prospect of carrying) sufficient traffic to economically justify being paved or maintained in a 'good' condition. "* Raballand & Whitworth, Transport Policy, 2011, p.21, p.27

*"The priority for CPs will be to support GRZ to take ownership of the sector strategy, to review the Transport Policy of 2002 and to establish a National Transport Master Plan. The National Transport Master Plan is expected to prioritise regional transport links in support of efforts to improve the country's competitiveness in regional and international markets as well as access to the local markets for domestic producers. For the road sector the Road Sector Investment Programme – ROADSIP II (2004-2013) will be revised and CP-funded projects will be selected from these prioritised project lists, with a focus on the main rural linkages and feeder roads that are included in the core road network. For the civil aviation sector CPs will support GRZ to restructure the sector to be compliant with International Standards and good practices and hence contribute to reducing the cost of doing business. CPs will also in the medium- and long-term work with GRZ to overcome sector-specific public finance management weaknesses related to budget commitment and execution control, and cost-inefficiencies arising from contractual and financial management practices."* JASZ II, EU proposals, 2011, p.12

*"In support to the Government measures, the EU funded the secondment to the Road Development Agency of engineering and financial management experts. The implementation of immediate corrective actions eventually made it possible for donors' financial re-engagement in the sector. However, in the absence of progress on the revision of the ROADSIP II policy framework, EDF Sector Budget Support could not be disbursed in 2010 which resulted in Zambia losing out €23.95 million (4th & 5th variable tranches floating from 2009 - €8.5 million & €3.15 million - and release of the 1st fixed tranche floating from 2009 - €12.3 million)." JAR 2010, p.9*

*"Based on the mid-term review conclusions, it is obvious that the roads sector strategy needs an entire revision in view of what can realistically be achieved under a constrained sector financial framework, In consequence, the need for an entire review of the ROADSIP II is indispensable in view of ensuring that the sector programme fulfils its key requirements of realism, affordability and sustainability. Particularly, the definition of a sustainable Core Road Network length in view of economic but also poverty and rural service delivery aspects are considered as the major challenges the sector is presently facing." AAP 2010, AF SPSP2, p.2*

*"Sector policy and strategy are well developed through the ROADSIP and transport strategy that are aligned with the FNDP. New agencies are in place and as the new institutional framework matures, efficiency will increase. An update of ROADSIP is required and this is expected under a current study." SPSP1 Mid-Term Review (MTR), 2008, p.3*

*"Improvement of the road sector was identified in Zambia's Poverty Reduction Strategy Paper (PRSP) in 2002 as the single most important means to address and combat poverty. A core road network of 40,113 km has been identified as being the minimum road network needed to be effective in combating poverty through improved accessibility, connectivity and job creation. Out of the core road network, 7,250 km are unpaved and 32,863 km are paved roads. The density of the core road network is 0.053 in km/square and 0,029 in km/capita. The percentage of international and domestic passenger and freight services carried by road is above 80%, which has also resulted in increased pressure on the roads." CSP 2008, p.14*

*"Strategic road network management and programming is guided through the Road Sector Investment Programme (ROADSIP), in its second phase running from 2004 to 2013, with a programmed 10 years' budget of USD1.6 billion." CSP 2008, p.14*

*“The Kabwe-Kapiri-Mposhi roads (...) project constituted an important step forward in consolidation of the innovative policies and approaches begun in 2002.” ROM Report 2006*

*“With the aim of having a safe, efficient, developed and sustainable private sector driven industry, the Transport Aviation Sector Policy of 2002 focuses on the following: (a) pursuing legal and institutional reforms aimed at revamping the industry to meet the challenges of a liberalised environment; (b) promoting civil aviation in accordance with the Convention on International Civil Aviation (“Chicago Convention”); (c) ensuring compliance with regional and international agreements; (d) encourage, training and professional development of human resources in the aviation industry; and (e) attracting both national and international carriers to stimulate tourism and trade. The Civil Aviation Act (Chapter 444 of the Laws of Zambia, promulgated in 1995 at the level of parliament) gives effect to the Chicago Convention and is intended to provide for the control, regulation and orderly development of aviation within Zambia. The Government of Zambia has started the process of reviewing this act in 2009 under the umbrella of an inter-ministerial committee of officials.” AAP 2010, AFs, p.11*

▪ **Indicator 3.1.2: Improvements in the enabling environment for road, rail and aviation transport management**

**Road sector**

Against the reform implemented in the road infrastructure management system, the 2009 Road Audit demonstrated that the relatively newly (created in 2002, operational in 2006) formed RDA, whilst strongly supported by TAs, and particularly EU's, was out of control with major PFM (overcommitments) and contract/supervision issues. Those issues are coming on the top of a strong bias in favour of paved network extension and rehabilitation, which is leaving unpaved core network and rural road disintegrating.

The establishment of the NRFA as a proxy of a 2<sup>nd</sup> generation road fund was far more convincing by increasing the resources available to the road maintenance, mainly through fuel levy and, to a far lesser extent, other road user charges (ORUCs). The NRFA, with the support of the EU, obtained from the Tax administration and the Budget to be remitted in full of its share on taxes levied on diesel and gasoline. However, road maintenance funding is not ringfenced and allocation of the budget is not constraint by any minimum percentage to be dedicated to road maintenance.

The contribution of the Road Traffic and Safety Agency (RTSA) to establishing an enabling environment was limited as it become operational only at the end of the reference period. All actions taken till then are focused on road safety, and transport industry economic regulation is not even considered (unless indirectly through overload control).

Even considering the above, provided that the corrective measures agreed with CPs in 2011 will be implemented, the enabling environment of road transport infrastructure environment improved during the reference period.

**Rail sector**

The concessioning of Zambia Railways Limited (ZRL), to Railway System of Zambia was a major development in this sub-sector during the reference period, supported by CPs. The capacity of the MTC, in charge of rail transport, did not increase in the required proportion to ensure a proper contract management.

**Civil aviation**

The enabling environment did not incur major reform during the reference period. The institutional setting was left unchanged and its insufficient consistency with OACI requirements was highlighted by the 2009 review mission.

In sum, major institutional achievements were reached during the reference period, and as many new challenges arose. The road sector institutional framework envisaged by the FNDP, subject to EU and other CPs' policy dialogue for years, came into force in 2003-04 while the declining railways were concessioned at the same period. Both are far more potentially conducive environment for transport management. The civil aviation and the inland waterways sub-sectors did not benefit of a similar renewal with major drawbacks emerging in their time as the blacklisting of Zambian airlines by the EU in 2009.

Extracts: *“The progress reports, compiled by the National Road Fund Agency, break down the functional responsibilities and reporting by Executing Agency as follows:*

*1. Road Development Agency (RDA) for civil works for road maintenance, upgrading and rehabilitation of trunk, main and district roads, including engineering and technical services such as design, axle load*

control, etc.;

2. Department of Infrastructure and Support Services (DISS) in Ministry of Local Government and Home Affairs (MLGH) was formerly responsible for civil works for road maintenance, upgrading and rehabilitation of feeder and urban roads, including engineering and technical services. Primary responsibility for these functions have generally been transferred to RDA but RDA has in turn appointed local authorities, falling under MLGH, to execute/supervise the work;

3. Ministry of Communications and Transport (MCT) for implementation of institutional reforms in the road sector, including monitoring and evaluation. MCT is also charged with overall project oversight;

4. HIV/AIDS Coordinator (in MCT) for implementation of the HIV/AIDS project component;

5. National Council for Construction (NCC) for the promotion of local construction industry;

6. Environmental Management Unit (EMU) in RDA for the implementation of environmental management and capacity building within the road sector and that environmental and social impact assessments are undertaken for road projects;

7. Road Transport and Safety Agency (RTSA) for improvement of road safety, implementation of the Traffic Safety Action Plan, as well as road traffic management, including licensing of motor vehicles and operators;

8. RAMP (Rural Access and Mobility Program) Coordinator (in MLGH) for the promotion of rural accessibility and mobility through improvement of rural infrastructure and promotion of intermediate means of transport (IMT).” RODSIP II MTR, Assessment, p.24

“Apart from meeting the required sector funding needs, the other key challenges for the sector are (i) the urgent need to increase the low absorption capacity experienced over the past under which the road asset value has declined and (ii) the development and maintaining of institutional capacity for the efficient, equitable and financially sustainable management of the public road infrastructure at central and particularly regional level (rural road network).” AAP 2008, p.3

“The Zambian railway network consists of Zambia Railways Limited (ZRL), which was concessioned to Railway System of Zambia, and the Tanzania-Zambia Railway system (TAZARA). It is important to integrate the two separate rail systems in order to increase speed and reliability. ZRL has a total single track of 1,266 km running from the border with Zimbabwe at Livingstone to the border with DRC, with branch lines to the Copperbelt, and has granted a concession to Railways Systems of Zambia (RSZ) for 20 years at USD1.5 million per annum. ZRL is committed to rehabilitating the existing network and rolling stock: once completed, the average speed will increase by 67 per cent to 70-80 km/hour. TAZARA, owned jointly by both Governments, is 1,700 km and runs from Dar-es-Salaam to Kapiri-Mposhi where it connects to the ZRL system.” CSP 2008, p.15

“the Delegation continued to experience frustrating relations with certain line ministries when developing new programmes or when addressing difficult issues notably in the health and road sectors (with misappropriation / mismanagement of funds brought to the surface). A positive development however was the good collaboration with the Office of the Auditor General in the case of road sector audits which will form the basis for corrective action plans by the GRZ in 2010.” EAMR 2010/1, p.3

“Zambian railways’ low traffic densities are well below the viability threshold of at least 2 million tons per kilometer for railways of this kind, making it difficult to capture the revenues needed to maintain assets. Also, performance for the RSZ is mixed, while TAZARA performance data is largely unavailable. Low traffic volumes complicate the financial viability of any concession arrangement. In the case of the RSZ, the lack of a clear regulatory framework or administrative capacity to supervise the contract has made it difficult for the government to provide clear oversight.” AICD country report 2011, p.11

“Concerning sector performance monitoring, the present central statistical system providing data to monitor the sector is weak. Limited data for road sector monitoring are provided by the three road agencies Road Development Agency (RDA), National Road Fund Agency (NRFA) and the Road Traffic and Safety Agency (RTSA) as well as the National Construction Council. There is no aggregation of transport sector performance data at the Ministry of Transport and Communication (MCT) in response to its mandate. The Mid Term Review of ROADSIP II is to develop a revised M&E framework for the road sector including input, output and outcome indicators.” SPSP2 Action fiche.

▪ **Indicator 3.1.3: Improvement of GRZ capacity in infrastructure maintenance planning**

**Road sector**

The EU supported only the road sector for improving the infrastructure maintenance planning, which was one of the main objectives of SPSP1, and all the more so of SPSP2.

NRFA and RDA were supported by EU funded TAs (7 long-term full-time and 2 short-term experts), trainings, purchase of equipment and an annual road condition survey.

The original TA team was composed by 5 long-term full-time and 2 short-term experts:

- Planning - Team Leader (RDA) – 3 years
- Implementation (RDA) – 2 years
- Highway Management System (HMS) Specialist (RDA) – 2 years
- Social/Poverty Specialist (RDA) – 3 years
- Financial Specialist (NRFA) – 3 years
- HMS System and Software Specialist (RDA) – 4 man/months
- RMMS Specialist (RDA) – 29 man/months

To which were added (addendum) to care of the rural road component:

- Coordinator Rural Road Programme (based in Central Province) – 31.5 months
- Rural Road Programme (based in North-Western Province) – 31.5 months”

This TA mobilisation is probably among the heaviest support among EU-funded SSA transport SPSPs. Maintenance planning was directly supported by 2 out of the 7 LT TAs, and was using the road condition surveys and most of the equipment purchased. Some complementary support was provided by the WB.

As far as it can be traced down in the documentation at this time, the EU support contributed successfully to create a road data management system, including a calibrated HDM-4 model. This allows an annual programme of works, prioritized by their economic internal rate of return. As far as SPSP1 was a targeted budget support, and other CPs funds were also targeted to specific road links, this programming exercise was only intended to rationalizing the use of GRZ resources allocated to the maintenance and rehabilitation of the Core Road Network (CRN).

The Road audit 2009, the Road programme revision 2011 and Raballand 2011 demonstrated that the HDM's results were often overruled by other considerations such as inter alia political pressure for paved roads and regional balance in maintenance expenditures).

**Railways**

The railways lines' planning does not bear the same complexity than the road network in a landlocked and sparsely populated country as Zambia. The main issue of economic and financial significance is to link mines to ports and to improve the travel time, thus mainly railway tracks condition. Used to be of 60 Km/h, the average operational speed for trains is of 15 km/h due to the maintenance backlog.

The EU did not support the improvement of the infrastructure maintenance planning in this sub-sector but promoted a more balanced and regulated competition with road transport services, notably by pushing for a more comprehensive policy framework. The SNDP has adopted this view and is committed to elaborate a Transport and Communication Master Plan.

**Civil aviation**

The EU did not support the NACL planning capacity as such during the reference period. Airports benefited from rehabilitation and runway extension during the reference period, notably with an EU support (EDF8 and 9) to Livingstone (tourism development) and Lusaka (main international gateway) airports. The modernisation and improvement projects were framed under an Airports Development Plan for the years 2000-2005 elaborated in 2000 by NACL. They had included mainly upgrades in the physical security of the aerodromes, modernisation of the check-in areas and electronic ticketing capability, compliance with the International Civil Aviation Organisation and the International Air Transport Association regulations.

In EDF10, EU interventions are expected to scale up and improve Zambia's compliance capability with international aviation standard in aviation safety, security and economic oversight civil aviation, including inter alia airports' maintenance planning.

In sum, the EU contributed directly in road network maintenance planning, both CRN and rural roads, directly with TA, surveys and equipment, and indirectly within policy dialogue platforms. Based on GRZ commitments, the road management system was installed with RDA, staff trained, updated data provided for deigning annual work programmes. The various audits and reviews undertaken from 2009,

thus 3 years after RDA became operational, identified major deviations between implemented maintenance and rehabilitation projects and the basic principles of HDM (for ex. Paving road with less than 300 vehicles/day, and even less than 150). The main issue appeared to be that data entered in the system is not reliable. The EU contributed to solve this issue by funding road surveys and traffic counts. The EU did not support maintenance planning in other transport sub-sectors but will come to this in its on-going EDF10 civil aviation project.

Extracts:

*“As a result, Zambia had the highest proportion of ‘over – engineered’ roads (paved roads with less than 300 vehicles per day) in a survey of 21 African countries (Gwilliam et al. 2008:37). In other words, much funding of the road sector has been wasted because the vehicle operating cost savings from paving cannot outweigh the extra construction costs, even in the long term. The proportion of over-engineered roads will increase further as a result of the new upgrading projects contracted since 2010.”* Raballand & Whitworth, Transport Policy, 2011, p.20

*“The enabling legislation for three new autonomous road sector agencies was enacted in December 2002: 1. The National Road Fund Act, 2002 – creating the National Road Fund Agency (NRFA) under the Ministry of Finance and National Planning (MOFNP) and the National Road Fund. 2. The Public Roads Act, 2002 – creating the Road Development Agency (RDA) under the Ministry of Works and Supply (MWS), providing for the care, maintenance and construction of public roads, and regulating maximum weights on roads. 3. The Road Traffic Act, 2002 - creating the Road Transport and Safety Agency (RTSA) under the Ministry of Communications and Transport (MCT), providing for a system of road safety and traffic management, licensing of drivers and motor vehicles, registration of motor vehicles and trailers, promotion of road safety, regulation of road transport between Zambia and other countries, and implementation of SADC and COMESA protocols. Each of the agencies reports to the Committee of Ministers of the Road Maintenance Initiative. The Boards of the agencies were inaugurated in December 2004. The NRFA assumed the responsibilities of the National Roads Board. NRFA’s first year of operations was 2005. The NRFA’s main objectives for 2006 are to ensure that all new staff members are in place, common basket funding is implemented, the National Road Fund is broadened by including road user charges other than the fuel levy and that there is a transparent and effective system put in place for collection, receipting, banking and monitoring all road user funds. The RDA is responsible for all public roads, having assumed the functions of the Roads Department of the MWS and the Department of Infrastructure Support Services of the Ministry of Local Government and Housing. The RTSA assumed all the functions of the former National Road Safety Council (NRSC) and the Road Traffic Commission (RSC). All roads are in fact being brought under the Ministry of Works and Supply and managed through the RDA. There is one integrated programme for roads. The Ministry of Communications and Transport (MCT) has responsibility for overall policy formulation and monitoring of the transport sector. It oversees a number of corporate bodies and institutions on behalf of the GRZ.”* CSP 2008, annexe.

*“Performance of the ROADSIP II programme has also fallen behind schedule (see Annex 12), but the establishment of the NRFA, RDA and RTSA was only achieved in 2006. With this condition achieved, overall management capacity in the sector will be significantly improved.”* CSP 2008, p.23

*“The results from SPSP II, through its increased leverage for consultation with the Government of Zambia under the sector dialogue, besides easing the financial strains of GRZ, would be influencing the sector in a positive way by providing support to the achievements of the above objectives of ROADSIP II. This will be done through a strengthened policy dialogue, particularly for rural roads, supporting allocative efficiency in utilising resources, encouraging sounder budgeting and improvement of the regulatory framework, building capacity of institutions at central/local level and promoting private sector through training to contractors”* AAP 2008, p.4

*“There is evidence of overinvestment in Zambia’s main road network. (...) analysis suggests that 65 per cent of the main road network does not have the traffic levels that warrant paving.”* AICD country report 2010

*“Based on the above cited Aviation Act, aviation activities are assigned to the Minister for Communication and Transport (MCT). The Executive entity for this legislation is the Department of Civil Aviation (DCA2), defined as a statutory body under the MCT, which is also recognised by the International*



*Community for having responsibility for safety and security oversight. In practice, there are several intervening entities in civil aviation (...) The DCA has limited authority to directly manage several issues affecting the aviation industry in Zambia. Ideally the DCA should have direct regulatory oversight over operators or service providers directly involved with aviation.” AAP 2010, AFs, p.12*

*“The original TA team was composed by 5 long-term full-time and 2 short-term experts:*

- TA I Planning - Team Leader (RDA) – 3 years*
- TA II Implementation (RDA) – 2 years*
- TA III Highway Management System (HMS) Specialist (RDA) – 2 years*
- TA IV Social/Poverty Specialist (RDA) – 3 years*
- TA V Financial Specialist (NRFA) – 3 years*
- HMS System and Software Specialist (RDA) – 4 man/months*
- RMMS Specialist (RDA) – 29 man/months*

*+ addendum for:*

- TA VI Coordinator Rural Road Programme (based in Central Province) – 31.5 months*
- TA VII Rural Road Programme (based in North-Western Province) – 31.5 months” End Term Review (ETR) TORs 2009.*

*“In 2000, NACL created an Airports Development Plan for the years 2000-2005. As of 2006, NACL had completed several improvements at the three major airports, estimated at a \$70 million, as a part of the company’s Development Plan. These investments corresponded to about 100% of the planned improvements for Livingston, approximately 75% of the planned improvements for Lusaka and approximately 25% of the planned improvements for Ndola.” USTDA, 2008*

### **JC 3.1: The transport sector policy and programming framework have improved in line with EU performance assessment framework**

The EU contributed to strengthen significantly the policy and programming framework only for the road sub-sector, based on its SPSP 1. For the civil aviation, the support was mainly under project approach, rehabilitating Livingston airport and extending Lusaka airport runway. The maintenance planning will be covered under EDF10 support to civil aviation compliance, such after the reference period. The EU did not supported the rail sub-sector unless within its sector policy dialogue. Inland waterways were supported by renovating Kazungula pontoons. The EU advocated however successfully for an integrated strategy eventually adopted by the SNDP; a transport and Communication Master Plan will be elaborate soon. and

The Transport policy was finalized by the Ministry of Transport in 2002, covering all transport modes but only the road sector deserved a detailed programme with the ROADSIP (the first version preceding the Transport policy, which translated the same principles). The ROADSIP II (2003-2013) was elaborated to cater with an extension from 12,204 to 40,113 km of the Core Road Network (CRN).

The road policy framework was fully consistent with the expectations of the CPs, particularly aligned with the Road Management Initiative pushed for by the WB (and adopted by the EU). It was, considering the relatively recent end of the socialist regime in Zambia, a potential success story for liberalizing the road management. The GRZ adopted most recent WB approaches, notably the maintenance performance based contracts, not yet disseminated nowadays in many other SSA countries. The new road agencies (NRFA, RDA) were jointly supported by CPs, with notably a heavy EU involvement in technical assistance (7 long-term TAs), equipment and road condition surveys. Both agencies became relatively quickly operational (created in 2002, staffed and equipped in 2006). (I-3.1.1)

The RDA is in charge of road construction and maintenance planning, design, procurement, contract management, and supervision. The EU supported in this regard the establishment of a road maintenance data management system, geared around Highway Development and Management System (HDM4) for prioritizing on the economic rate of return the annual maintenance work programmes. The system was operationalized successfully.

From 2007 onwards, successive EU audits and reviews warned that the rational process in place was not prevalent in GRZ budget allocations to the road sector and identification of road projects. Brought to the sector policy dialogue platform, this issue did not deserved attention or corrective measures from the MWS/RDA. The road audit undertaken in 2009 (with EU financial support) by the Auditor General confirmed previous results, further highlighted on the planning issue by the 2011 revision of ROADSIP

II, which assessed that 65% of the CRN is over-engineered. (I-3.1.2)

### JC 3.2: The financing framework for transport infrastructures maintenance and expansion is viable and sustainable in line with EU performance assessment framework

- Indicator 3.2.1: Existence of a mid-term expenditure framework (MTEF) and timely budget execution for the transport sector

There is no sector MTEF for the transport sector. The ministry of Finance has a rolling MTEF identifying the annual sectors envelop, but it is not disaggregated at sector level. The transport sector does not have a visibility on its mid-term resources.

For the road sub-sector, by its very nature of ten-years programme, the ROADSIP cannot be considered as a MTEF. At this stage, NRF/ARDA annual work programmes (AWP) do not compare to MTEFs too.

Data, figures, tables:

#### Road Funding, 1996 – 2010 (USD million)

	GRZ Projects	Fuel Levy	ORUCs	Domestic Sub-total	External	Total
1996	13.4	8.8		22.1	7.9	30.0
1997	14.3	10.3		24.6	11.5	36.1
1998	27.0	12.4		39.4	4.3	43.7
1999	21.6	8.5		30.0	6.7	36.7
2000	19.9	7.3		27.2	37.0	64.1
2001	12.4	9.3		21.8	53.3	75.0
2002	9.9	10.6		20.5	67.6	88.1
2003	11.6	8.3		19.9	62.4	82.3
2004	4.9	24.1		29.0	47.1	76.1
2005	5.6	39.2		44.9	52.6	97.4
2006	19.8	55.7	4.9	80.3	79.4	159.8
2007	33.8	56.2	5.2	95.2	59.6	154.8
2008	26.0	51.2	45.1	122.2	91.4	213.6
2009	59.3	61.9	45.1	166.3	40.0	206.3
2010	100.8	68.7	45.5	215.0	28.3	243.5

Sources: Raballand & Whitworth, Transport Policy, 2011, p.14

#### ROADSIP II MTR – Financial achievements

Cash Flow Statement	10 year program	Projected for first 5 years	Actual achieved in 5 years	%
<b>CASH OUTFLOWS</b>				
Administrative Expenses	158,622,475	84,016,384	10,778,586	13
Truck & Main and District Roads Projects	854,270,296	441,141,942	271,096,206	61
Urban Roads Projects	176,941,834	92,766,417	61,590,705	66
Feeder Roads Projects	257,236,000	136,802,000	11,200,000	8
Tourist Roads Projects	40,425,625	23,920,478	-	-
Ramp	108,570,000	53,870,000	-	-
Bridges	61,105,000	42,475,000	3,048,179	7
Road Safety	22,570,000	10,000,000	1,151,286	12
Environment/HIV/AIDS	4,080,000	1,847,000	540,275	29
Poverty Impact Assessment	200,000	80,000	-	-
Local Construction Industry Development	18,000,000	18,000,000	-	-
National Roads Board	250,000	250,000	421,377	169
Non Core Secondary Feeder Roads	42,576,000	19,011,000	-	-
<b>Total Projects</b>	<b>1,586,224,755</b>	<b>840,163,837</b>	<b>349,048,028</b>	<b>42</b>

Extracts:

“Significant progress on restoring the network only got going from 2000 when donor funding scaled up substantially, reaching USD 91.4 million in 2008. The programme was mainly donor funded between 2000 and 2005. However, following a striking jump in GRZ project funding, the programme has again been mainly domestically funded since 2006. Other Road User Charges (ORUCs), which have been credited to the Road Fund since RTSA took over responsibility for their collection in 2007, have also

become a significant source of funding – USD 45.5 million in 2010. Total road funding increased from USD 30.0 million in 1996 to USD 243.5 million in 2010. The domestic share of road funding accelerated sharply from 2009, reaching 88% in 2010. This is due to two main developments. Firstly, GRZ funding through the budget for specific road projects increased from USD 26.0 million in 2008 to USD 59.3 Million and USD 100.8 million in 2009 and 2010 respectively. Secondly, much donor funding for RoadSIP II was suspended in 2009 following the discovery that RDA had signed contracts committing itself to expenditure of more than double the USD 180 million approved in the 2008 GRZ Budget. “ Raballand & Whitworth, Transport Policy, 2011, pp.13-14

“The MTEF is a fundamental instrument to integrate FNDP strategic objectives into the annual budget. The Ministry of Finance & National Planning established a 2008 – 2010 MTEF, whose main objectives are:

- realign resources to capital investment programmes.
- Maintain macro-economic stability through
  - . inflation control (single digit level)
  - . external sector : foreign currency, Kwacha value.
  - . accelerate growth
- Promotion of private sector development.

The transport sector (of which around 90% for roads) averages about 10% of total planned expenditure over the 3 year MTEF period as shown in the table below.

Revenues	2008	2009	2010
Domestic	9,348	10,429	11,499
External Grants	2,381	2,365	2,258
Total Revenues	11,729	12,794	13,757
Expenditure	12,680	13,759	14,803
Transport Exp	1,086	1,268	1,827
% Transport	8.6%	9.2%	12.3%

Table 1 MTEF Revenues (Billions of Zambian Kwacha)

Road Fund	226,723
GRZ	267,673
EU	157,869
WB	283,358
Other external	152,150
Total	1,087,773

Table 2 ROADSIP Annual Work Plan 2008

The ROADSIP 2008 Annual Work Plan shown below corresponds reasonably closely to the MTEF and it can be seen that external sources will supply over half the total.” SPSP MTR 2008, p.16

“In 2008, RDA signed 316 road contracts to be financed from local resources. The total value of the 316 contracts was US\$ 299 million or nearly three times as much as presented in the Road Sector Annual Work Plan for 2008. US\$253 million remained to be paid by January 1st, 2009 which represents the total of local resources for 2009, 2010 and half of 2011. Only US\$41 million of contracts had yet to be activated (any payments made) by January 1st, 2009.” ROADSIP II MTR, Final ppt

▪ **Indicator 3.2.2: Existence and updating of databases for transport infrastructure maintenance strategies and prioritisation procedures**

The SPSP1 budget (from Rider n°2) allocate €5.55m to TA (to RDA and NRFA), road condition Surveys and equipment (Vehicles, data processing hard- and software, HMS setup, data update, system maintenance for an amount of €1.7m). Approximately half of this was dedicated to setting and updating road management system.

The feedbacks on the data management are not convergent. The system is running and HDM4 is able to provide an annual prioritisation of maintenance works. Besides this, the 2009 MTR quoted number of issues left (dynamic segmentation of the shape files and matching condition data), casting doubts on road condition data reliability and suggesting a more decentralized organisation. The EU is funded a road condition survey in 2009. Traffic counts are outdated, the last one dating back to mid-2000s. The SPSP2 Action fiche quotes that a continuation of TA is required for highway management and institutional capacity building to be provided to new local road authorities.

As said in 3.1.2, another issue is the discrepancy between prioritisation on economic grounds, and construction or rehabilitation projects funded by GRZ, their traffic characteristics and the standards applied. In other transport sub-sectors, the EU did not support data management and prioritisation procedures.

In sum, the EU contributed heavily to setting a road management system with RDA, as a strategic tool

for rationalizing the programming process and ensuring value for money of GRZ road sector resources' allocation. HDM4 was installed, the road condition data collected, the equipment purchased, the staff trained, and technical issues solved, even if with delays. The RDA's staff is able to run the system and produce results but the lack of updated data and road condition and traffic does not allow to achieve credible results.

Extracts:

*“Although the Road Sector Policy states that expenditure priorities will be established on the basis of economic criteria (Republic of Zambia 2003:11), the reality is different. There is no tradition of basing investment decisions on economic appraisal in Zambia. (...) Computer software such as HDM-IV has been developed to enable governments, road agencies and donors to prioritise projects and maintenance expenditure on the basis of objective data and economic criteria – i.e. as required by the Road Sector Policy. However, the resulting priorities often conflict with political priorities – such as the Zambian pressure to pave. (...) Although RDA operates HDM-IV, it has little impact on decision making<sup>5</sup>. (...) A World Bank study refers to ‘the widely accepted minimum traffic threshold of 300 vehicles per day to make paving of roads economically viable’ Gwilliam et al. (2008:36). A study using country data extracted from trucking surveys in HDM-IV demonstrated that high service levels are not economically viable for roads with less than 150 loaded trucks per day (Teravaninthorn and Raballand 2008). In Zambia this threshold is probably only achieved on the trunk / main network, mainly between Chirundu and Solwezi and possibly Kazungula / Livingstone and Lusaka.” Raballand & Whitworth, Transport Policy, 2011, pp.17-18*

*“Given the political attraction of paving roads in Zambia, it is not surprising that their dubious economics is largely ignored. Instead projects are justified on such grounds as: (a) traffic will increase substantially after the road is opened; (b) upgrading is needed for national integration; (c) there will be important social and developmental benefits which are not captured by conventional economic analysis; and (d) the road will open up new trade (e.g. with Angola). While there can be some validity to such arguments, they are rarely backed up with evidence – they are simply asserted. (...) Zambia’s geography compounds such pressures. Because of its size the people of, say, Western Province see little benefit from road improvements in Eastern Province (and vice versa). This creates political pressure for regional ‘equity’ in the allocation of resources. This can be a particular problem for road maintenance funding. While technical and economic considerations would focus funds on those roads and regions with the heaviest traffic, because this is seen as inequitable, NRFA has been pressurized into distributing maintenance funding evenly across the country. When maintenance funding is inadequate to begin with, this can result in resources being spread too thinly to have much impact.” Raballand & Whitworth, Transport Policy, 2011, p.21*

*“Institutional capacity development is needed in all aspects of rural roads management, accounting & procurement and the development of systems and procedures for the newly established but not yet operational local road authorities. At central level, a continuation of capacity building is needed in the fields of highway & road asset management and its systems, procedures development, procurement & internal quality control and sector monitoring/evaluation.” SPSP2 Action Fiche*

*“A lot of work needs to be done in developing highway management systems at RDA. The vast territory of Zambia makes a centralised approach very difficult and the MRT recommends a modular approach at provincial and LRA level apart from the paved trunk roads.” SPSP1 MTR, p.2*

*“Road condition surveys have been carried out in 2006 and 2007 and a number of logistic and organisational problems were encountered by the surveyors during the exercise. The survey was conducted on 18,700km of the core road network of some 40,000 km. The report from the survey team does not in fact provide the information on the condition of the roads as surveyed. This information is available to the RDA management through the TA team. The cleaning and analysis of the data for 2007 is still being done. It appears that the process and technology used to collect and make the data available is over complicated for the data outcome required. Although the data needs to be capable of input into sophisticated planning programmes such as dTIMS and/or HDM the time effort and expense being used to decide whether any section of road is in good fair or poor condition seems to be unwarranted. There are a number of technical problems still to be sorted out. Dynamic segmentation of the shape files and*

<sup>5</sup> ‘Economic analyses are usually carried out for large projects but this is often in a perfunctory way and if the results show that the investment is not justified, this is often ignored’ (I.T. Transport Ltd. 2011).

*matching condition data is still outstanding. This is required if mapping of the results is to be achieved and for any reasonably coherent network planning process. The Management of RDA together with the TA are currently considering these issues.” SPSP1 MTR, p.21*

*“These surveys may provide good baseline data for comparison in subsequent years but routine annual condition surveys will require local capacity and a more extensive survey (whole network) to be useful for monitoring the network condition for ROADSIP and for the EU SPSP programme.” SPSP1 MTR, p.27*

▪ **Indicator 3.2.3: % of maintenance needs met**

Two indicators define the targets for enhancing road financing: (i) annually available funding from GRZ (\$26.01m in 2010), and (ii) annually available funding from fuel levy (\$31.8m in 2010).

Revenue levels arising from the fuel levy (15% of the wholesale price of petrol and diesel) and other road user charges meet the criteria of being ring-fenced and show a satisfactory trend of being 100% remitted to the road sector for the use of road maintenance and development. However, funding levels were not sufficient to cover the entire routine and periodic maintenance needs of the Core Road Network during most of the reference period. The ROADSIP II Addendum; July 2011, provides an updated assessment: *“Roadwork costs have risen significantly in recent years. Consequently, the estimated cost of routine and periodic maintenance of the CRN in 2011 prices is approximately USD 240 million per year. The total internally generated income to the Road Fund (RF) was about USD 220 million in 2010 and is budgeted to reach USD 320 million in 2011. Of these totals, about USD 110 million is from Road User Charges”,* out of which fuel levy’s proceeds account for USD 67 million.

Though the performance indicators of the SPSP1 are exceeded, there is still, against a fuel levy rate and a diesel price that are among the highest in Southern Africa (leading the trucking companies to fill their tanks abroad), a gap of some 54% for GRZ to come to a balance for meeting routine and periodic maintenance needs on internal NRFA resources. This situation questions the rationale of fixed targets for financial indicators conditioning the release of SBS variable tranches with sector’s economics characterized by strong inflationary tensions.

Tolls are envisaged to be created on busiest roads, as well as direct tax on the trucking industry as complementary revenues. Yet the decision should proceed from an integrated (multimodal) transport policy framework that is still missing.

The most worrying issue is not about maintenance financing in itself but rather the balance between internal resources dedicated to maintenance and the ones allocated to network extension, particularly paved network. RDA’s 2011 Work Plan foresees the start of upgrading or rehabilitating of 900 km of existing roads to fully engineered paved roads, in addition to 700 km of such projects which were signed earlier and continue into 2011 and beyond. This represents an increase in the length of the paved network (6,600 km excluding urban roads) by nearly a quarter under ROADSIP, which will further maintenance financing in 3-4 years considering work supervision issues.

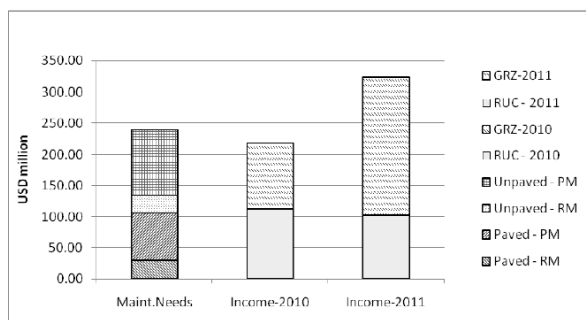
Data, figures, tables:

**Estimated Average Maintenance Cost for the Core Road Network: Routine and Periodic Maintenance, USD million per year**

Road Type	Paved	Unpaved	Total
Trunk	36.9	1.2	28.1
Main	18.8	13.5	32.3
District	8.5	66.3	74.8
Urban	42.3	25.1	67.4
Primary Feeder		27.2	27.2
<b>Total</b>	<b>106.5</b>	<b>133.3</b>	<b>239.8</b>

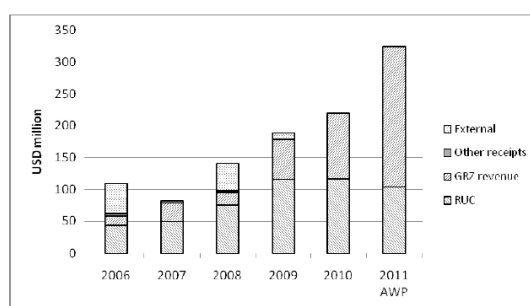
Source: I.T.Transport Ltd (2011): Table A1-6.

Figure 1: CRN Maintenance Cost Needs vs Road Fund Income



Source: NRFA Accounts and Consultants Estimates

Figure 2: Income to Road Fund (excludes non-RF income to the sector)



Source: ROADSIP II, Addendum 2, July 2011

**Extracts:**

“Given GRZ’s poor record of funding for road maintenance, adoption of a fuel levy was made a condition for donor support of RoadSIP. Initially in 1994 the levy was set at about 1 US cent per litre for petrol and diesel, increasing to about 4.5 cents in 1996. Since then, part of the excise duty on petrol and diesel (up to a maximum rate of 15% of the wholesale price) collected by the Zambia Revenue Authority (ZRA) has been designated as Fuel Levy. It is paid into the GRZ consolidated fund (‘Control 99’) along with all other ZRA revenue, but is earmarked for routine road maintenance. The Budget Office then transfers funds to the National Road Fund Agency, although the amounts transferred do not necessarily match revenues. While they have increased substantially in recent years, reaching USD 68.7 million in 2010 (Table 11.4), Levy proceeds are not based on - and have never been nearly sufficient to meet - Zambia’s road maintenance requirements. Being ad valorem, they fluctuate with world fuel prices. They are also subject to political decisions, such as the reduction in diesel excise duty from 30% (15% for Fuel Levy) to 7% in 2008 in order to reduce pump prices. As of April 2010 Fuel Levy was equivalent to 8.8 and 11.3 US cents per litre for diesel and petrol respectively, among the highest rates in the region (Gwilliam et al. 2008:17). Total fuel taxes (customs duty, excise duty and VAT) were equivalent to 23.0 and 39.1 US cents per litre respectively. While data is not available, it is widely acknowledged that international trucks largely avoid Zambian fuel taxes by filling their fuel tanks before entering and after leaving Zambia. As illustrated in Appendix 9.1, diesel prices are significantly higher in Zambia than in neighbouring countries, mainly because of inefficiencies in the pipeline and refinery. Reducing diesel prices through liberalising fuel imports would reduce the incentive to purchase diesel outside Zambia and should lead to increased Fuel Levy collections.” Raballand & Whitworth, Transport Policy, 2011, pp.13-14

“Far from switching budgeted funding to maintenance, the 2011 GRZ Budget substantially increased domestic funding for projects to USD 215 million. While budget outturns are usually below the original provisions (particularly for capital investment), this is nevertheless a dramatic increase. It reflects a number of new projects to extend the paved network. RDA’s 2011 Work Plan foresees the start of upgrading or rehabilitating of 900 km of existing roads to fully engineered paved roads, in addition to 700 km of such projects which were signed earlier and continue into 2011 and beyond. This represents an increase in the length of the paved network (6,600 km excluding urban roads) by nearly a quarter (I.T.Transport Ltd 2011).” Raballand & Whitworth, Transport Policy, 2011, p.18

“Using recent actual contract prices and costs, the RoadSIP II revision exercise estimated the average annual cost of maintaining the CRN - assuming that the entire network was brought to a maintainable condition. For the unpaved and urban networks this was, of course, largely hypothetical. The annual cost of maintaining the paved and unpaved networks is estimated at USD 106.5 million and USD 133.3 million respectively in 2011 prices (Table 11.6). In principle, maintenance expenditure should be fully financed from the Fuel Levy and ORUCs. However, despite recent increases, their combined value was still only equivalent to USD 112 million in 2010 (Table 11.4). This is barely sufficient to maintain the paved network; there are negligible funds left over for the unpaved network.” Raballand & Whitworth, Transport Policy, 2011, p.16

“However, GRZ direct funding in Table 11.4 is for specific upgrading projects and switching it to maintenance looks problematic. While GRZ stated policy as set out in the Road Sector Policy prioritises maintenance expenditure, there has been a growing divergence between policy and practice in

recent years. For as long as donors were providing most of the finance for RoadSIP II, they were able to ensure that funds were allocated in line with the Road Sector Policy / economic priorities. This meant prioritizing roads carrying the most traffic (i.e. trunk and main roads) for rehabilitation and resulted, as noted above, in most of the paved network being restored to good or fair condition. GRZ fiscal space started increasing significantly from 2007<sup>6</sup> and the road sector has been one of the prime beneficiaries; domestic funding in Table 11.4 increased from 0.46% to 1.33% of GDP<sup>7</sup> between 2003 and 2010. With the paved network largely fixed by 2006, under RoadSIP II these additional resources should have been used to start rehabilitating those parts of the unpaved and urban networks with relatively heavy traffic – and then to maintain them. However, contrary to the Road Sector Policy, most of the additional GRZ road funding since 2007 has been used to extend the paved network.” Raballand & Whitworth, Transport Policy, 2011, p.16

“NRFA indicated that, by the end of 2007, the road sector was able to meet without difficulty the requirement that 40% of total road expenditures incurred in routine and periodic maintenance be financed from domestic sources; in fact this percentage exceeded 60% in 2007. Since that time however, it has been necessary to reduce the percentage of the fuel excise dedicated to the NRF because of escalating fuel costs and general budget shortfalls. (...) Apparently the issue in passing the fuel levy directly from the Zambia Revenue Authority (ZRA) to the Road Fund has been resolved and, by the end of 2007, the Ministry of Finance was transferring all of the proceeds of the fuel levy collections to the Road Fund, although still through the Treasury. At the end of 2007, road user charges did not yet cover fully the routine and periodic maintenance needs of the road network, there was a gap of about 1/3, i.e. the revenues were only about 2/3 of the needed expenditures. In financial terms this means a financial gap of about Kwacha 230 billion (US\$64 million at the then current exchange). Much of this gap could be covered by increasing the annual licensing fee for trucks heavier than 15 tons from K350,000 at present to K1.5 million (US\$450 equivalent), or by more than 4 times, as proposed by two recent road user charge studies (Alan Kenniard and SWEROAD/AFRICON) to cover the road maintenance expenditure that these heavy vehicles are causing to the Zambian road network. A recent effort to get this increase passed was, however, stymied by the strong resistance from Zambian transport/trucking associations.” ROADSIP II MTR, Assessment, pp.30-31

“The establishment of a second-generation road fund in the country resulted in a stable allocation of resources to the sector. Zambia is one of the few countries in the region with a road sector budget in excess of what is needed to maintain the main road network, and adequate to address the rehabilitation backlog (figure 4). During the early 2000s, Zambia spent 3 per cent of GDP on the roads sector on average—a relatively high allocation.” AICD country report, 2011, p.13

“Financing of the sector has improved recently and current budget levels are sufficient to make modest progress. However, actual disbursement is below budget and if this continues the backlog of maintenance will continue to increase. If the Government can increase funding by around \$90m per annum then it should be possible to remove the backlog assuming capacity issues are concurrently addressed.” SPSP1 MTR, p.2

“The fuel levy is set as a percentage of the wholesale price of petrol and diesel (presently 15%) which has given increased revenue to the NRF as the wholesale price of fuel has gone up in recent years. Income stemming from the fuel levy shows thus a satisfactory trend over the last years. The released amounts are in excess of the programmed amount in the ROADSIP II financing plan. 100% of the collected fuel levy is transferred to the Road Fund. (...) Annual Work Plans for the Core Road Network have proven to be overambitious and thus unrealistic. The total real income arising from the different sources against the planned disbursements is insufficient to preserve the road asset of particular unpaved roads (maintenance and rehabilitation). The income from the fuel levy can presently cater for 100% of routine and some 40% of the periodic maintenance needs. Under ROADSIP II and its AWP, focus has been given to date to the paved core road network of 7,250 km. While performance on the paved road network is satisfactory, the unpaved road network of particularly feeder and district roads has been neglected so far.” CSP 2008, annexe

<sup>6</sup> This was due to the combined effect of improved fiscal management, HIPC / MDRI debt relief, increasing mining tax and GDP growth (Whitworth 2011).

<sup>7</sup> Rapid economic growth meant that real GDP was 60% larger at end 2010 than at the start of 2003.

*“The NRFA has proved to be a success and with limited staff resources in the beginning has raised the profile of road maintenance and brought most of the trunk roads under routine maintenance. The NRFA has been hampered by under-remittance of the fuel levy to the Road Fund. Since the end of 2002 remittances have improved with a substantial increase in fuel levy remittances in the year 2004 and the full and timely remittance of the fuel levy to the Road Fund in 2005.” SPSP1 Rider 1, p.5*

### **JC 3.2: The financing framework for transport infrastructures maintenance and expansion is viable and sustainable, in line with EU performance assessment framework**

The targets set initially for road financing indicators were exceeded for GRZ contribution and well as fuel levy collection and direct remittances to the NRFA. This contributed to the release of the first three variable tranches of EU SPSP1 but, given steady rise in construction prices (cost increases, limited competition among major contractors, mismanagement within RDA) only 46% of routine and periodic maintenance needs are met annually through user charge collection, and 92% including GRZ budget allocations (including inter alia EU financial inputs under SPSP).

Given the macroeconomics context, the high level of the fuel levy, the weak political position of GRZ against the trucking industry, and the prospects of further construction price rise, the financing framework for CRN maintenance is not viable and even less sustainable. (I-3.2.3) The situation might lead to the loss of the colossal capital investment made during the reference period on paved trunk roads, all the more so if EU's SBS would ceased in relation to weak corrective measures of RDA mismanagement revealed by the OAG's 2009 Road Audit. The GRZ, with CPs and particularly EU support, started at the very end of the reference period a throughout analysis of alternatives, the most convincing being to drastically reduce the CRN length. By the end of 2011, the EU was yet not in a position to resume its support.

Besides the resources available for road maintenance, the value for money of road sector budget is another important shortcoming faced by the EU. The EU supported heavily (7 fulltime long-term TAs, equipment, surveys worth €5.5m) the setting of a reliable and updated road management system, centred on HDM4's use for rationalising annual work programmes. Though the system is running, there are quite some doubts on the consistency between HDM4 results and the works programme implemented by the RDA, as demonstrated by the 2009 Road Audit. The level of service applied to most rehabilitation projects (paving) even for road with less than 150 vehicles a day, does not make much sense with the basic principles of economic rate of return supposedly in-built in HDM4 parameters. (I-3.2.2)

The overall financial prospects framework for the transport sector was not established. A global MTEF is maintained by the Ministry of Finance (supported by EU PEMFA project) but was not disaggregated at sector level due to resistance from the MSW. The ROADSIP II cannot be considered in any way as an equivalent tool for providing reliable visibility on the road sub-sector financial framework, being subject to annual budget arbitrations. (I-3.2.1)

### **JC 3.3: Institutional performance of transport sector management has improved at all administrative levels**

#### **Indicator 3.3.1: Existence of appropriate standards and guidelines for competitive procurement of works and services (including maintenance) and contract management**

The EU SPSP1 provided TA to RDA and NRFA (€2.8m) to support notably defining appropriate standards, procedures and guidelines for road maintenance management, particularly contract management. Capacity building supported:

- Periodic Maintenance of Trunk, Main and District Roads: (a) RDA in the use of the Highway Management System (HMS), (b) RDA in the planning, budgeting, implementation and evaluation of road maintenance projects, and (c) NRFA in the management of effective disbursement, monitoring and auditing of road sector funds.
- Rehabilitation of Unpaved Rural Roads at provincial/district level: Enhance the efficiency of the road authorities in provinces/districts such that: (a) the relevant RDA Regional Road Engineers' offices are able to successfully manage (i) road maintenance needs planning and programming; (ii) road rehabilitation planning, design, and supervision; and financial planning for annual works programmes; (b) the future Road Authority's engineering staff (District Council) is able to successfully manage: (i) road prioritisation; (ii) road development for economic growth and poverty reduction; (iii) road maintenance needs planning and programming; and (iv) contract preparation and procurement.

The TA mission started in 2006 and therefore was able to provide (3-years positions) the intended



technical input to RDA (mainly) and NRFA alike before the end of the reference period. The AG's Road Audit in 2009 and further detailed procurement, financial and technical audits assessed a very insufficient level of RDA's take-in, and therefore indirectly the limited effectiveness of this heavy TA mission.

Taken from Raballand 2011 (p.26), other disturbing findings than the 2008 over-commitment were: "On procurement, these included:

- Lack of drawings and condition surveys.
- Poor quality contract documents.
- Lack of transparency in the selection of RDA bid evaluation committees.
- A tendency of RDA tender boards to ignore bid evaluation committees' recommendations, contrary to procurement rules.
- Engineer's estimates were not used when conducting evaluations, making it difficult to ascertain the reasonableness of bids.
- Lack of contract negotiation meetings.

On financial and technical aspects, the audits highlighted:

- Contracts were sometimes running without supervision.
- Poor contract administration leading to delays and additional costs.
- Poor quality works were observed on most of the contracts reviewed
- Non submission of performance bonds meant contractors were not penalized for non performance.
- Delays in payments to contractors and consultants resulting in interest charges and standing time.
- Irregular instructions were given to contractors, such as payment to RDA staff and servicing of RDA vehicles.
- Inadequate progress reports.
- Decisions on contract price variations were not always justified by the contractor.
- Where RDA supervised contracts, supervision funds were paid through the contractor - raising issues of objectivity."

The EU support to NRFA brought far more positive results as financial and technical audits did not brought any case of mismanagement while the resources managed under the road fund increased significantly.

The EU did not support the other transport sub-sectors in these matters.

In sum, appropriate standards and guidelines for competitive procurement of works and services (including maintenance) and contract management were drawn with EU support but they were not in use within RDA almost at any stage of the road maintenance and rehabilitation projects. This led to significant economic and financial losses and a low value for money of the EU contribution. The EU support to NRFA helped in turn to control financial flows and allowed to establish the expected reliability in user charges collection and management.

Extracts:

*"Nevertheless, an investigation of RDA by the Auditor General (following RDA's over-commitment of its 2008 budget) in 2009 showed that unit costs are substantially higher than they need be. Detailed procurement, financial and technical audits revealed widespread inefficiency in RDA management of road contracts and produced other disturbing findings."* Raballand & Whitworth, Transport Policy, 2011, p.25

*"Sufficiently efficient oversight seems to be missing for the various executing agencies charged with implementing the ROADSIP II program. At the time road sector programs were established in mid 1990s in Zambia (prior to ROADSIP I) NRFA (and its predecessor NRB) was charged with oversight functions vis-à-vis RDA. This was a model advocated by the World Bank at that time. It is not a workable model that one executing agency oversees the activities of another one, It is bound to create conflict and overlapping functions, as has actually appeared to have happened in this case. Oversight and regulatory control needs to be exercised by a Ministry. In this case the situation is complicated as RDA reports to Ministry of Works and Supply and NRFA to the Ministries of Finance and Transport. (...) Up*

to and including 2007, capacity to execute was another problem, which was not been solved on the spot by new institutional set-up: it may have in fact exacerbated the situation for a period. While RDA has definitely demonstrated capacity in 2008, in prior years it seems to have lacked the capacity to execute the required program. This is clear from the very fact that surplus funding accumulated in the NRF, while disbursements and physical accomplishments lagged behind the tempo targeted in the Bankable Document; in fact a surplus accumulated even though the NRFA revenue lagged behind the ROADSIP targets.” ROADSIP II MTR, Assessment, pp.31-32

“The report of the PAC and its recommendations were submitted to the Bank and other CPs in August 2010. The report made specific recommendations for disciplinary measures but its overall recommendations are: (i) more involvement by RDA Board members in the award of contracts; (ii) improvement of the unpleasant relationship between RDA and NRFA; (iii) harmonisation of the Public Finance Act and the Public Procurement Act; (iv) strengthening of the National Construction Council (NCC); (v) more power for the Zambia Public Procurement Authority; and (vi) more decentralisation of RDA operations. The recommendations specific to RDA are: (i) introduction of a framework for contract management; (ii) strengthening of the Monitoring and Evaluation Unit; and (iii) better management of consultants. The next immediate action from government is the submission to the Bank and other CPs, of the preferred course of actions in view of the PAC report. (...) The Bank carried out an in-depth financial review and an independent procurement review both of which had pointed out weaknesses revealed by the government’s audit report. The key preliminary findings of the independent procurement review were flaws in the management of procurement documentation while the in-depth financial review suggests the existence of ineligible expenditures. (...) Bank supervision will be intensified and will especially focus on the activities that are critical to the project’s success particularly in the contract award process, timely payment to contractors and consultants, and adherence to implementation schedules.” WB RRMP 2010 restructuring, p.5

“the sector has been overshadowed by the results of a comprehensive financial, technical and procurement audit under the Office of the Auditor General following Cooperating Partners’ serious concern on sector specific Public Finance Management (PFM) issues raised during the April 2009 Joint Donor Forum. This development led to the majority of Cooperating Partners putting on hold funding for new road projects including the release of the Sector Policy Support Programme tranches I and II (sector budget support). The audit findings in summary reveal (i) mismanagement of resources and disregard of Annual Work Plans, (ii) irregularities in procurement, (iii) sub-standard execution of road works, (iv) unsubstantiated payments to contractors and (v) the non-observation of Regulations and Acts governing the sector.” AAP 2010, AF SPSP2, p.3

“We have noted several problems that have resulted in cases of sub-standard value for money: Spreading too little money over too many kilometers of road, stemming in part from a lack of hard and fast national standards and lack of capacity in construction cost estimating; Project preparation and bidding documents; Quality of workmanship by contractors and lack of adequate enforcement of standards by supervisors; Reluctance to accept variations to the scope of construction contracts that are required to avoid waste; A multitude of low value contracts and a lack of capacity to supervise so many contracts.” ROADSIP II MTR, final ppt

“Initiatives are also under way to strengthen the private sector’s contractual capacity (through the National Council for Construction).” CSP 2008, p.23

“EC Procurement Audit - A comprehensive technical audit was carried out in mid 2007. For procurement the auditor re-evaluated a selection of tenders (5 contracts) and compared their marks with those of the evaluation report. The key findings of the procurement audit were that:

*Insufficient bidders*

*Short evaluation and tender period*

*Poor Tender Documents*

*Inconsistency in applying eligibility criteria*

*Committee appeared to make strategic decisions and then manipulated results to fit*

*Identical bids for different packages achieved significantly different scores*

*Identical CVs included for the same position in more than 1 bid received different scores for each*

*Scores given to similar academic qualifications varied considerably*

*Computational errors.*

*EC Civil Works Audit - This was done on 6 contracts concurrently with the procurement audit in mid 2007. The key findings were:*

*Insufficient preparation was carried out for design, materials and hydrology*

*Works started on a number of contracts several months before the supervising engineer was on site.*

*Most of the roads were not visited by either RDA or contractors prior to tender resulting in problems defining the scope of rehabilitation.*

*Quality of works was generally acceptable.” SPSP1 MTR 2008, pp.30-31*

- **Indicator 3.3.2: Reduced scope and improved efficiency of force account operations in road maintenance**

Right from the beginning of the reference period, GRZ excluded to recourse to force account operations in the thrust of liberalisation and transition from the socialist economy. All maintenance works are undertaken by private contractors, supported by the National Council for Construction (NCC). This approach was enshrined in the Transport policy document in 2002: “*encourage and promote increased private sector participation in the provision management and maintenance transport infrastructure and services*”.

The interests of the local construction industry are represented by the National Council for Construction (NCC).

The efficiency of road maintenance operations stayed unquestioned for many years, South African and Chinese contractors reinforcing the absorption capacity of the nascent national construction industry (mainly hired for routine maintenance of unpaved roads). With the (temporary) departure of the South Africans from the Zambian market, in view of the 2010 World Cup preparation, the absorption capacity fell steadily (to 50-60%) at the end of the reference period and the monopoly of the 4 Chinese companies drove to price rises.

Bidding maintenance works for the Core Road Network (CNR) and supervising the 170 contract (representing 2% of total ROADSIP budget) spread over the country exceeded RDA capacity. The quality of works done is weak, implying a higher than expected future frequency of the maintenance operations.

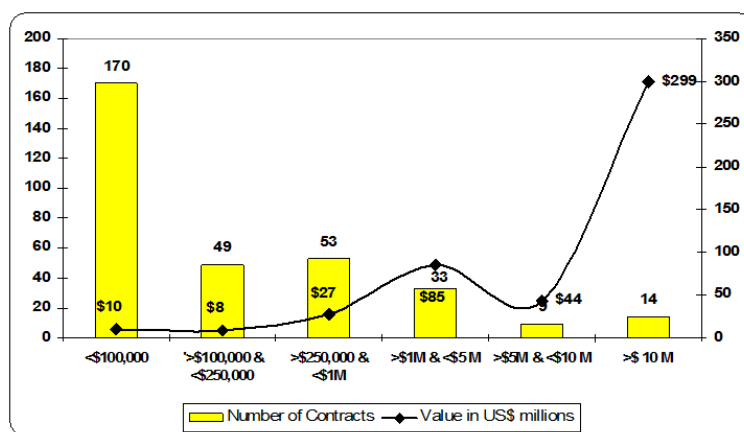
Performance contracts were already considered for road maintenance in 2002 transport policy paper and in 2003 road sector policy letter, GRZ being far in advance in this matter compared to most of other SSA countries. The first generation OPRC, based on WB principles, appeared to be in vivo laboratories, leading to contractual re-negotiations and contract models improvements.

The GRZ has re-established at the end of the reference period mechanised Force Account (FA) capability for the specific purpose of revitalizing non-CRN feeder roads in rural areas, coming to a more balance approach of private sector development.

In sum, the GRZ tried to apply in full the principles of the EU-supported RMI at the beginning of the reference period. All construction, maintenance and rehabilitation works were procured with the private sector (mainly foreign, unless for low qualified routine maintenance tasks). The RDA acknowledged significant issues with the quality of works, delays in implementation and construction price rises before 2009 but the construction industry was still seen as a levelled playing field. After the departure of the South African contractors in 2009, the oligopolistic nature of this market became apparent, with a cartel of 4 contractors (Chinese) driving up the prices.

RDA's inefficiency in managing contracts and supervising works brought its lot to issues faced with maintaining the CRN and providing low value for money for internal resources as CPs' alike. Considering the low absorption capacity (approx. 50%) demonstrated by the private sector for the CRN, the GRZ decided at the end of the reference period to create force account brigades to caters to maintenance needs of the rural roads.

Data, figures, tables:



“7% contracts represent 74% of the total value, 52% of the contracts represent only 2% of the total value.” ROADSIP II MTR

Extracts:

“Development of domestic construction industry and promotion of labour based work methods has been a long-standing objective in Zambia, preceding implementation of ROADSIP I even. However, not much has been achieved in this area for a variety of reasons, which mainly relate to training, financing and creating an enabling environment within the contracting industry. The National Construction Council, NCC, has been charged with development of the domestic construction industry, but has not been as effective as envisaged at the time of preparation of ROADSIP II. Specific to NCC, this agency engaged a consultant to prepare a strategic plan, utilizing part of a US\$500,000 IDA allocation to NCC. NCC rejected the report submitted by said consultant and recommended that the study be re-awarded on a sole source basis. This recommendation was rejected and eventually, at the time of the Consultant’s data gathering, another consultant had been selected to carry out the work of preparing a strategic plan for NCC. (...) The registration of contractors by NCC seems to be well documented. We have been provided with a list of 349 entries listing contracting firms by grade, category, type of work and province. There are only a handful of Grade 1 road building contractors registered.” ROADSIP II MTR 2008, Assessment, p.32

“The packaging of the performance based contracts into very large value units has acted against the inclusion of small to medium scale local contractors. All of the OPRC work has been awarded to either international (foreign) contractors or the few largest National Zambian contractors. This has foiled plans by NCC to develop the local contracting industry to take over most of the work on the maintenance of roads in the country and provided much needed local employment through employment intensive methods of working. NCC does not get any direct support from the SPSP but is funded by other contributors to the ROADSIP II sector programme. The capacity building of the local contracting and consulting industry needs to be strengthened if ROADSIP II is to achieve its objectives.” SPSP1 MTR 2008, p.17

“The appointment of staff to the reformed institutions has been carried out through a competitive application and selection system that was designed to select the best qualified candidate. The remuneration packages being offered attracted candidates from both the public and private sectors for the posts. Often the private sector candidates were selected from consulting companies. This means that the resulting staff of the new institutions is very strong, being a combination of staff from public and private backgrounds. This has had the unexpected effect of reducing the capacity of many of the local private sector consulting companies who have lost a number of highly qualified staff to the posts offered by the new institutions.” SPSP1 MTR 2008, p.22

“Procuring the services of small-scale contractors has proven very tedious; the results obtained by small-scale contracting have been mixed at best, and the requirement to terminate contracts and replace contractors has been a major problem. ROADSIP II is a big programme and a huge amount of resources, not available in Zambia, or most other countries for that matter, would be necessary to get the programme done while also directly managing and supervising a large number of small-scale contractors. Certain types or models of contracting have been problematical; for example - the initial OPRC

*contracts have had to be modified following initial floating of tenders. The Government of the Republic of Zambia has taken a major step to re-establish force account capability in the road sector to handle primarily rural roads that are not part of the CRN.”* ROADSIP II MTR 2008, p.3

*“Despite a slow start in 2008, largely due to the blacklisting by GRZ of more than 40 road sector construction companies (...)”* ROADSIP II MTR, final ppt

*“The sector absorption capacity to implement Annual Work Plans is limited and shows on average a rate of 50-60% absorption only. Lack of competition can be noted in the sector over the last years, which has mainly arisen from a withdrawal of South African contractors from the Zambian market, in view of the 2010 International Federation of Football Associations (FIFA) World Cup preparation and its enormous infrastructure challenges. This has led to a monopoly of some 4 contractors in Zambia, dominated by Chinese companies, with consequently high costs of doing road works plaguing the sector.”* AAP 2010, AF SPSP2, p.2

*“The results from SPSP II, through its increased leverage for consultation with the Government of Zambia under the sector dialogue, besides easing the financial strains of GRZ, would be (...) promoting private sector through training to contractors”* AAP 2008, p.4

- **Indicator 3.3.3: Improvements in enforcing traffic regulations (including axle load, safety, environmental legal framework and transport industry regulatory framework)**

#### **Road sub-sector**

The only issue tackled during the reference period as regards road traffic regulations in the axle load control, included in ROADSIP II to protect the road network and increase the life time of the rehabilitated links. The target was not the transport industry as such but the road network.

The Axle load control programme was launched in 2004 by Norway with an amount of €3m and a contribution of the EU of €2.5m. The agreement provides a framework for an institutional cooperation between the Road Development Agency (RDA) and the Norwegian Public Roads Administration (NPRA). The final evaluation of the programme in 2009 was very positive. The review found that the technical assistance from NPRA was an essential input to the ALCP.

The EU contributes through SPSP1 to reinforce the environment legal framework and its implementation by the RDA. Environment Impact assessment studies are done for major projects. They stay however formal, and mitigation action plans implemented by contractors is not supervised by RDA.

#### **Civil Aviation**

Air traffic regulations were not into the scope of 8 and EDF9 interventions, only focused on airports rehabilitation (Livingstone) and extension (Lusaka). Following the EU ban on Zambian airlines in reaction the OACI 2009 review, the EC extended its EDF10 support to contributing to the compliance with international regulations sought by GRZ. This project not being yet started, it can be asserted that during the reference period, the EU major contribution to air traffic regulation was the ban imposed, which was a major incentive for GRZ to reconsider the time line of a much needed institutional reform.

The EU did not intervene on these matters with the other transport sub-sectors.

In sum, the only concrete EU contribution to promoting better organisation and balanced market regulation in Zambia was limited to controlling successfully truck overloading, as financial contributor to a project implemented by Norway.

#### Extracts:

*““NACL is responsible for the provision of Zambia’s National Air Traffic Service, Aeronautical Information Service and Aeronautical Telecommunications Service. Air Operators: There are two main domestic airlines doing schedule services – Proflight and Zambezi airlines and several internationals (...). Freight operators include Cargolux, MK Cargo and Southern Aviation. (...) Approximately 50% of all Aviation activity in Zambia is accounted for by the Private Sector. Ground Handling: This service is provided at Lusaka by three competing entities: National Airport Cooperation Limited (the airport operator), National Aids Committee (NAC) 2000 Ltd. and Zega Grounding Services. Regulation of Ground Handling Services is done by DCA, though there are currently no written regulations.”* Formulation study, June 2010, pp.13-14

*“The Department of Civil Aviation (DCA) remains responsible for all regulatory aspects of civil aviation. However, due to its civil service structure involving constrained administrative procedures, poor salaries, poor working environment and few incentives, the DCA has difficulties in recruiting and retaining qualified personnel with international qualifications. As a result of that situation, it also has difficulties in retaining specialists who are capable of efficiently planning, inspecting and regulating the diverse operations of the Zambian civil aviation industry. Responding to these circumstances, the 2002 Transport Policy of the MCT identifies the need to pursue legal and institutional reforms to provide for an efficient regulatory framework to ensure compliance in the industry that will contribute to the overall development of the air transport and the economy. Transforming DCA to an autonomous Civil Aviation Authority would achieve international and national policy objectives. (...) NACL is materially noncompliant with ICAO due to the lack of effective regulatory oversight, further compromised through out-dated legislation. New model legislation, good reference materials and an effective regulator would enable NACL to regain focus on providing an airport and air traffic service compliant and in uniformity with international standards. (...) The issue of restructuring the DCA into an autonomous Civil Aviation Authority (CAA) has been the subject of studies, arriving at the conclusion that the DCA should be restructured into an autonomous CAA. The enactment and implementation of a replacement Civil Aviation Law, modelled on ICAO standards and other related is regarded as necessary for the sustainability of the project. In this context, the GRZ has already established an interministerial committee of officials to review the aviation acts to enable the creation of an autonomous CAA and to facilitate an institutional reform process.” Formulation study, June 2010, p.20*

*“It was planned that all 8 vehicle weigh stations are rehabilitated and staffed by the end of 2006. At January 2008 this was not the case and only two had been improved. Nevertheless considerable progress has been made in axle load control particularly in terms of legislation and management and overloading is now decreasing. Axle load regulations were published in 2007. The two newly refurbished weigh stations, Kapiri Mposhi and Kazungula have the latest satellite computer systems that automatically transmit axle loading data to head office thus making malpractice much more difficult. Weigh station staff have the powers to detain overloaded trucks and fine vehicles \$2,000 for failing to stop. The TA was originally supported by Norway, but EC budget support is now used to continue the programme. It is clear that this TA has been very effective in developing the strategic axle load control policies and systems and has very good relations with counterpart staff. Plans are being developed to further commercialise this area in terms of private management of weigh stations and the unit is expected to make a profit through overloading fines and abnormal load permits (income expected to be \$2.5m/y). A draft 3-year plan 2008-2010 has been prepared giving plans for further legal initiatives, weigh bridges, anti corruption measures, management information system, commercialisation, project monitoring and administration.” SPSP1 MTR 2008, p.20*

*“To continue the support to the aviation sector (rehabilitation of the two international airports Lusaka and Livingstone and a comprehensive Master Plan Study, under the 8th and EDF9), the EDF10 will focus on regulatory and operational know-how, technology transfer in the domain of air safety, security and traffic management. (...) Concerning the aviation sector, project support could be possible in form of TA services shall be given in response to aviation safety and regulatory issues.” CSP 2008, p.31*

*“The Government of Zambia had in 2009 an International Civil Aviation Organisation (ICAO) Universal Safety Oversight Audit Programme (USOAP) follow-up audit. One of the main safety concerns is the issuance of certificate of airworthiness, particularly to Zambian operators undertaking international flight. This finding resulted in the EU banning of Zambian registered aircraft into EU airspace in July 2009. With this ban and the world crisis, operators have reported a decline in traffic by 25% in 2009. (...) Thus, the major problem the project is intended to address is the non-compliances of Zambia's civil aviation safety and security oversight system with international standards. The main causes of this problem are: (i) inflexibility of the existing system and inability to enforce ICAOs' Standards and Recommended Practices (SARPs); (ii) no training fully integrated and ICAO compliant; (iii) out-dated legislation and lack of individual accountability; (iv) lack of independent aeronautical accident and incident investigation; (v) inadequate system for AVSEC regulation and operation; and (vi) ineffective economic regulation.” AAP 2010, AFs, p.12*

**JC 3.3: Institutional performance of transport sector management has improved at all administrative levels**

During the period under review, the EU support to institutional performance was only granted to the road sub-sector, and more specifically to road infrastructure management with the SPSP1. As said, the RDA and the NRFA benefited from a strong team of long-term TAs during three years. If the take-in by the NRFA is commendable, this did not apply to RDA, although it took the major part of EU technical assistance. The AG's 2009 Road Audit and subsequent detailed technical, financial and institutional reviews evidenced a very low level of performance in works design, contract management, and work supervision, against an higher than expected (10%) administrative cost ratio. (I-3.3.1)

The private sector participation was a major landmark of the 2002 transport policy document, providing a concrete translation of the transition toward a liberalized market economy. The recourse of force account was thus not considered, even if the national private sector at the beginning of the reference period was at best embryonic. Promoting and developing the national construction industry capacity was rightly a major component of ROADSIPP and thus of the EU support. This was initially planned with the National Council for Construction (NCC) which was expected to provide trainings and technical advices to its members. Its contribution ended by being limited, far below the national industry's needs and prospects, based on what seems ex-post of some sort of misunderstanding. The road market was taken over by foreign contractors (South-Africans, Chinese) for major construction and rehabilitation projects, as well as performance-based contracts that require large financial basis. The local contractors were mainly hired for routine maintenance works. The quality of works became quickly a concern, as price rises and delays. The absorption capacity stayed far beyond expectations, roughly 50% of annual work programmes for CRN only at the end of the period under review. The GRZ is even establishing force account units for the rural roads maintenance. (I-3.3.2)

The EU did not consider until recently for the civil aviation under the EDF10 to support reforming transport regulations.

**JC 3.4: Transport sector agencies improved in a sustainable way the quality of their human resources**

▪ **Indicator 3.4.1: Number, themes and type of trainings for transport-related agencies' staff**

At this stage, the number, themes and type of trainings are not documented. The SPSP1 MTR analyses the attendance to trainings provided to RDA and NRFA staff that are relevant in number with improving significantly the capacity of these agencies. The trainings were complementary to long and short term TAs. In sum, the EU provided the new road agencies with the required technical support to improve the quality of their human resources.

Extracts:

*“During the period from 2006 to end of 2007 some 189 RDA staff attended various training courses at an overall cost of Kw 537million. An assessment of individual and organisational training needs is currently underway in the organisation to determine the training plan for the next 3 year period. RDA now has a complement of staff in Lusaka and the provinces totalling 352.*

*NRFA has a similar plan to train its smaller complement of staff and has designed a training programme for each year with overall goals and targets. During 2007 NRFA has trained 106 staff members at an overall cost of Kw 674 million with courses as far afield as GIMPA in Ghana and University of Birmingham in UK.” SPSP1 MTR 2008, p.20*

▪ **Indicator 3.4.2: Level of consistency between filled positions and qualifications**

Staff appointment for both road agencies was carried out through a competitive process, monitored by CPs. It can therefore be assessed that qualifications fitted filled positions, as far as national human resources allow.

Extracts:

*“The appointment of staff to the reformed institutions has been carried out through a competitive application and selection system that was designed to select the best qualified candidate.” SPSP1 MTR 2008, p.22*

*“The progress made in implementing institutional reforms with regard to the Agencies may be summarised as follows:*

- 1. The three agencies NRFA, RDA and RTSA have been established with their own Boards since December 2004, comprising private and public sector representatives. The Boards were established*

*within the time frame of the RRMP Credit Agreement (DCA).*

2. *The CEO for the RDA was appointed in December 2005; the CEO for NRFA at the end of March 2006; and for RTSA at the end of April 2006.*

3. *Senior management staff members for NRFA were in place by July 2006 and operational staff by end of 2006. For RDA (including an Environmental, Social Impact/Poverty and HIV/AIDS Unit) and RTSA management and operational staff were in place by the end of 2007.*

4. *Agency regulations for all the three agencies were completed by end of December 2006.*

5. *RTSA (...) much needs to be done to further strengthen its operational capability, which may include awarding concessions for a number of activities, which can best be undertaken by the private sector.*

6. *The Consultant has identified, as key issues to be resolved, the work distribution and staff assignments between NRFA and RDA, and further streamlining of RDA's operations, to achieve maximum efficiency and to avoid duplication of work. The National Road Fund and Road Acts, passed on Dec 31, 2002, establish clear institutional responsibilities within the road sector.”* ROADSIP II MTR, Assessment, pp.29-30

*“Staffing of the sector agencies was initially delayed but has satisfactorily progressed concerning recruitment of 1st, 2nd and 3rd tier management staff in 2006. Performance of agencies is expected to further improve with full staff capacity in 2007. The management capacity of particular the RDA for the management of the road programme will have to be closely monitored in 2007”* CSP 2008, annexe

▪ **Indicator 3.4.3: % of turnover among management personnel**

Turn-over not an issue for road agencies human resources management. The staffing of RDA and NRFA was stable before the 2009 Road Audit. Since then the Boards were renewed and senior staff replaced.

▪ **Indicator 3.4.4: Level of salary in transport sector agencies compared with similar positions in the private sector**

The remuneration packages being offered attracted candidates from both the public and private sectors for the posts. Often the private sector candidates were selected from consulting companies. This means that the resulting staff of the new institutions is very strong, being a combination of staff from public and private backgrounds.(SPSP1 MTR 2008, p.22)

**JC 3.4: Transport sector agencies improved in a sustainable way the quality of their human resources**

The two major road agencies (RDA and NRFA) were established in 2004 and were fully staffed in 2007, as per the targets of the EU performance assessment framework. The recruitment process was competitive (I-3.4.2) and monitored by the EU, allowing, with attractive remuneration packages (I-3.4.4), a strong staff with a balance combination of public and private backgrounds. The staff benefitted of trainings and long-term TAs (I-3.4.1). Turn-over is not mentioned as an issue (I-3.4.3). The root causes of the mismanagement in RDA evidenced by the 2009 AG's Audit are elsewhere.

**JC 3.5: EU has contributed to set donors coordination mechanisms in place in support to policy dialogue**

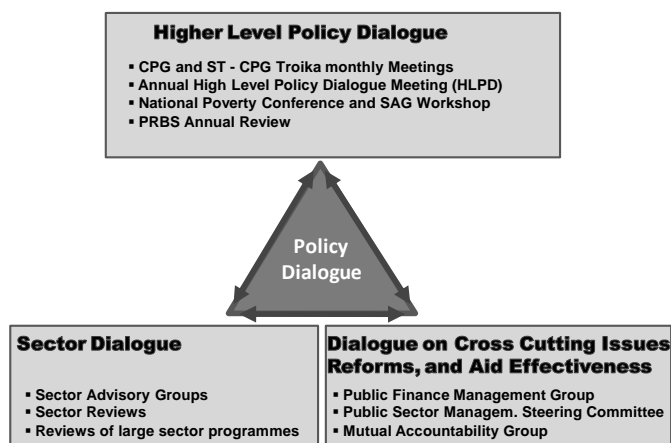
▪ **Indicator 3.5.1: Existence of a specific DPs coordination group established for the transport sector, chaired by the GRZ**

The overall policy dialogue architecture was established formally by the JASZ I, consisting of Sector Advisory Groups (SAGs) and a High-level platform. The EU, as lead donor, took a pro-active role in strengthening the transport SAG after a period of weakness for this forum.

The scope of the SAG had been too wide, especially in contrast to the the almost exclusive focus of CPs on the road sector. The lack of GRZ ownership shown in leading the CPs coordination led to postponed meetings, limited attendance and turnover of participants. In a way, Joint Donors Mission aide-memoires seem to be a better platform for exchange among donors than face-to-face meetings, thus losing the main interest (ownership through formalized constructive policy dialogue) expected from EU SPSP



Data, figures, tables:



From JASZ MoU 2011, p.16

Extracts:

*“There is consensus among observers that the dialogue at sector level has not been working well. SAGs have not been significantly involved in reviewing sector outcomes and performance. Contributions from SAGs for the preparation of the annual reviews have been limited. In theory, the SAG meetings are held three times a year, but in practice take only place once or twice (JASZ evaluation). There is a constant change of participants, which, together with the absence of key personnel, erodes the substance of the discussions. Reports are often circulated months after they take place, and key background papers before the meetings come late or not at all (OPM 2010).<sup>27</sup> Consequently, many technical issues related to the assessment of sector performance could not be clarified prior to the PRBS review. As a result of this phenomenon, the SAGs as well as the annual joint SAG conference have not functioned properly in building a link between specific sector issues and the core mechanisms of the budget support dialogue.”* BS Evaluation, draft final report, p.65

*“Both project and sector budget support modalities are an integral part of the EU’s sector dialogue as lead donor in Zambia in support of ROADSIP II. The steering of the SPSP is mainly embedded in quarterly ROADSIP II committee meetings between CPs and key stakeholders of the sector in view of reducing transactions costs.”* SPSP1 ETR TOR, p.5

*“The 3 well established major fora in the sector for the GRZ/cooperating partners dialogue are the (i) ROADSIP II steering committee meetings on a quarterly basis, (2) bi-annual Joint Donor Forum at policy level and operational level between CPs and the committee of Permanent Secretaries of the Road Management Initiative (RMI) and (3) Sector Advisory Group (SAG) meetings to monitor the implementation of the FNDP at sector level under the Joint Assistance Strategy for Zambia (JASZ).* AAP 2008, p.5

▪ **Indicator 3.5.2: Progress towards the adoption of a common approach of division of labour for interfacing with GRZ at central as well as at local levels**

The first formalized attempt to establish a clear division of labour was the JASZ I. At sector level, the DOL is not very detailed (identifying lead, active, silent, etc. partners) and it is difficult at this stage to assess the practical benefits from this structure. However, it is worth noting that under EU leadership, coordination was particularly effective: Joint donors’ missions and forum were periodically organized and established apparently excellent working relationship among sector’s CPs

If at all the interface established by the EU at local levels was limited, unless probably with the rural road component.

Extracts:

*“1. **Transport** - The GO-DOL still identifies the EU as one of the co-lead in the sector; but co-leads identified are different with the AfDB and Japan replacing the WB and Denmark. In a recent meeting at the Ministry of Transport and Communication, it appeared that GRZ is already considering the AfDB as the next lead within the Troika. This has not yet been discussed in the CP Group. Interesting to see France as new entry (most likely AFD). To discuss in CP group.*

	CP proposal	GO-DOL for SNDP	
		JASZ CPs	Non-JASZ CPs
Lead	EU, WB	AfDB, EU, Japan	-
Active	AfDB, DK, Japan	WB, Norway	Nordic Development Fund, BADEA, Kuwait Fund, OPEC Fund, China
Background/Silent	Germany, Norway	-	-
Phasing Out		-	-
New Entry		France	Saudi Fund, South Africa (DBSA)
Sub-Total	7	6	7
Total		13	

EU response to the Government-Oriented DOL for JASZ II, March 2011.

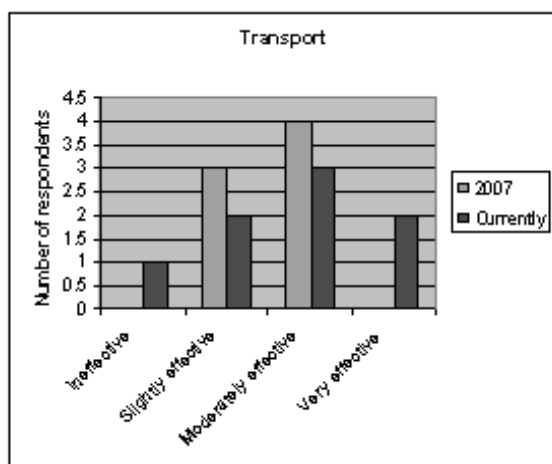
*“The Bank is supporting the road transport sector in Zambia through a three-phased, ten year Adaptable Program Loan (APL) for which the overarching goal is to stimulate economic growth, and contribute to poverty reduction through investments in road infrastructure and institutional policy reforms. The first phase of the APL (RRMP I) in the amount of US\$50.0 million was approved on March 9, 2004, became effective on June 15, 2004 and is scheduled to close on June 30, 2012. A US\$25.0 million additional financing was provided under RRMP I mainly for rehabilitation of flood damage to river crossings and bridges. The second phase of the APL (RRMP II) in the amount of US\$75.0 million was approved on October 16, 2009, became effective on March 30, 2010 and is scheduled to close on June 30, 2014. The third phase of the APL is yet to be prepared. There are no other agencies co-financing AF2 but in the context of the APL, the Bank is part of a group of about eight CPs supporting Zambia’s second Road Sector Investment Programme (ROADSIP II) in parallel. During the preparation of RRMP I, it was estimated that the full cost of the project would be US\$380.86 million made up of US\$179.08 million from domestic sources and US\$201.78 from external sources (including the US\$50.0 million IDA credit). (...) CPs have continued to autonomously support ROADSIP II with a high level of coordination among themselves and their contributions are regularly reported in the National Road Fund Agency’s (NRFA’s) quarterly reports.”* WB, RRMP restructuring 2010, p.1

▪ **Indicator 3.5.3: Absence of gaps or duplications in donors’ support**

An increasing number of CPs joined the momentum created by the EU and no example of gaps or duplication could be identified in the available documentation. The level of CPs’ satisfaction on “the quality of management arrangements for sector coordination” increased significantly compared to pre-JASZ period (2007).

Data, figures, tables:

**How you would rate the quality of management arrangements for sector coordination currently, and in 2007 before the JAS?**



From JASZ 2007-2010 evaluation, 2011, P.99

Extracts:

*“The EU is the only active Cooperating Partner in the air transport sector in Zambia.” AAP 2010, AFs, p.14*

**JC 3.5: EU has contributed to set donors coordination mechanisms in place in support to policy dialogue**

The EU has made a very significant contribution to setting-up CPs coordination structures in the road sector; firstly by ensuring an effective leadership within the DOL sector framework, and secondly by supporting the improvement of GRZ reporting as the most relevant basis for policy dialogue.

The overall policy dialogue architecture was established formally by the JASZ I, consisting of Sector Advisory Groups (SAGs) and a High-level platform. The EU, as lead donor, took a pro-active role in strengthening the transport SAG after a period of weakness for this forum. The scope of the SAG had been too wide, especially in contrast to the almost exclusive focus of CPs on the road sector. The lack of GRZ ownership led to postponed meetings, limited attendance and turnover of participants. In a way, Joint Donors Mission aide-memoires seem to be a better platform for exchange among donors than face-to-face meetings, thus losing the main interest (ownership through formalized constructive policy dialogue) expected from EU SPSP (I-5.3.1).

The first formalized attempt to establish a clear division of labour was the JASZ I. At sector level, the DOL is not very detailed (identifying lead, active, silent, etc. partners) and it is difficult at this stage to assess the practical benefits from this structure. However, it is worth noting that under EU leadership, coordination was particularly effective: Joint donors’ missions and forum were periodically organized and established apparently excellent working relationship among sector’s CPs (I-5.3.2).

An increasing number of CPs joined the momentum created by the EU and no example of gaps or duplication could be identified in the available documentation. The level of CPs’ satisfaction on “the quality of management arrangements for sector coordination” increased significantly compared to pre-JASZ period (I-5.3.3).

**EQ4: To what extent have EU interventions in the transport sector contributed to improve the economic accessibility: locally (to marketing and inputs for agriculture products) and at country level (to external markets)?**

**JC 4.1: The maintenance of road, and rail networks and airports has improved in line with EU performance assessment framework**

- **Indicator 4.1.1: Conditions of road sections ensuring network connectivity between regions and between food deficit/surplus areas, and with external markets**

Zambia has a classified and non-classified road network of roughly 67,000 km. ROADSIP II defines a Core Road Network of some 40,000 km which is given priority for maintenance and other interventions as it is recognised as being essential for the socio-economic development of the country. The Core Road Network includes some 7,200 km of paved and 32,800 km of unpaved roads. The Core Road Network comprises Trunk, Main, District, Urban and Primary Feeder Roads.

The CRN condition has indeed a strong weight in the performance assessment framework allowing EU SPSP1 variable tranches release. 5 indicators over the tenth relate directly to road (paved and unpaved) length maintained or rehabilitated, thus 50% of the variable tranches. The incentive is therefore quite strong for RDA to implement its work programmes, and thus to bring the CRN to be maintainable. It should be noticed that road condition as such were not selected as indicators, as it was in other EU SPSP (ex. Ethiopia).

The CRN road condition targets were set in the ROASIP II to 63.5% in good condition for the paved network, and 38.5% for the unpaved one. The 2008 SPSP MTR evidenced already that the impact of the ROADSIP on road condition was lagging behind expectations with only 27% and 6% of roads in good condition for respectively the paved and unpaved network. The unpaved roads were themselves left aside in implementing the work programmes.

A part of those poor results were attributed to the poor quality of the works for paved roads, with even newly rehabilitated ones above the usual ceiling of an IRI of 3, which in turn was attributed to unskilled operators and poor supervision. Rather than tightening supervision and increasing work quality, the RDA adjusted the classification criteria (IRI ceiling) which permitted to dramatically improve its achievements, as it can be seen below:

**Table 1.3: TMD Road Network Condition in 2009**

Condition	Original Criteria		Revised Criteria	
	Paved Roads	Unpaved Roads	Paved Roads	Unpaved Roads
Good	18%	10%	75%	7%
Fair	76%	11%	24%	29%
Poor	6%	79%	1%	64%

Source: RDA 2009 Road Condition Report

Depending on the adoption or not of the new IRI ceilings, the RDA exceeded or was far below its initial targets at the end of the reference period (2009) for paved roads in good condition. The effect is not as strong for the unpaved network which definitely achieved 1/3<sup>rd</sup> of its targets.

Whatever those contractual issues within SPSP management and the financial sustainability of the programme itself, the implementation of the ROADSIP II and individual EU road projects (improved significantly the paved CRN, with between 94 to 99% of the said roads in good or fair condition. This implies that connectivity among Zambia main cities, agricultural surplus/deficit areas and with external markets has improved. The poor performance for unpaved roads of the CRN (7 or 10% in good condition) implies in turn that accessibility of the paved network for secondary cities was kept unchanged.

**Railways**

RSZ has committed itself to invest 60 million USD in the coming 20 years, the duration of the concession, of which 40 million USD in the first 5 years (rehabilitation of the existing network and the rolling stock). However, only \$15m are specified in the agreement and reports evoke a \$50m investment up to the end of the reference period.

In sum, connectivity improved significantly for main cities and along regional corridors with one side EU financial inputs (€90m) for road maintenance and rehabilitation through SBS to ROADSIP, and on the other side some 100 km of individual road projects (Kabwe-Kapiri-Mposhi and Chisamba Roads, 62 km; Zimba-Livingstone, 48 km). The value-for-money of the works undertaken under SPSP1 funding was poor, due to several shortcomings in RDA management of NRFA resources.

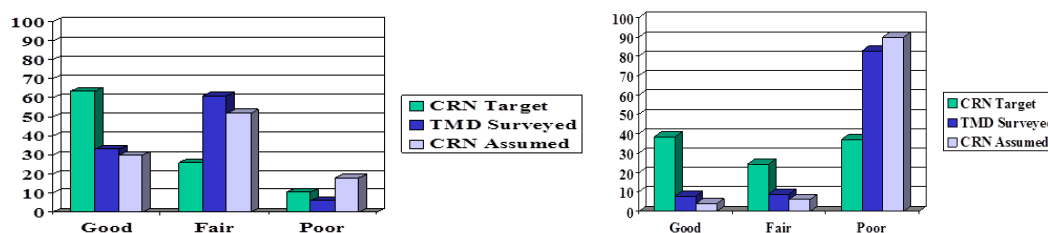
Data, figures, tables:

Road Network

Road type	Responsible agency	Estimated Network (km)	CRN Paved (km)	CRN Unpaved (km)	CRN Total (km)
Trunk	RDA	3,116	3,024	92	3,116
Main	RDA	3,701	2,205	1,496	3,701
District	RDA	13,707	1,362	12,345	13,707
Urban	RDA	5,597	2,812	2,785	5,597
Primary feeder	RDA	15,311		14,333	14,333
Secondary feeder	MLGH	10,060			
Tertiary feeder	MLGH	4,424			
Park roads	ZAWA	6,607			
Community roads	MLGH	5,000			
<b>Total</b>		<b>67,523</b>	<b>9,403</b>	<b>31,051</b>	<b>40,454</b>

Source: RDA

Road network condition vs targets (2008) (paved/unpaved)



	PAVED		
	CRN TARGET	TMD SURVEYED	CRN ASSESSED
GOOD	63.5%	33%	27%
FAIR	26%	61%	56%
POOR	10.5%	6%	17%
	UNPAVED		
	CRN TARGET	TMD SURVEYED	CRN ASSESSED
GOOD	38.5%	8%	6%
FAIR	24.5%	9%	7%
POOR	37%	83%	87%

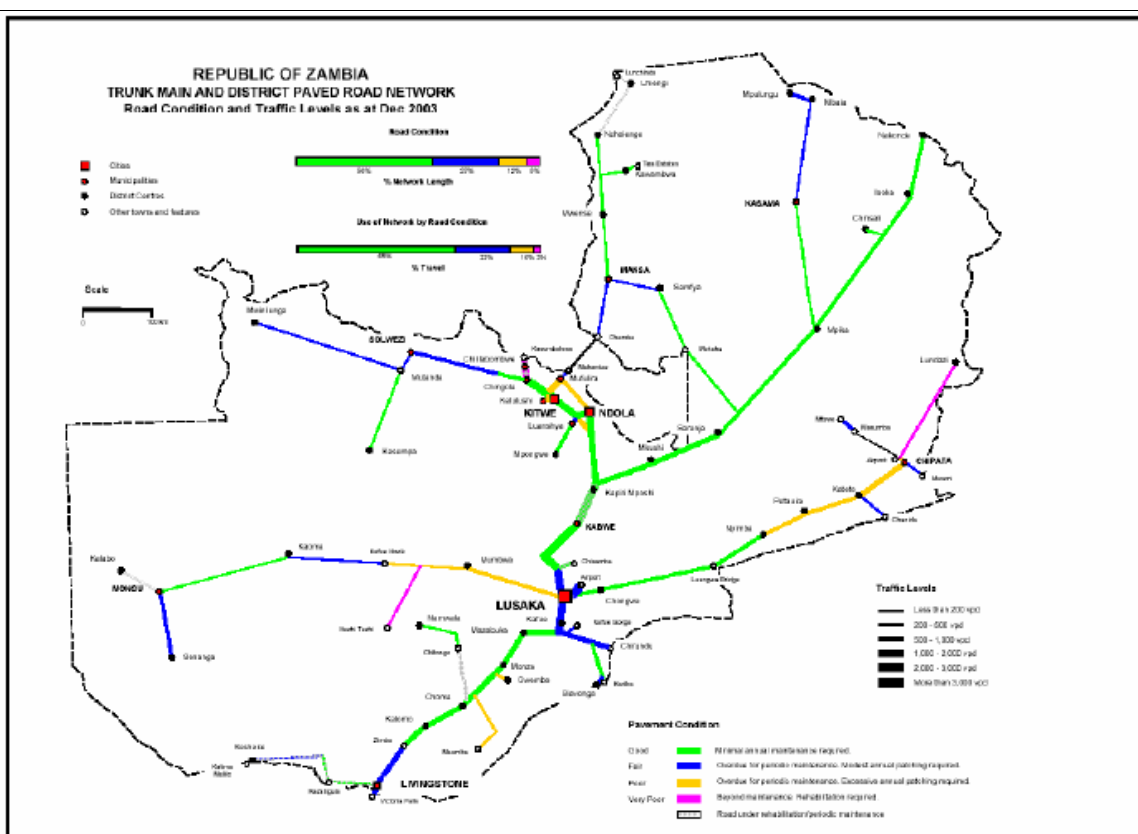
Source: ROADSIP II MTR

Table 1.3: TMD Road Network Condition in 2009

Condition	Original Criteria		Revised Criteria	
	Paved Roads	Unpaved Roads	Paved Roads	Unpaved Roads
Good	18%	10%	75%	7%
Fair	76%	11%	24%	29%
Poor	6%	79%	1%	64%

Source: RDA 2009 Road Condition Report

ROADSIP II, Addendum 2, 2011



**Extracts:**

“(…) substantial resources have been spent on rehabilitating the road network since 1996. Initially the main source of funds was the GRZ budget, through both direct funding of rehabilitation projects and the Fuel Levy. Levy proceeds were in the range USD 7-15 million annually through 2003, but have increased substantially since 2004 – reaching USD 68.7 million in 2010. Significant progress on restoring the network only got going from 2000 when donor funding scaled up substantially, reaching USD 91.4 million in 2008.” Raballand & Whitworth, Transport Policy, 2011, p.13

“One of the main objectives of RoadSIP II was to bring the CRN into a ‘maintainable condition’ by 2013, i.e. once rehabilitation was carried out, only routine and periodic maintenance would be required to maintain the network in ‘good’ or ‘fair’ condition. Initially, priority was given to roads carrying the most traffic, i.e. trunk and main roads. As a result, the proportion of the paved network in ‘poor’ condition was reduced from 21% in 2004 to 6% in 2009. (RDA 2009a:9-11). Using the revised criteria adopted in 2008 (see below), the poor proportion was just 1%. By contrast, the proportion of the unpaved network in poor condition increased from 74% in 2004 to 79% in 2009 (using the original criteria). The proportion of urban roads (excluded from the above figures) in poor condition was 69% for paved and 50% for unpaved in 2009 (RDA 2009a, revised criteria). So whereas good progress has been made on the paved network, unpaved and urban roads have continued to deteriorate. The substantial increase in road funding in recent years was only sufficient to restore the paved network.” Raballand & Whitworth, Transport Policy, 2011, p.15

“Zambia has a significant trade facilitation agenda to improve the flow of goods along the north-south corridor. Zambia’s strategic location on the north-south corridor makes it an important transit country for goods traveling to and from Central Africa and the Port of Durban. The Chirundu border post in the south between Zambia and Zimbabwe has been the cause of notorious delays of transit traffic and has contributed to keeping transit speeds along the corridor at a pace of not much more than 10 km per hour. The government began to address this issue only recently and will open southern Africa’s first one-stop border post at Chirundu to help improve the situation.” AICD country report 2011, p.10

“The rehabilitation of the Great East Road [162.8 km of road rehabilitation for four sections] is part of a multi-national and multi-modal corridor approach which has been developed within a dialogue led by

the Government of Zambia under ROADSIP II. The Great East Road in Zambia is part of the Nacala regional corridor going from Lusaka in Zambia to Nacala port in Mozambique through Malawi. The Great East Road also feeds the North-South regional corridor.” AAP 2010, AFs, p.4

“The quality of asphalt pavement surfaces (rideability) is generally quite poor. This is primarily a reflection of allowing unqualified operators and supervisors to execute the work. It is extremely disappointing to expend funds, which are not expected to be available again for the particular section of road for many years, only to end up with an undulating surface, ugly longitudinal joints, bumpy transverse joints and the potential for the ponding of rainwater on the surface. (...) There seems to be an unacceptably high rate of premature asphalt concrete pavement failures. From discussion with persons involved in the projects or familiar with their development and by physical site inspections, the Consultant is satisfied that the following factors have contributed: specification of inadequate asphalt bound layer thickness to allow even for practical lay-down inaccuracies and/or to prevent attrition in underlying layers; inappropriate selection of materials and mixes; poor workmanship; and inadequate inspection and checking. (...) Design/design review problems (resulting in delays, additional costs, with potential for the need to renegotiate competitively bid jobs at the outset and divided liability) appear to be a perennial plague effecting major rehabilitation projects “ ROADSIP II MTR 2008, Assessment, p. 41

“The Kabwe-Kapiri Mposhi road tranche is extremely relevant to national policy since it restored the integrity and use-ability of the North-South main arterial network. The project had immense social and economic implications and fits fully into the development priorities of the Government of Zambia (GRZ) and of the European Union (EU).” ROM report 2006

“The EDF9 infrastructure programme was increased by including the funding of theimba – Livingstone road project. This road remains the only section of the entire corridor connecting Zambia with Tanzania at Nakonde and with Zimbabwe at Victoria Falls which is still in poor condition. (...) The creation of a National Corridors Committee at Permanent Secretary level is a recent development reflecting the increasing importance of developing alternative import/export routes for Zambia.” CSP 2008, pp.22-23

“Zambia’s overall air traffic doubled between 2001 and 2007. By the standards of its neighbours, Zambia is handling a relatively high volume of such traffic, at 1.46 million seats per year. Its domestic air transport sector remains modest and is a fraction of that found in Angola, Mozambique, and Tanzania. This may reflect the fact that the most economically significant cities are relatively close together and well connected by road and rail. Even as overall traffic has increased, connectivity (measured by the number of city pairs served) has declined from 35 to 25 in recent years, typical across Africa over this period. Lusaka has relatively good intra-African connectivity compared to many other capitals in the region. But the aging aircraft fleet in Zambia presents another challenge, and its renewal is slower than in neighbouring countries.” AICD country report 2011, p.11

“RSZ has committed itself to invest 60 million USD in the coming 20 years, the duration of the concession, of which 40 million USD in the first 5 years. This money will mainly be spent in rehabilitation of the existing network and the rolling stock. RSZ is paying 1.5 million USD concession fee per year. Integration of both railway systems is priority to guarantee fast and reliable international railway transport. There are plans to link the TAZARA railway line with Mpulungu Port at Lake Tanganyika and with Malawi/Mozambique.” TTF Audit, 2004, pp.22-23

“During the FNDP period, the state of railway infrastructure continued to be poor with the only major progress being the completion of the Chipata-Mchinji Railway line. As a result of low investment, the railway line network continued to deteriorate to the extent that the average locomotive speed reduced from 60km/h to 15km/h. Consequently, the targeted volume of cargo and passengers transported could not be met and this put more pressure on the road network. The linking of Chipata/Mchinji Rail line to TAZARA will therefore, improve connectivity to the railway network to the Port of Nacala in Mozambique. During the FNDP period, out of an approximated 1,700 km of canals and inland waterways, approximately 700 km underwent routine maintenance and rehabilitation, while one dredging equipment was rehabilitated and two were procured.” SNDP 2011, pp.57-58

▪ **Indicator 4.1.2: Condition of rail infrastructure and rolling stock**

The rail infrastructure was suffering from a significant maintenance backlog at the beginning of the ref-

erence period, due to years of financial losses of the publicly owned railways companies. Though not documented, the rolling stock and particularly the locomotives were in a state of disarray by lack of maintenance and renewal. This situation prevented the EU to support the rail sub-sector.

The GRZ signed a 20-years concession agreement with a South-African company to operate Zambian Railways (renamed Railway Systems of Zambia, RSZ) but kept the other railways company TAZARA as a joint (with Tanzania) as a parastatal.

The concessionaire committed to invest \$30m in rehabilitating the tracks and the rolling stocks. The GRZ did not extend the rail network during the period under review, though a 37 km link from Chipata to the Malawi rail network, which connects to the Mozambican port of Nacala, was commissioned in 2010 at a cost of some USD 10 million.

At the end of the reference period, serious concerns remain on the part of the mines:

- over RSZ's capacity limitations (insufficient locomotives and wagons);
- reliability (outdated infrastructure and poor maintenance);
- transit times (average of 30 days to Durban; Average transit times in 2005/06 to Durban were estimated at 21 days by rail and 7-9 days by road. Times to Dar es Salaam were 18 days and 8.5 days respectively),
- uncompetitive rates relative to road rates (particularly for Durban);
- poor security of rail shipments; and
- weak coordination between RSZ, TAZARA, and Spoornet

In sum, the condition of rail infrastructure and rolling stock did not improve significantly during the reference period in this sub-sector not supported by the EU.

#### Extracts:

*"Not surprisingly, by the turn of the century both railways had accumulated substantial financial losses and maintenance backlogs. To try and address the situation, in February 2003 GRZ signed a twenty year concession agreement with NLPI Ltd of South Africa to operate Zambian Railways, which was renamed Railway Systems of Zambia (RSZ). The concessionaire relieved GRZ of responsibility for financial losses and committed to invest USD 30 million. While freight traffic increased from 265,000 tonnes in 2004 to 754,000 tonnes in 2010, this was far below expectations in the NLPI Ltd financial proposal and a fraction of traffic volumes in the 1970s. Much of the increase came from copper concentrate exports, which increased from 8,331 tonnes in 2004 to 238,109 tonnes in 2008 before falling back to 114,200 tonnes in 2010 (Table 11.2). RSZ withdrew completely from inter-mine traffic, which had traditionally been important, because it could no longer compete with trucks.*

*A stakeholders' meeting in January 2010 chaired by the Ministry of Communications and Transport revealed serious concerns on the part of the mines over RSZ's capacity limitations (insufficient locomotives and wagons); reliability (outdated infrastructure and poor maintenance); transit times (average of 30 days to Durban; Average transit times in 2005/06 to Durban were estimated at 21 days by rail and 7-9 days by road. Times to Dar es Salaam were 18 days and 8.5 days respectively), uncompetitive rates relative to road rates (particularly for Durban); poor security of rail shipments; and weak coordination between RSZ, TAZARA, and Spoornet.*

*The situation at TAZARA, which is jointly owned by the Zambian and Tanzanian Governments and still operated as a parastatal, appears to be worse than at RSZ. Despite a rebound in 2009/10, freight volumes have fallen precipitously (Table 11.2) to a point where the operational viability of the system is in doubt. While financial data is not publicly available, TAZARA is believed to be in financial crisis and largely dependent on (tied) grants from China. 'TAZARA requires an investment of USD 208.999 million to sustain its operations' (TAZARA 2010:19). With annual turnover averaging just USD 37 million between 2007/08 and 2009/10, there is little prospect of recapitalisation on this scale. To avert collapse the two governments approached the Chinese Government – which financed and built the railway – about the possibility of concessioning TAZARA to a consortium of Chinese enterprises (TAZARA 2010:6). The outcome is not known. TAZARA's fundamental problem is that, even if it were well capitalized and managed, the rationale for its existence largely disappeared once sanctions against Rhodesia / Zimbabwe were lifted and the border re-opened. With Zambia Railways / RSZ itself having substantial surplus capacity, it is doubtful whether there is sufficient traffic for one railway, let alone two." Raballand & Whitworth, Transport Policy, 2011, p.7*

*"GRZ has emphasized the need to revive RSZ and TAZARA and reverse the switch from rail to road transport for some time. However, the only significant investment so far is the 37 km link from Chipata to the Malawi rail network, which connects to the Mozambican port of Nacala, which was commissioned*



*in 2010 at a cost of some USD 10 million. The Sixth National Development Plan includes plans not only to recapitalize TAZARA, but also to build a number of completely new rail lines; these include connecting TAZARA both to the Nacala system and to Lake Tanganyika, and extending the RSZ system from Chingola to Solwezi (to serve the new Kansanshi and Lumwana mines), from Livingstone to Kazungula, and from Kafue to Lion's Den in Zimbabwe (Republic of Zambia 2011)". Raballand & Whitworth, Transport Policy, 2011, p.10*

▪ **Indicator 4.1.3: Condition of international airports**

The EU intervention for rehabilitating Livingstone airport (EDF8) and extending the Lusaka airport runway (EDF9) improved significantly their capacity to support the development of air traffic. The Livingstone airport was intended to help develop tourism and contributed to achieve this goal, against technical and contractual issues with the contractor. The extension of Lusaka airport runway allowed effectively international companies to link the capital with higher capacity aircrafts.

Extracts:

*"The severe underperformance of the contractor [Lusaka airport], due to inadequate human resources and dilapidated equipment, resulted in low quality of work, repetitive breaches of safety norms and poor management of employee welfare. The underperformance has provoked delays in work programme which provoke additional supervision costs and inconvenience costs to NACL." ROM report 2006, p.2*

*"Zambia has four international airports at Lusaka, Livingstone, Ndola and Mfuwe and several domestic airports. The four airports are managed by the National Airports Corporation Limited (NACL), a parastatal company established in 1989 and their total traffic of passengers was 1,180,000 for 2008. International traffic represents over 80% of total traffic. The 188 domestic airports under Government control are managed by the DCA. The largest domestic aerodromes are: Solwezi, Chipata, Kasama and Kasaba Bay. At present, there are two main domestic airlines on scheduled services – "Proflight" and "Zambezi Airlines" and several international ones. Three main freight operators are active. Zambia, as a tourist destination, has a significant number of charter operators. There are currently 35 registered aircraft operators in Zambia." AAP 2010, AFs, p.12*

*"Zambia has four main international airports owned and operated by NACL at Lusaka, Livingstone, Ndola and Mfuwe. There are 182 domestic aerodromes, most are owned and operated by the GRZ. The total traffic for the four international airports in thousands was: 845, 1085 and 1180 for 2006, 2007 and 2008 respectively. International traffic represents over 80% of total traffic at the four international airports. Traffic increased substantially between 2006 and 2007, at average of 20% per annum and dropped to 12% between 2007/2008. With the ban of Zambian airlines, operators report decline in traffic." Formulation study 2010, pp.13-14*

**JC 4.1: The maintenance of road, and rail networks and airports has improved in line with EU performance assessment framework**

For the two transport sub-sectors supported by EU during the reference period, the condition of the infrastructure improved significantly. The percentage of paved trunk roads and regional corridors of the CRN in good and fair condition increased from 79% to 94%, in a way at the cost of an almost unchanged condition for the unpaved network (I-4.1.1). Livingstone and Lusaka (2 of the 4 main Zambia airports) airports' capacity were adjusted to the traffic requirements and the GRZ pro-growth policy. Improvements were achieved against poor performance of the contractors (I-4.1.3). The railway sub-sector was left aside by EU support and, even with the concessioning of the more economically worth of the two parastatal companies, did not improved to the extent to face the trucking industry competition (I-4.1.2).

#### JC 4.2: The extension of infrastructure networks has improved Zambia's connectivity

- **Indicator 4.2.1: Increased road density in rural areas (measure of improved rural access) and between regions and between food surplus/deficit areas**

Rural accessibility, as a % of rural population within 2 km from all-season road is 16.8% at the end of the reference period (AICD country report 2011).

The most noticeable initiative under ROADSIP is the Rural Accessibility and Mobility Programme (RAMP) launched in 2006 and implemented through the Ministry of Local Government and Housing. The main aim of RAMP is to contribute to poverty reduction through facilitation of enhanced mobility and access to socio-economic goods and services for rural communities. Among the initiatives that have been adopted within the RAMP project are Community Transport Infrastructure (CTI) and Intermediate Means of Transport (IMTs). Under the Community Transport Infrastructure initiative the ministry has undertaken to rehabilitate and maintain community transport infrastructure in selected pilot districts, including the construction of footbridges/culverts and the opening up of new foot paths and cycle or ox-cart trails in rural areas. Through the IMTs initiatives, the RAMP programme has helped with the provision of transportation means which are applicable to a rural setup, these include: cattle, donkeys, bicycles and trailers, motor cycles, tricycles, barrows and canoes.

##### Data, figures, tables:

GIS rural accessibility (% of rural pop within 2 km from all-season road): 16.8% (AICD country report 2011)

##### Extracts:

*“Primary Feeder Roads constitute 46% of the CRN unpaved network, of which 88% (over 12,000 km) were in poor condition in 2009. The cost of rehabilitating this network is estimated at USD 378 million in 2011 prices. Even if funds were available, it would be hard to justify such a large investment since motorised traffic levels on these roads are very low - typically less than 20 vehicles per day (I.T.Transport Ltd. 2011).” Raballand & Whitworth, Transport Policy, 2011, p.24*

*“There is a continuum of integration into markets for most households in Africa. Although a road may be impassable for cars, a motorcyclist can dismount and walk around the trouble spot in the road and then continue his trip. Most rural populations are connected to markets somehow; connectivity is not either zero or one. Transport connectivity is only one component of rural development, and not necessarily the most important. This may explain why investments in rural roads have rarely had the anticipated impact on poverty reduction, as found in a recent study of Cameroon, Burkina Faso and Uganda (Raballand et al. 2010a). While no such evaluation has been conducted in Zambia, the results would probably be worse since Zambia is less densely populated than Cameroon and Uganda (implying less traffic). Road upgrading is not the only answer to connectivity problems in rural areas. From a transport service provider perspective, purchases from small farmers cannot increase significantly without load consolidation and agglomeration at the local level. Load consolidation decreases the need for a road accessible by truck to every farm, and increases value-added for farmers. Roads for trucks should only be extended to where local agglomeration occurs (small towns or large collection points). With larger volumes to transport and more rotations (because of more rapid turnover and better road conditions), increased competition between transport operators may emerge - helping to reduce transport prices.” Raballand & Whitworth, Transport Policy, 2011, p.24*

*“Rural Accessibility and Mobility Programme (RAMP) with Ministry of Local Government and Housing (MLGH). The RAMP Coordinator, who was appointed in 2006, has prepared a revised ROADSIP II Logical Framework Matrix indicating the programme for the next two years, as well as a Work Plan and Budget, covering the remaining years of ROADSIP II. RAMP had slow start during the first five years of ROADSIP II. The annual budget during the past two years has been about Kwacha 2 billion (about \$0.5 m) sourced from GRZ grants. The Bankable Document for ROADSIP II envisaged a \$108.5 m RAMP program, subsequently scaled down to \$53.8 m, but still ten times larger than the actual expenditures to date.” ROADSIP II MTR 2008, Assessment, p.34*

*“36 feeder roads of a total of 1,319 km of have been identified and included in the programme. The roads link: 92 basic schools, 9 secondary schools, 39 health centers, 1 hospital, 10 storage depots and 13 markets. It is very likely that improved access to these facilities have resulted in more pupils attending school regularly, more patients visiting health facilities and more visitors to markets. Total produc-*

tion value in 2005 in the catchment area of the roads was estimated at around US\$ 12 million and the anticipated production increase due to road works is estimated at 27%. This should directly result in higher household incomes, more employment and thus alleviating poverty. The estimated savings on vehicle operating costs per year on 1,300 km of rehabilitated rural roads would be around Euro 650,000; this should result in lower transportation costs and in lower prices of agricultural input and consuming goods. Higher farm gate prices for agricultural produce is also to be expected. All the above figures originate in the Feasibility Study for Feeder Roads, 2005; however it should be noted that increases in construction costs of 30-40% (in the local currency) is likely to reduce the number kilometres of roads that will be rehabilitated.” SPSP1 MTR 2008, p.35

“There is evidence of overinvestment in Zambia’s main road network. About three-quarters of the primary and secondary road network is paved, one of the highest ratios among Africa’s low-income countries. Traffic density on Zambia’s paved roads is comparatively low—at 736 vehicles per day it is about half of the average for resource-rich countries. Indeed, analysis suggests that 65 per cent of the main road network does not have the traffic levels that warrant paving (meaning fewer than 300 vehicles use it per day). The rural road networks appear to be neglected. Zambia’s rural road accessibility is poor compared to its peers. While 70 per cent of Zambians depend on agriculture for their livelihood, only 17 per cent of this population lives within 2 km of an all-season road—about half the African average. The condition of the existing rural networks is exceptionally poor, with only 21 per cent in good or fair condition, compared with around 60 per cent in the relevant peer groups. There may thus be a case for shifting attention and resources to the rural networks in the future.” AICD country report 2010, p.9

“The density of the core road network is 0.053 in km/square and 0,029 in km/capita. (...) While sector performance on the paved core road network is satisfactory, the unpaved strategic road network is still in a generally poor condition without all-weather access, adversely affecting basic access for the rural poor.” CSP 2008, p.14

- **Indicator 4.2.2: Increased number of road and rail links to external markets, particularly neighbouring countries**

Most EU road interventions focused on improving the regional corridors through rehabilitation under SPSP1 and reconstruction through individual projects (some 100 km). The length rehabilitated under SPSP1 does not appear in the available documentation and will have to be identified with RDA.

The EU did not support the maintenance or the extension of the rail link with Zambia’s neighbouring countries (and no such investment occurred during the reference period).

Data, figures, tables:

**Table 1 Indicative Transport Tariffs**

CORRIDOR Ndola, Zambia	Distance (km)	Freight Flow Imp/Exp %	Tariff <sup>10</sup> US\$ /t		Tariff /TEU <sup>11</sup> US\$	
			Imp	Exp	Imp	Exp
Dar es Salaam	1970	65% / 35%	80	50	1,800	1,400
Durban	3000	50% / 50%	120	120	2,040	2,040
Beira	1400	80% / 20%	100	100	1,700	1,700
Walvis Bay	2300	80% / 20%	160	160	2,700	2,700

**Table 2 Main Transport Routes**

To / From Ndola	Mode	Estimated Volume (in million tonnes per year, in both directions)	Estimated Transit time (days)
Dar es Salaam	Road	0.48 (incl DRC)	8.5
Dar es Salaam	Rail	0.21 (incl DRC)	18
Dar es Salaam	Road/Rail multimodal	Incl in 0.21 above	19
Harare	Road	0.3	2 - 3
Gauteng / Durban	Road	1.58	7 - 9
Zimbabwe / Gauteng / Durban	Rail	0.82	21
Beira	Road	Not significant	4
Walvis Bay	Road	Not significant	4 - 5

Source: Gaël Raballand, The Impact of Regional Liberalisation and Harmonisation in Road Transport Services: A Focus on Zambia and Lessons for Landlocked Countries, 2008

▪ **Indicator 4.2.3: Number of regular air lines and frequency**

No data available.

Extracts:

*“Air freight rates are extremely high at USD1.55 -1.60 kg for vegetables and USD1.70 for flower exports during the high season (October-April). There has been a noticeable increase in commuter and air charter operations, which has resulted in development of tourism activities particularly in the Livingstone area.” CSP 2008, p.15*

**JC 4.2: The extension of infrastructure networks has improved Zambia’s connectivity**

The period under review acknowledged a significant increase in Zambia’s connectivity with external markets, and particularly ports with improvements of the road condition along regional corridors. Links between main cities and between those and regional corridors benefited as well from EU support through SPSP1 and individual rehabilitation projects. The EU contributed mainly to physical connectivity rather than transport facilitation, which was evidenced during the reference period as being more far-reaching in terms of impact on transport price. (I-4.2.2)

The rehabilitation of Livingstone and the extension of Lusaka runway with EU support contributed also to improve Zambia connectivity, here again mainly with international demand for transport (tourism and affairs respectively). (I-4.2.3)

The rural areas accessibility was far less improved, with most efforts of the road sub-sector budget allocated to the paved CRN. (I-4.2.1)

**JC 4.3: Access to rural areas and external markets has improved**

▪ **Indicator 4.3.1: Average time between main cities and Lusaka reduced by more than 25%**

Specific data not available to inform this indicator at this stage. The decrease in travel time on the maintained and rehabilitated sections of the CRN is clear and widely recognized.

Extracts:

*“Traffic volume data is also in short supply and is not collected during the contract period on the roads being worked. There are traffic counts and surveys being carried out for specific road projects but the old 60 fixed point traffic survey does not appear to be producing reliable data. The Consultants carrying out the road condition survey are also collecting traffic data but this is hidden in the black box that is presently HMS and not easily available for the RDA M&E unit to analyse. Poverty impact data is equally difficult to come by although a number of baseline surveys that have produced vast amounts of data. So far there have been no follow up impact surveys to collect and analyse the differences generated by any of the works programmes. Charts the consumer prices indicators stipulated in the EC agreement is shown in Annex T5 This shows that prices in general are rising faster in Lusaka than in rural areas, and that prices for food in Lusaka are catching up with prices in the rest of the country. How much of this change can be attributed to the road programme and what it means in terms of the effectiveness of the programme is beyond the scope of this review to determine.” SPSP1 MTR 2008, p.29*

▪ **Indicator 4.3.2: Average time between border crossings and Lusaka reduced by more than 25%**

The indicator is not readily available from the documentation. The concentration of rehabilitation works and maintenance operation on paved road of the CRN and particularly on the regional corridors implies that travel time to the border post decreased by more than 25%.

Considering the analysis of the impact of the various factors reducing transport cost (see below JC 4), the time required to clear road freight at border-crossing must be including under this indicator. The analysis will be done on Chirundu border crossing where a WB project created on of the first one-stop clearance (Dec. 2009, thus at the end of the reference period), with a SSATP contribution for setting a corridor observatory. There are plans to construct similar one-stop posts at the main border crossings with Tanzania, Malawi and Botswana. In 2007, on average, it took 39 hours for a truck to transit northbound through Chirundu and 14 hours southbound. This compared with 34 hours and 11 hours respectively for Beitbridge.

Data, figures, tables:

Table 2. Average traffic volumes and road transit times for major corridors (2005)

Corridor	Route	Distance	Volume/day (both ways)	Estimated transit time (days)
North-South	Johannesburg-Lusaka		250	5
Beira	Beira-Lusaka	1,150	50	3
Maputo	Maputo-Johannesburg	604	150	0.5
Nacala	Nacala-Lilongwe	-		
Dar es Salaam	Dar es Salaam-Lusaka	1,980	100	5
Trans-Capriivi	Walvis Bay-Lusaka	1,462	30	
Trans-Kalahari	Walvis Bay-Johannesburg	1,350	120	1.5

Source: FESARTA, Imani Capricorn and World Bank (2000), Portfutures (2005)

Extracts:

“Goods being transported along the North South Corridor spend up to one third of total transport time at border crossings (Curtis 2009). In 2008 it took an average of 39 hours for a truck to transit northbound and 14 hours southbound through Chirundu, the main crossing between Zambia and Zimbabwe (and 34 hours and 11 hours respectively for Beitbridge). Delays mainly affect the clearance of consolidated loads, i.e. loads that have multiple consignors or consignees. On average, it took over 60 hours to clear a northbound consolidated load (there were virtually no southbound consolidated loads) in Chirundu. Single entry break-bulk loads (which are loaded on to a flat deck trailer and then tarped) took around 40 hours to clear, both northbound and southbound. The main source of northbound delays was the Zambia Revenue Authority, which took an average of 17.4 hours to process a truck and its documents (Curtis 2009).

“If Zambian international transport prices are to be significantly reduced, it is essential that clearance procedures are simplified and border-crossing time reduced. This was the motivation for opening a one-stop border post at Chirundu in December 2009. The idea is that customs and immigration procedures are only completed once, instead of being repeated on both sides of the border. However, it is too early to assess the impact on reducing border delays; international experience demonstrates that building such facilities is easier than implementing institutional reforms.” Raballand & Whitworth, Transport Policy, 2011, pp.4-5

“On average, it took 39 hours for a truck to transit northbound through Chirundu and 14 hours southbound. This compared with 34 hours and 11 hours respectively for Beitbridge. The RFA Vehicle Cost Schedule for April 2008, gives the standing cost for a secondhand truck and flat deck semitrailer combination as US\$265 per day, the equivalent standing cost for a modern truck and tanker interlink combination is US\$524 per day. Estimating that 75 per cent of the trucks transiting Chirundu are secondhand and noting that on average 225 trucks transit the border in a day, the daily cost for trucks standing at the border is the US\$84656 (225 x .75 x 323 + 225 x .25 x 536). This equates to US\$31 million per annum.” SSATP The Chirundu Border Post, Detailed Monitoring of Transit Times, September 2009

- **Indicator 4.3.3: Average time between the regional economic capitals and the nearest secondary town**

The little data available confirms a decrease in average travel time and costs.

Extracts:

“The baseline studies were completed before the rehabilitation works, however indications from an initial follow-up on the baseline studies suggest that traffic volumes have increased, travel time has been reduced and the cost of transportation gone down on the roads, where rehabilitation has been completed. The following examples are quoted in Western Province, on the 185 km from Kaoma to Lukulu: (i) trucks of more than 10 tons did not travel to Lukulu and were being off-loaded in Kaoma, this has changed; (ii) it used to take 7 hours to cover the 185 km from Luklu to Kaoma, the travel time has now been reduced to 5 hours; (iii) passenger fares between the two town has been reduced from Kz 85,000 to Kz 60,000.” SPSP1 MTR 2008, p.35

▪ **Indicator 4.3.4: Improvements in transport facilitation, particularly border-crossings and swift access to ports**

However the main travel time issue for goods road transport is customs clearance, particularly for consolidated loads in Chirundu: on average it took 60 hours for a consolidated load and 40 hours for break-bulk loads. The main source of northbound delays was the Zambia Revenue Authority, which took an average of 17.4 hours to process a truck and its documents. The opening a one-stop border post at Chirundu in December 2009 with WB (and SSATP) support improved the situation.

The goods transported by rail are even more penalized than the trucking operations. A rail freight journey of 3,000 km from Kolwezi on the DRC border to the port of Durban takes 38 days to complete—9 days of travel time and 29 days associated with customs clearance and loading and interchange. Freight moves no more than 4 km per hour on average, and the aggregate costs of delays along the corridor have been estimated at \$120 million per year. Access from one rail system to another is restricted for technical reasons or connecting rail operators simply do not have the necessary traction capacity to service existing traffic. Poor traffic planning causes undue delays, and operators are not incentivized to provide reliable interconnection services. (AICD 2011)

Extracts:

*“The lack of reciprocal access rights delays rail transit through Zambia and along the entire north-south corridor. A rail freight journey of 3,000 km from Kolwezi on the DRC border to the port of Durban takes 38 days to complete—9 days of travel time and 29 days associated with customs clearance and loading and interchange. Freight moves no more than 4 km per hour on average, and the aggregate costs of delays along the corridor have been estimated at \$120 million per year. The Zambian rail network contributes to these delays. Access from one rail system to another is restricted for technical reasons or connecting rail operators simply do not have the necessary traction capacity to service existing traffic. Poor traffic planning causes undue delays, and operators are not incentivized to provide reliable interconnection services. Reducing these delays requires revision of the contractual relationships and access rights linking these railways to ensure transparency and fairness in reciprocal track access rights.”*  
AICD country report 2011, p.11

**JC 4.3: Access to rural areas and external markets has improved**

Though considered under the SPSP1, improvement of the primary feeder roads was not fully taken into account if RDA’s work programmes, which gave a priority to the paved network and the pave the gravel trunk road needing rehabilitation (I-4.3.1). The condition of the unpaved roads of the CRN stayed almost unchanged during the reference period, and the TA support provided by the EU specifically to rural road network (2 long-term TAs) did not contribute significantly to set-up a dedicated decentralized maintenance system. The GRZ decision to create new force account units to carry-on maintenance and rehabilitation of the rural roads is a new factor. According to field mission finding, these units obey to the general rule of growing inefficiency and overstaffing.

The accessibility to the road freight of the external markets improved steadily with the EU contribution. Most rehabilitation and maintenance works under the SPSP1 were focused on the regional corridors, reducing travel time up to the border. They were complemented by road works implemented through EU project approach (I-4.3.3). However, surveys with truck operators identified that the border-crossing were the main factor for delays (up to 60 hours in Chirundu for a consolidated load). The opening of a one-stop post in Chirundu with WB support paved the way for further reduction of travel time to or from ports (I-4.3.4).

The rail freight is still even more penalized than the road freight by differences in standards between networks, insufficient coordination, lack of traction capacity, etc. reinforcing the comparative advantages of the road freight.

#### JC 4.4: Passenger and goods transport has improved

- **Indicator 4.4.1: Average vehicle operating costs on trunk roads and regional corridors for passengers and freight**

The documentation does not provide with a rigorous analysis of Volatile organic compounds (VOC) decrease implied by the EU support to the ROADSIP. The rehabilitation and maintenance operations, particularly on paved roads, mechanically decrease VOCs, as mentioned by the 2008 SPSP1 MTR. In the Zambian context, with newly paved roads with an IRI exceeding already 3 (due to the poor quality of the works), the VOCs decrease along the years will be far less significant than planned, as a consequence of weak supervision and contractual. As far as EU projects are concerned a recent audit of the EU Court of Auditors assessed that works were carried out according to specifications.

#### Data, figures, tables:

**Table 5 Comparison of Vehicle Operating Costs Breakdowns**  
(in percentage of total costs)

	South Africa	Zambia (domestic)	Zambia (cross-border)
Finance	4.7	1	1,5
Depreciation	11,3	2	2
Insurance	6.2	3	7
Vehicle Staff	19.3	18	21
Overheads, Licenses and permits	9.1	9	10
Fuel and Oil	32.6	45	35,5
Maintenance	11.3	16	17
Tyres	5.4	6	6
<b>TOTAL</b>	<b>1.51 USD per km or 4.4 USD cents per tkm</b>	<b>1.59 USD per km or 4.7 US cents per tkm</b>	<b>1.35 USD per km and 4.0 USD cents per tkm</b>

Source: G. Raballand, The Impact of Regional Liberalisation and Harmonisation in Road Transport Services: A Focus on Zambia and Lessons for Landlocked Countries, 2008

#### Extracts:

*“The baseline studies were completed before the rehabilitation works, however indications from an initial follow-up on the baseline studies suggest that traffic volumes have increased, travel time has been reduced and the cost of transportation gone down on the roads, where rehabilitation has been completed. The following examples are quoted in Western Province, on the 185 km from Kaoma to Lukulu: (i) trucks of more than 10 tons did not travel to Lukulu and were being off-loaded in Kaoma, this has changed; (ii) it used to take 7 hours to cover the 185 km from Luklu to Kaoma, the travel time has now been reduced to 5 hours; (iii) passenger fares between the two town has been reduced from Kz 85,000 to Kz 60,000.”* SPSP1 MTR 2008, p.35

*“Until the copper mines were privatized in the late 1990s nearly all Zambian copper was exported by rail, much of it in concentrate form. Both the mines and the railways were government owned and transport competition was discouraged; the road network was in such poor condition that road transport was not an option anyway. Today most copper is exported by road. The decline in rail traffic began long before privatisation. Total traffic carried by Zambian Railways fell from more than 6 million tonnes in 1975 to below 1.5 million tonnes in 1998 and 265,000 tonnes in 2004. While TAZARA’s design capacity was some 5 million tonnes per year, freight traffic peaked at 1.2 million tonnes in 1986, averaged about 600,000 tonnes during the 2000s (TAZARA 2010) and dropped to just 383,000 tonnes in 2008/09. (...) Following privatisation of the mines, the railways lost their monopoly over copper traffic. However, they were slow to adjust to the changing market and competition from the trucking industry. Managers, many of whom were political appointees, were reluctant to reduce staffing in response to falling revenues because GRZ regarded the railways as an important source of employment; so labour costs came to consume about 60% of revenues. (...) Copper production rebounded strongly – reaching 852,000 tonnes in 2010 - following privatisation and the worldwide copper boom. However, there was little rebound in rail traffic for a number of reasons.”* Raballand & Whitworth, Transport Policy, 2011, p.6

- **Indicator 4.4.2: Cuts in road vehicle operating costs and reduced time for improved roads were consistent in extent and duration with initial plans**

The ROADSIP does not specify extent and duration of VOCs’ cuts. Poor civil work quality implies in turn that expectable extent and duration of standard rehabilitation of paved roads and paving of former

gravel roads will not be met.

▪ **Indicator 4.4.3: Cuts in railways exploitation costs**

No data available.

▪ **Indicator 4.4.4: Decrease in airports tax and fares**

This indicator is not relevant. EU interventions increased security and extended the range of aircrafts able to land in Livingstone and Lusaka, without direct link to the level of airport taxes and fares. Exploitation costs decreases are more a major civil aviation concern. Passenger numbers in Livingstone (41 international passengers in 1990, 3544 in 1997 and some 150,000 in 2005) illustrate that the improved passenger processing capacity and ground handling capability contributed to change the area a pole of tourism development - an international tourist destination. Airport tax is affordable to passengers (25 USD for international flights; 10 USD for internal flights).

Extracts:

*“The results are an improved taxiway in Lusaka Airport and improved passenger processing capacity and ground handling capability at Livingstone Airport, which should be achieved by straightforward rehabilitation and extension works and supply tenders to upgrade equipment. International and internal travellers benefit directly from the improvements made to the airports. Passenger numbers in Livingstone (41 international passengers in 1990, 3544 in 1997 and 150,000 predicted in 2005) illustrate that the project is addressing a genuine need, fuelled by the diversification of the Zambian economy. (...) Since 2001 Livingstone has become a pole of tourism development - an international tourist destination. Investments in hotels, game reserve management, shopping malls are observed. The multiplier effects of tourism are manifest on the local economy – restaurants, shops, food and beverage industry, handicrafts and curios. The project, strictly an infrastructure project, cannot affect the wider conditions, which influence tourism in Zambia. However, the airport staff, like people in Zambia in general, are friendly and polite, immigration procedures are straightforward, the airports are clean and well run, all of which make visitors feel welcome the moment they step off the plane. (...) The NACL is well managed as a private company established under the Limited Companies Act, of which the government is 100% shareholder. The financial performance of NACL will continue to strengthen if current trends on passenger numbers are maintained. Airport tax is affordable to passengers (25 USD for international flights; 10 USD for internal flights). Livingstone Airport employees are properly trained to handle the equipment provided by the project.” ROM report 2006*

**JC 4.4: Passenger and freight transport has improved**

The EU interventions in the transport sector improved significantly road and air transport.

The SPSP1 financial inputs targeted on maintenance and rehabilitation, as well as individual rehabilitation projects, almost all delivered in the last years of the reference period due to procedural delays and contractual issues with contractors, reduced mechanically the VOCs and the travel time between main cities and from those towards neighbouring countries and ports (Dar es Salam, Durban). The poor quality of the works undertaken under the management and supervision of the RDA, which represents the most of EU resources, implies that not only value for money of the investments was lower than expected but that the economic benefits for road transport will be lower and will last far less than otherwise. The losses are not analysed in the available documentation. (I-4.4.1, 4.4.2)

The EU contribution to adjusting Lusaka and Livingstone airports to the increasing demand of mobility and the growth potential of the deserved areas improved the passengers and, to a far lesser extent, freight transport mainly with countries in the region and the tourist international market. The main cities are too close to bear a large development of national lines. In this sub-sector, the EU intervention contributed to improve security and adjusted runway capacity rather than exploitation costs. (I-4.4.4)

The railway sub-sector was not encompassed in EU strategic response for the transport sector. Conditions improved following the concessioning of RZ but far from increasing significantly its competitive position vs the trucking industry (time-wise and price-wise, not considering its flexibility and security). (I-4.4.3)



### JC 4.5: Transport operator’s benefits from EU road interventions were passed on to customers

#### Indicator 4.5.1: Price flexibility for roads, railways and airlines transport

Transport price flexibility that could be expected from decrease in transport cost was analysed recently (Teravaninthorn and Raballand 2008) using the truck operators survey (in Southern Africa, incl. Zambia). This analysis confirmed that the decrease in VOCs due to the rehabilitation of a road link from fair to good is of 3 to 5% and induces a decrease in price of 2 to 3%, the difference being kept by transport companies. The EU contribution to CRN maintenance and rehabilitation induced a decrease in freight price of this magnitude.

The study covered other measures able to bring down transport cost:

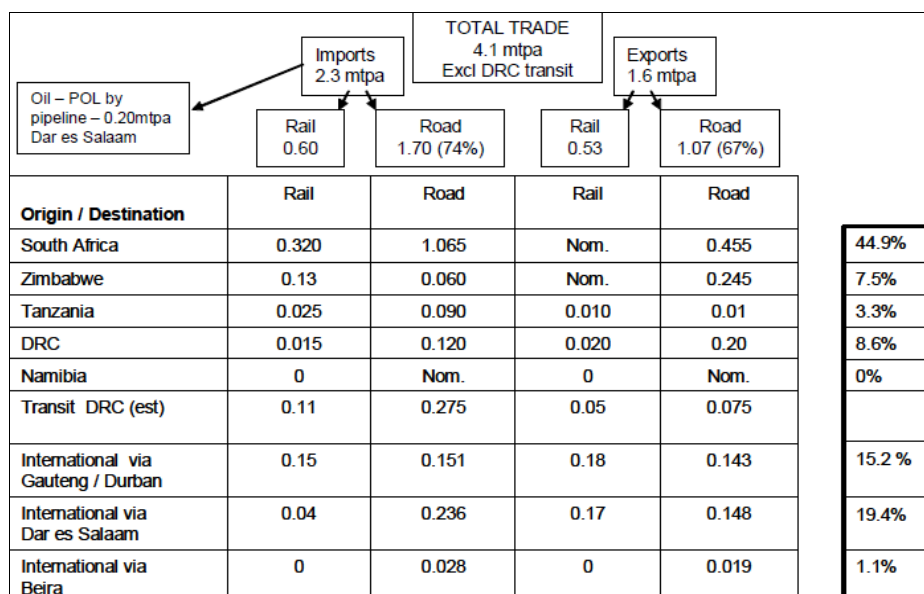
Measures	Decrease in transport costs	Decrease in transport prices <sup>8</sup>
Rehabilitation of road from fair to good	-3/5%	-2/3%
20% reduction in border-crossing time	-3/4%	-10/15% <sup>9</sup>
20% reduction in fuel price	-10%	-5/7%
20% reduction in informal road payments	-1%	+/- 0%

The reduction of border-crossing time has the most noticeable impact on price (up to 15% for a reduction of 20% in customs clearance), followed by reduction in fuel price (for which severe inefficiencies are noticeable). These data question value for money of a too strong target on road condition and value an integrated approach, notably through sector policy dialogue (with the association of the Ministry of finance for customs and fuel prices issues).

No data available at this stage for airlines prices on national lines and for railways.

#### Data, figures, tables:

#### Zambia International and Regional Trade - Estimated Freight Transport Flows 2005/2006 (million tonnes pa)



Source: Raballand et al. (2008). POL is Petroleum, Oil and Lubricants. Nominal (Nom.) means a very insignificant volume (a couple of trucks a day).

#### Extracts:

“Using simulations with vehicle operating cost data from Zambian operators along the North South Corridor; it was found that the two most important determinants of transport prices in Southern Africa are

<sup>8</sup> Decreases in transport costs and prices differ since some cost savings are retained by truck operators.

<sup>9</sup> The reduction in border-crossing time enables increased vehicle turnarounds (and revenues) which, with strong competition along this corridor, leads to significant reductions in transport prices.

border-crossing time and fuel costs (Teravaninthorn and Raballand 2008). Table 11.1 shows that while upgrading the condition of a corridor road from 'fair' to 'good' is expected to decrease transport prices by 2-3%, 20% reductions in border crossing time and fuel prices can generate much larger reductions." Raballand & Whitworth, Transport Policy, 2011, p.3

"It is widely assumed that, by reducing vehicle operating costs for trucks, road investments make transport more affordable for farmers and road users. However, farmers may still not be able to afford to use a truck if they only have a small agricultural surplus to market. Moreover, as noted above, vehicle operating cost savings may not be passed on to users through lower tariffs if trucks face no competition<sup>10</sup>. Road infrastructure has an impact on service delivery through two main channels. The first - which is less significant than usually thought<sup>11</sup> - is the impact on vehicle operating costs: roads in bad condition increase trucks' fuel consumption and maintenance costs. The second impact - more critical, but often neglected - is on timeliness and supply chain reliability: poor road quality can (occasionally) cause breakdowns and service interruptions." Raballand & Whitworth, Transport Policy, 2011, p.23

"The high diesel prices in February 2010 illustrated in Appendix 9.1 are largely attributable to Zambia's highly inefficient fuel importation arrangements. Instead of importing finished products by road or rail like most landlocked countries, Zambia imports crude oil through a pipeline from Dar es Salaam which is then processed at the Indeni refinery before being distributed throughout the country. Inefficiencies at all stages in the chain (purchasing crude, pipeline, refinery and distribution) mean that Zambia has substantially higher fuel costs than necessary." Raballand & Whitworth, Transport Policy, 2011, p.5

"Currently, some 1,300 to 1,500 large trucks registered in Zambia operate nationally and regionally. Zambian truck operators can be classified into the following categories, subject to the trucks they operate:

1. Small trucks, two axles, used for local distribution and deliveries (less than 3.5 tonnes) and which do not require an operating permit. These trucks are operated mainly by businesses rather than by transport companies.
2. Medium sized rigid trucks, two axles, and smaller articulated trucks with up to four axles (from 3.5 tonnes to 20 tonnes). Many of these trucks are also owned and operated by businesses (construction companies, manufacturing companies, wholesalers and retailers) and used mainly for distribution and deliveries, but they also serve the agricultural sector, carrying tobacco, sugar to processing plants and warehouses. These trucks are generally not used for cross-border regional transportation because of the higher cost of operating per ton of freight carried. This category of companies would be the most affected if the rule on cabotage is lifted because this would allow foreign trucking companies to carry out local direct deliveries on a discounted price or tariff basis while waiting for back hauls.
3. Large Articulated Trucks, five to eight axles (up to 56 tonnes) operated by small and medium sized Zambian trucking companies, carrying mainly bulk goods within Zambia (copper metal, copper concentrate, cement, coal, sugar, grain and smaller numbers of containerized goods). This forms the core of the Zambian trucking sector, driven by the current 2006 high demand for transport services from the mining and agricultural sectors. There are many Zambian trucking companies which operate in this category, transporting bulk goods to and from inland ports such as Ndola, Lusaka, Livingstone, Kapiri, transshipped to or from rail, as part of a multi-modal transport system. The demand for road haulage within Zambia is set to increase with the planned increased copper production.
4. Large Articulated Trucks, six to eight axles (48 tonnes to 56 tonnes), operated by the large Zambian trucking companies on regional routes and cross-border freight services. This is mainly confined to the large operators generally owning between 15 and more than 200 trucks." Raballand, 2008, p.10

▪ **Indicator 4.5.2: Transport price flexibility for various categories of freight and for passengers**

Data not available.

Extracts:

"It is widely assumed by the public, politicians and donors alike that road investments reduce poverty by cutting vehicle operating costs, which in turn lead to lower transport prices, higher farm incomes, and increased investment and employment, as well as improved service delivery. In reality, only the first link

<sup>10</sup> At low traffic volumes there is no possibility of competition between truck operators.

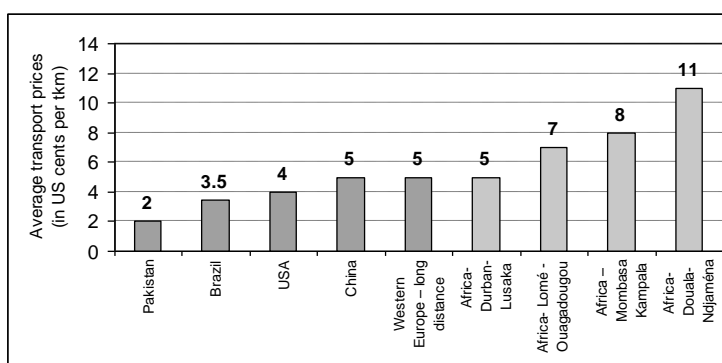
<sup>11</sup> See Teravaninthorn and Raballand (2008).

*in the chain - between road investment and reduction of vehicle operating costs - can be taken for granted and is relatively automatic. Whether operating cost savings get translated into lower transport prices depends on the degree of competition in the trucking industry, which depends in turn mainly on formal / informal rules in the industry and on traded volumes. In an uncompetitive environment with low traded volumes reducing vehicle operating costs is unlikely to lead to corresponding reductions in transport prices. The volumes of agricultural produce traded in rural areas of Africa are generally low by international standards – particularly in sparsely populated Zambia – making it unlikely that cost savings will be passed on.” Raballand & Whitworth, Transport Policy, 2011, p.20*

▪ **Indicator 4.5.3: Existence of a level playing field among transport operators**

The Zambian trucking industry, though comprising still 15.4% of parastatals, is competitive, with prices among the lower in SSA, aligned with EU long distance average (see below). The percentage of international and domestic passenger and freight services carried by road being above 80%, the potential for the economy and the reduction of poverty of VOCs measures is very high. .

**Comparison of Transport Prices in selected Countries and Routes, 2006/2007**



Source: Teravaninthorn and Raballand (2008).

In June 2006 road transport prices in Zambia fluctuated between 1.35 and 1.65 USD per km for a truck with an average payload of 33.9 tonnes, depending on the backhaul rate, which is probably the enabling factor why competitiveness was achieved in Zambia against most African countries: consumer goods imports from ports to cities and copper exports from mines to ports allow a profitable activities.

Other factors might have help, such as fuelling outside Zambia and limited capacity and commercial speed of the rail transport to increase profitability. Competition in a levelled playing field implies price flexibility.

Extracts:

*“The percentage of international and domestic passenger and freight services carried by road is above 80%. The percentage of statal, parastatal and private services is 84.6 % for private and 15.4 % for parastatal.” CSP 2008, annex.*

*“Zambia’s landlocked status is widely regarded as a major impediment to trade and economic growth. However, it is offset somewhat by the fact that international road transport prices to and from Zambia are among the lowest along international corridors in Africa. In June 2006 road transport prices in Zambia fluctuated between 1.35 and 1.65 USD per km for a truck with an average payload of 33.9 tonnes, depending on the backhaul rate. This translated into a transport tariff between 3.7 to 5.6 US cents per tonne kilometer (tkm), which is comparable to South African rates (Raballand et al. 2008) . A different source, based on systematic trucking surveys, confirmed that Zambia benefits from some of the lowest transport rates (along the Copperbelt - Durban corridor) among African landlocked countries (Teravaninthorn and Raballand 2008). These low rates reflect the highly competitive trucking industry that has developed between South Africa and Zambia since the collapse of apartheid in 1991. The lifting of economic sanctions led to a boom in South African exports (and investment) throughout Southern Africa, mostly transported by road. In contrast to its neighbours, from which trucks usually return empty, the revival of Zambian copper exports has meant that trucks are able to carry loads in both directions – significantly reducing transport prices.” Raballand & Whitworth, Transport Policy, 2011, p.2*

*“The South Africa Road Freight Association reports total operating costs for a seven axle interlink, typically used on the Zambia – South Africa route, to be 9.80 ZAR per km. This is comparable with Zambian rates.”*

*an operators; tariffs being from 9 ZAR to 11 ZAR per km for a truck with an average payload of 33.9 tonnes” Raballand 2008, p.12*

- **Indicator 4.5.4: Percentage of the road transport cost due to illegal check-points and other road racketing**

Illegal checkpoints do not exist anymore in Zambia, at least along the main roads, including transit corridors.

**JC 4.5: Transport operator’s benefits from EU road interventions were passed on to customers**

The basic fact is that the Zambian trucking industry is competitive, with segmented markets, several operators and deregulated transport prices (I-4.5.3). Conditions for enabling a levelled playing field are in place (but not all, particularly regulations on cabotage by South African operators are restrictive). Transport prices on international operations are aligned on South African standards, and national freight prices are higher to take into account higher fuel price in Zambia (I-4.5.1). There are therefore not apparent market distortions in price setting.

The illegal checkpoints tolls does ot exist anymore in Zambia (I-4.5.4) Waiting time at border-crossings and fuel price are the main factors for fixing transport price on long-distance haulage.

## **EQ5: To what extent EU interventions in the health sector contributed to improve the health status of the population, in particular regarding fight against HIV?**

- JC 5.1. *EU support contributed to increase service utilisation and intervention coverage*
- JC 5.2. *EU support contributed to enhanced service availability & quality related to infrastructure, equipment and drugs*
- JC 5.3. *EU support contributed to enhanced service availability & quality related to health care workers*
- JC 5.4. *EU support contributed to increased affordability of health care*

### **BACKGROUND INFORMATION for all JCs**

#### Data, figures, tables:

***Between high expectations and reality: An evaluation of budget support in Zambia (2005-2010): Synthesis report (Antonie de Kemp (IOB) Jörg Faust (DIE) Stefan Leiderer (DIE), 2011: chapter 8 Budget support and sector cooperation.***

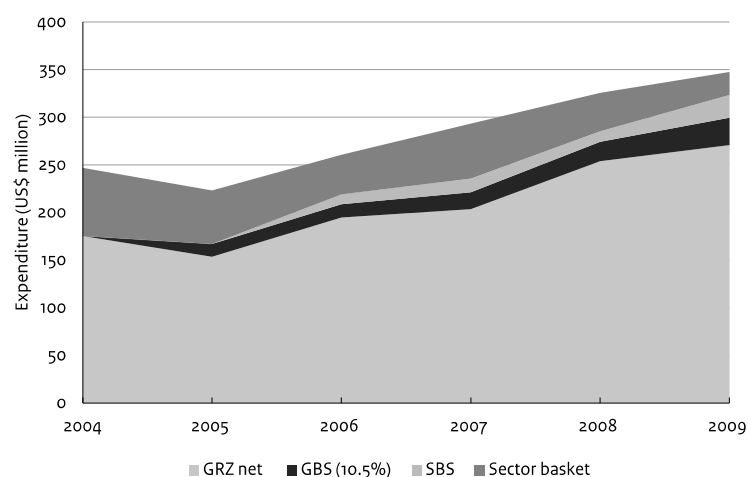
**Table 9.1 Development of key health indicators 2000–2010**

	2000	2005	2006	2007	2008	2009	2010
<b>Inputs:*</b>							
GRZ expenditure		167	209	221	274	307	314
SBS + sector basket		56	46	61	51	49	0
Donor projects		125	127	54	92	85	
MoH releases to districts (%)			8	14	14	11	16
<b>Outputs:</b>							
Doctors			570	720	800		
Clinical officers			1,210	1,210	1,160		
Midwives			2,240	2,260	2,400		
Nurses			6,500	6,530	6,700		
Health workers		12,200					17,200
Total staff in post					24,400	27,520	
Frontline workers per 1000 persons						0.93	
Availability of essential drugs		71%					82%
<b>Outcomes:</b>							
Health centre utilization	0.4	0.8	0.9	1.2	1.1		
PHC utilization			1.2	1.3	1.6	1.0	
Supervised deliveries (%)	39	62	61	62	60		
Institutional deliveries (%)		43	43	45	45	46	45
Fully immunized children (%)	76	82	87	85	90		
idem in the 20 worst-performing districts (%)		63	67	62	68	68	69
Bed nets (x 1 million)	0.3	1.3	2.4	3.3	5.7	5.6	

\* In constant 2008 prices; US\$ million; on budget.

Source: World Bank (2009); MoH (Annual Health Statistical Bulletin, various years); MoFNP, PRBS progress reports (various years); SNDP (draft).

Figure 8.1 Expenditure on health 2004–2009 (constant 2008 prices; US\$ million)\*



\* Project support not included.

Source: MoFNP and MoH; authors' calculations.

Table 9.2 Development of key indicators health 2000–2009

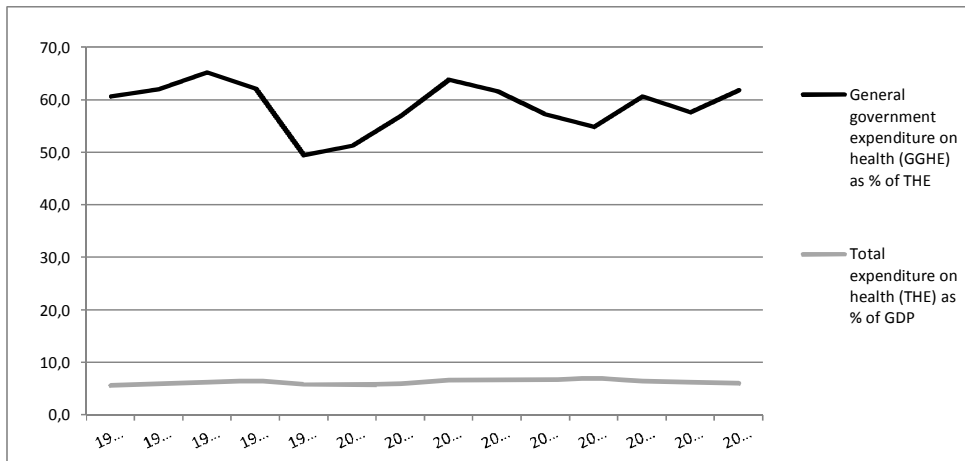
	2000	2005	2006	2007	2008	2009
Tuberculosis (notifications)	52,600	53,300	51,200	50,400	47,300	
Tuberculosis (incidence)	602	588	547	506	468	433
Malaria*	316	373	412	359	252	203
Malaria (deaths)	9,400	7,700	6,500	6,200	3,800	3,900
Respiratory infection:*						
- non pneumonia	119	161	192	219	198	
- pneumonia	35	42	39	35	31	
Diarrhoea (non-bloody)*	65	75	81	76	69	
Under-weight under-fives (%)	29			15		
Under-five mortality*	168			119		
Infant mortality (MoH data)*	95			70		
Infant mortality (WHO data)*	99					86
Under-five mortality (WHO)	166	155				141
Maternal mortality**	729			591	449	

\* per 1000; \*\* per 100,000.

Source: World Bank (2009); MoH (Annual Health Statistical Bulletin, various years); MoFNP, PRBS progress reports (various years).

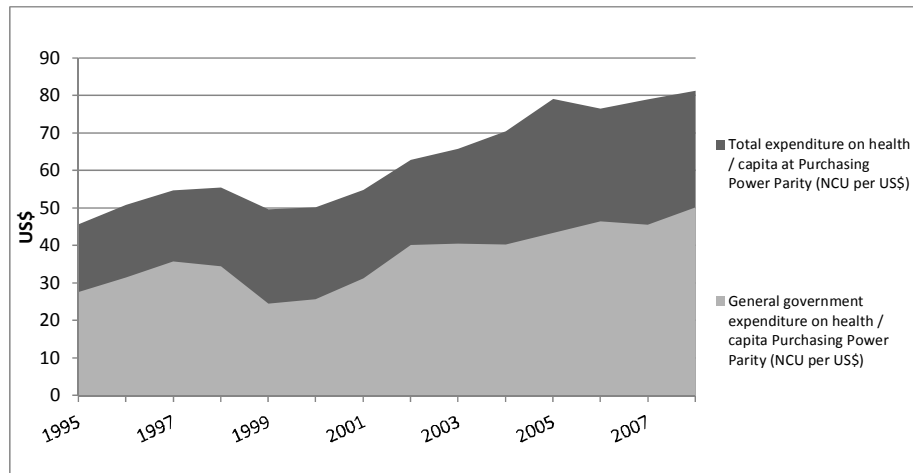
**Between high expectations and reality: An evaluation of budget support in Zambia (2005-2010): Health case study (Amsterdam Institute of International Development, (jan 2011) : chapter 2 health sectors indicators.**

**Figure 2.1 Public expenditure on health in Zambia, 1995-2008**



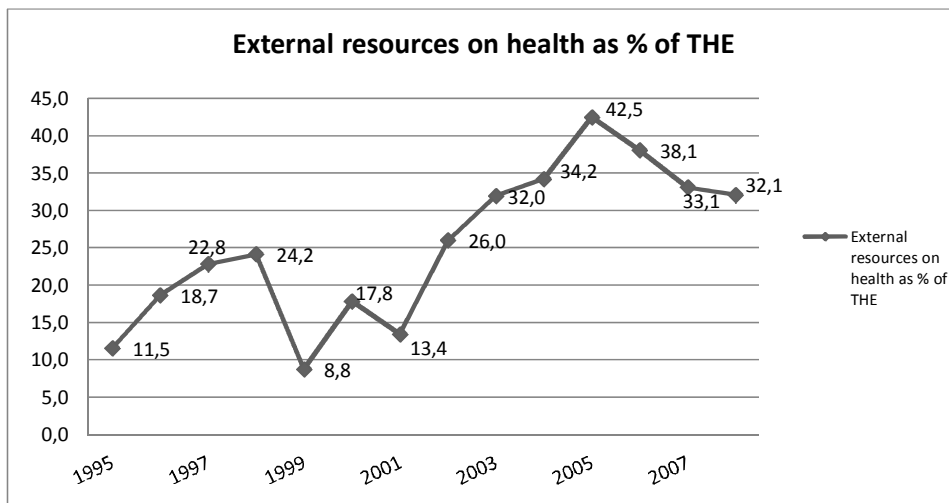
Source: WHO, 2010-b

**Figure 2.2 Per capita THE and government share, PPP average exchange rate, 1995-2008**



Source: WHO, 2010-b

**Figure 2.3 External resources for health in Zambia as percentage of total health Expenditure**



Source: WHO, 2010-b

**National Health priorities, MOH, National Strategic Health Plan (2006-2010)**

<b>A. Human Resource Crisis</b>		
1.	Human Resources:	To provide a well motivated, committed and skilled professional workforce who will deliver cost effective quality health care services as close to the family as possible.
<b>B. Public Health Priorities</b>		
2.	Integrated Child Health and Nutrition:	To reduce Under-5 MR by 20%, from the current level of 168 per 1,000 live births to 134 by 2011, and significantly improve nutrition.
3.	Integrated Reproductive Health:	To increase access to integrated reproductive health and family planning services that reduce the Maternal Mortality Ratio (MMR) by one quarter, from 729 per 100,000 live births to 547 by 2011.
4.	HIV/AIDS, STIs and Blood Safety:	To halt and begin to reduce the spread of HIV/AIDS and STIs by increasing access to quality HIV/AIDS, STI and blood safety interventions.
4.	Tuberculosis (TB):	To halt and begin to reduce the spread of TB through effective interventions.
5.	Malaria:	To halt and reduce the incidence of malaria by 75% and mortality due to malaria in children under five by 20%.
6.	Epidemics Control and Public Health Surveillance	To significantly improve public health surveillance and control of epidemics, so as to reduce morbidity and mortality associated with epidemics.
7.	Environmental Health and Food Safety:	To promote and improve hygiene and universal access to safe and adequate water, food safety and acceptable sanitation, with the aim of reducing the incidence of water and food borne diseases.
<b>C. Support Systems Priorities</b>		
9.	Essential Drugs and Medical Supplies:	To ensure availability of adequate, quality, efficacious, safe and affordable essential drugs and medical supplies at all levels, through effective procurement management and cooperation with pharmaceutical companies.
10.	Infrastructure and Equipment: (Infrastructure, Medical Equipment, Laboratory Support and Medical Imaging)	To significantly improve on the availability, distribution and condition of essential infrastructure and equipment so as to improve equity of access to essential health services.
11.	Systems Strengthening: (M&E, HMIS, FAMS, Procurement and R&D)	To strengthen existing operational systems, financing mechanisms and governance arrangements for efficient and effective delivery of health services.
12.	Health Systems Governance: (Governance and Health Care Financing)	To provide a comprehensive policy and legal framework and systems for effective coordination, implementation and monitoring of health services.

**Mid term review FNDP (2006-2010) - Chapter 7: Health**

Note : some of these data are contradicting with those presented in the previous table (immunisation and utilisation rates)

**Table 7.5 KPIs Health Sector**

Key Performance Indicators	Baseline value 2005	Target 2006	Actual 2006	Target 2007	Actual 2007	Target Value 2010
Percentage of deliveries assisted by midwives, nurse, doctors or clinical officers	43	45	43	43.4	47	60
Percentage of fully immunised children under one year of age in 20 worst performing districts	50	65	82	70	85	70
Malaria case fatality rate among children below 5 years (Fatality Rate per 1,000 admissions)	24/1000	-	35/1000	22/1000	41/1000	15/1,000
Utilisation rate of PHC facilities	0.48	0.5	1.2	1.3	1.3	0.8
Percentage of MOH releases to District level	55	57	62	13	14	13

Source: FNDP, 2006, Page 375 and MOH Annual Reports 2006, 2007. \*Malaria Case Fatality Rate per 1,000 admissions

**JC 5.1: EU support contributed to increase Service Utilisation and Intervention Coverage**

The data presented in the tables below have been mainly collected from the Health Management Information System (HMIS) Health Statistical bulletins.

▪ **Indicator 5.1.1: Increased utilisation of rural health facilities for curative consultation**

The utilisation rate of Primary Health Care facilities is the third key Performance Indicators (HEA3) followed in both FNDP and Budget Support performance Assessment Framework and belongs to the information routinely followed by the Health Management information System (HMIS) as summarized in



the table below.

The Health centre per capita attendance improved continuously since 2001, peaked in 2007 before stabilizing on a lower trend around 1 contact per person and per year. This trend can be noticed for both age tranches (under and over 5) and is even more significant in the hospitals' in-patient admissions.

It appears that the improvement in the frequentation of public healthcare facilities have slowed the pace after a substantial increase in 2006 which followed the government's decision of providing free health services in rural areas. And the new patients captured by this decision remained with the public system of health care.

Further analysis<sup>12</sup> indicates however that the efforts for capturing additional patients after 2006 were not successful, as if the additional clients had been either excluded from the health care system<sup>13</sup> or attracted by alternative offers in health care.

**Table 2: service utilisation during the period under review**

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1.1 Increased utilisation of rural health facilities for curative consultation Key Performance Indicator & Indicator HSA-3 in PAF BS 2008-2010	0,42	0,77	0,73	0,86	0,76		0,86	1,22	1,1	0,99	1,11
Under 5	na				1,88	2,04	1,93	2,56	2,24	2,01	2,42
Over 5					0,3	0,48	0,6	0,9	0,83	0,73	0,88
total Hospital (level 1-3) in-patient admission					501.495	493.859	509.158	na	445.943	399.744	359.159
	(a)	(a)	(a)	(a)	(a)+(b)	(a)+(b)	(a)+(b)	(b)	(b)	(b)	(b)

Sources: (a) FNDP (2006-2010) table 17.2 and National Health Strategic Plan (table 4) (b) Annual Health Statistical Bulletin 2006-2010

In sum, if the first part of the noticed trend can be attributed to the combined inputs from Government, health staff and DPs in the health sector, the apparent downward trend indicates that the efforts (in terms of tarification for example) were not sufficient to sustain the population's commitment in favour of the public health sector.

Data, sources, and extracts:

*As a result of investment in the sector, the coverage of basic services such as immunisation, antenatal care and supervised deliveries has slightly improved. The abolition of user fees in rural (in 2006) and periurban areas (in 2007) contributed to higher utilisation rates of Primary Health Care (PHC) facilities.112 (112 For 2009, the data suggest a decrease. According to the PRBS review for 2009, this is the result of the Induced outputs, outcome and impact prolonged strike in 2009, which discouraged clients from attending these facilities (p. 16).) The data also show that more and more women give birth in health facilities, although the reduction in births at home appears to be (relatively) higher in urban areas than in rural areas (see Chapter 10 as well). Information about the educational.(Evaluation of BS Zambia synthesis (2011) p.164).*

*Part of this improvement can be explained by better access to health facilities (because there were more facilities). The abolition of fees in 2006 also resulted in this huge increase in the use of these facilities. In 2001, only 29% of mothers took their children for treatment to the health facility, but in 2007 this had risen to 53%. Diarrhoea is slightly more common among poorer households, although the differences are small and decreasing. (Between high expectations and reality: An evaluation of budget support in Zambia (2011) p.166)*

*The utilisation rate of PHCs has increased considerably, from 0.48 in the base year to 0.6 in 2006 (against a target of 0.5). This is because of the introduction of two specific policy interventions, specifically the removal of user fees and the distribution of free ARVs. (EC JAR 2006 p.11)*

▪ **Indicator 5.1.2: Increased antenatal care coverage (at least one visit and at least four visits)**

The indicators followed by the Health Management Information System (HMIS) in Zambia for approaching the quality of antenatal care are the followings:

<sup>12</sup> Refer to developments in JC4 EC support contributed to increased affordability of health care.

<sup>13</sup> Refer to Indicators 5.1.2. et 5.1.3 related to maternal health

- Antenatal coverage as a percentage of expected deliveries
- Average number antenatal visits: the initial norm of 12 in Zambia was readjusted in order to better match with WHO recommendation of 4 antenatal visits.

If almost all pregnant women accessed to a first antenatal visit (97% in 2004, 98% in 2008), the average number of antenatal visits has been for the whole period, below WHO recommendation. Further concern is related to the average number of antenatal visits, which has been declining since 2002. This trend must be analysed while taking into account that alternative treatment schemes for Prevention of VIH transmission from mother to child might have diverted the concerned mothers from the traditional antenatal visits.

But the risk of failing to identify pregnancies at risk has been increasing over the period, a warning signal to be correlated to the increase in maternal mortality between 1996 (649/100.000)<sup>14</sup> and 2002 (729/100.000) and its difficult decrease since then as indicated in the results of 2007 (591/100.000) far from a OMD target of 162/100.000 for 2015.

**Table 3: antenatal care during the period under review**

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
- First Antenatal coverage (%) of expected deliveries	90	88	90	95	97	93	92	92	98	88	85
- Average antenatal visits (times)	3,6	2,6	3,4	3,3	3,1	3	2,9	2,8	2,6	2,6	2,6
	(a)	(a)	(a)	(a)	(a)+(b)	(a)+(b)	(a)+(b)	(b)	(b)	(b)	(b)

Sources: (a) FNDP (2006-2010) table 17.2 and National Health Strategic Plan (table 4) (b) Annual Health Statistical Bulletin 2006-2010

In sum, it seems that the global coverage of antenatal care is still important but the decreasing number of antenatal visits since 2002 cannot be overlooked, and the country is not likely to reach goals set in OMD-5

Data, sources, and extracts:

Extracts:

*The maternal mortality rate can be converted to a maternal mortality ratio and expressed per 100,000 live births by dividing the rate by the general fertility rate of 0.198, which prevailed during the same period. Thus, the obstetrical risk of pregnancy and childbearing is emphasized. Using this*

*survey methods are generally used to estimate maternal mortality in developing countries: the indirect sisterhood method (Graham et al., 1989) and a direct variant of the sisterhood method (Rutenberg and Sullivan, 1991). In this report, the direct estimation procedure is applied.*

*Mortality rates expressed per 1,000 procedures, the maternal mortality ratio during the seven-year period preceding the 2007 Zambian Democratic Health Survey (ZDHS) is estimated as 591 maternal deaths per 100,000 live births. (CSO Zambia 2007 Demographic and Health survey)*

*“The Maternal Mortality Rate increased from 649 per 100,000 live births in 1996 to 729 in 2002 (which is one of the highest in the world) despite high antenatal attendance, currently estimated at 80 per cent for urban and 68 per cent for rural areas. It is estimated that approximately 50 per cent of maternal mortality is directly attributed to postpartum haemorrhage, sepsis, obstructed labour, abortion and eclampsia. Indirect causes of maternal mortality include malaria, anaemia and HIV/AIDS related conditions. Other contributing factors include delays in accessing health care at community and health centre levels. (Zambia Fifth National Development Plan FNDP (2006-2010), page 150)*

▪ **Indicator 5.1.3: Increased proportion of births attended by skilled health personnel**

The rate of institutional deliveries is the second key Performance Indicator (HEA2) followed in both FNDP and Budget Support performance Assessment Framework and belongs to the information routinely followed by the Health Management information System (HMIS) as summarized in the table below.

In complementarity to the indicator followed in the PAF the following table gives elements on the institutional deliveries (i.e. assisted by midwives, nurses, doctors or Clinical officers) as well as on supervised deliveries, which include those assisted by trained Traditional Birth Attendants (TBAs).

The HMIS data indicate marginal progress on institutional deliveries, and in supervised deliveries as well, indicating that pregnant women still do prefer to deliver at home with not necessarily the appropriate assistance: women appear to be still reluctant to leave their needing families at home in order to

<sup>14</sup> and 390/100.000 in 1990 according to WB MDG tables presented with the next indicator

deliver in an appropriate health facility, which difficult to be reached because of poor communication facilities and inadequate transport.

That justifies the Government attempt to accelerate the reduction of maternal, neonatal and child morbidity and mortality<sup>15</sup> in Zambia, which has been eligible to UN IHP+ initiative in terms of maternal mortality<sup>16</sup>.

**Table 4: births attended by skilled personnel**

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1.3 Increased proportion of Institutional deliveries (%) Key Performance Indicator & Indicator HSA-1 in PAF BS 2008-2010	39	44	49	55	43	43	43	45	45	44	44
Deliveries with TBAs (%) Key Performance Indicator & Indicator HSA-1 in PAF BS 2008-2010	na	na	na	na	18	19	18	17	15	23	13
1.3 Increased proportion of supervised deliveries (Institutional+TBAs)(%) Key Performance Indicator & Indicator HSA-1 in PAF BS 2008-2010	na	na	na	na	61	62	61	62	60	67	57
	(a)	(a)	(a)	(a)	(b)	(b)	(b)	(b)	(b)	(b)	(b)

Sources: (a) FNDP (2006-2010) table 17.2 and National Health Strategic Plan (table 4) (b) Annual Health Statistical Bulletin 2006-2010

Data, sources, extracts:

Data, figures, tables:

	1990	1995	2000	2009
<b>Goal 5: Improve maternal health</b>				
Adolescent fertility rate (births per 1,000 women ages 15-19)	..	..	152	133
Births attended by skilled health staff (% of total)	51	47	47	47
Maternal mortality ratio (modelled estimate, per 100,000 live births)	390	490	600	470
Pregnant women receiving prenatal care (%)	92	96	93	94

(WB- statistics MDG 2009)

Extracts:

*The UN Agencies are committed to providing global level and country level support towards the attainment of the Millennium Development Goals (MDGs). The agencies are also committed to the promotion of harmonisation and better coordination of aid, in line with the principles of the Paris declarations on aid effectiveness and related initiatives, and are signatories to the Global IHP Compact, which aims at scaling up support and greater harmonisation and coordination of aid to achieve the health related MDGs.*

*In the spirit of the IHP+ and having considered the commitments expressed by the Government, in the 2009 Addendum to the MOU, the UN Agencies operating in the Zambian health sector hereby make a commitment to provide support to Zambia on the basis of the IHP principles, particularly the following:*

- The UN agencies endorse and commit to comply with the IHP Compact document. In this respect, within the framework of Delivering as One UN initiative, the UNICEF, WHO, UNFPA and UNAIDS commit to adhere to the principles of one country sector strategy/plan, one budget, and one Monitoring and Evaluation system.*
- In the context of Delivering as One UN in Zambia, UN agencies will undertake joint interventions and activities in identified areas, in order to ensure more coherent, effective and efficient support to national partners.*

*(UN Agencies Commitment of Intent - IHP – December 2008)*

*Although on average 92 per cent of all pregnant women received some kind of antenatal care during the period 2000 to 2005, only an average of 38.5 per cent delivered in health facilities (institutional deliveries) during the same period. However, the number of supervised deliveries (a combination of deliveries by both institutional and trained traditional birth attendants) increased from 39 per cent in 2000 to 62 per cent in 2005. The national antenatal coverage also rose from 90 per cent in 2000 to 93 per cent in 2005.” (Zambia Fifth National Development Plan FNDP (2006-2010), page 150)*

<sup>15</sup> Concept Note to European Commission, Accelerating Progress Towards Maternal, Neonatal and Child Morbidity and Mortality Reduction in Zambia, June 2011

<sup>16</sup> UN 2008 Commitment quoted below

▪ **Indicator 5.1.4: Increased proportion of 1 year-old children immunized against measles, diphtheria and hepatitis B**

The immunisation rate in the 20 worst performing districts is the first key Performance Indicators (HEA1) followed in both FNDP and Budget Support performance Assessment Framework but does not belong to the information routinely followed by the Health Management information System (HMIS). Rather HMIS follows the countywide rate of children under one year of age who have completed the recommended series of immunisation as summarized in the table below.

However if we consider a longer reference period, Children immunisation ratio is not as good as in the 90ies and specific MDGs data series over the last 20 years indicate a downward trend between 1990 and 2009

**Table 5: Immunisation rate over the period under review**

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1.4 Increased proportion of 1 year-old children fully immunized	76	86	76	74	80	82	87	85	90	94	94
	(a)	(a)	(a)	(a)	(a)+(b)	(a)+(b)	(a)+(b)	(b)	(b)	(b)	(b)

Sources: (a) FNDP (2006-2010) table 17.2 and National Health Strategic Plan (table 4) (b) Annual Health Statistical Bulletin 2006-2010

In sum: The HMIS data show encouraging upward trend, which might indicate a sustained good performance of the system over the period under review. But a rather declining performance over the last 20 years, backs the joint GoZ and donors specific interest on Immunisation rate in the 20 worst performing districts, which is however not routinely followed.

Data, sources, and extracts:

Data, figures, tables:

	1990	1995	2000	2009
<b>Goal 4: Reduce child mortality</b>				
Immunisation, measles (% of children ages 12-23 months)	90	86	85	85
Mortality rate, infant (per 1,000 live births)	108	105	99	86
Mortality rate, under-5 (per 1,000)	179	176	166	141

(WB- statistics MDG 2009)

Extracts:

*“Progress towards the MDGs - In the initial stage, the progress in indicators on health fell behind the planned level, but improvement has since occurred. The period 2002 - 2004 has witnessed an improvement in some health – related MDG indicators such as Target Five (Reduce Child Mortality). Although still relatively high, the under-five mortality rate (U5MR) has decreased considerably, from 162 per 1000 live births in 2000 to 131 per 1000 live births in 2004. The prevalence of underweight children went from 23.3% in 2001 to 18% in 2004; the under-five mortality rate per 1000 live births declined. However, it is improbable that the goal of reducing child mortality to 63 per 1000 live births by 2015 will be achieved unless significant efforts are made to reduce the current constraints facing the health sector, especially inadequate child health services, high prevalence of malaria and limited coverage of PMTCT (prevention of mother to child prevention) programmes”. (Zambia EC-CLE (2006), p.73)*

▪ **Indicator 5.1.5: Increased utilisation rate of modern contraceptive means**

As recall WB 2009 MDG statistics, Globally contraceptive prevalence with modern contraceptive means improved notably over the evaluation period from 22% of women ages 15-49 in 2000 to 41% in 2009. In its routine statistics, HMIS follows rather the utilisation rate of modern contraceptive means (per 1000), which indicates an upward trend as well at least between 2000 and 2006.

But WB MDG data indicate that the unmet need for contraception did not decrease simultaneously at the same pace. And as the HMIS indicator has not been updated since 2006, the most recent trend on contraception is still unclear.

**Table 6: Utilisation of modern contraceptive means**

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
New family planning acceptors (per 1000)	85	101	111	123	127	138,3	140,9	na	na	na	na
	(a)	(a)	(a)	(a)	(a)	(b)	(b)				

Sources: (a) FNDP (2006-2010) table 17.2 and National Health Strategic Plan (table 4) (b) Annual Health Statistical Bulletin 2006-2010

Data, sources, and extracts:

Data, figures, tables:

	1990	1995	2000	2009
<b>Goal 5: Improve maternal health</b>				
Contraceptive prevalence (% of women ages 15-49)	15	26	22	41
Unmet need for contraception (% of married women ages 15-49)	31	27	13	27

(WB- statistics MDG 2009)

▪ **Indicator 5.1.6: Improved care for Malaria especially among children under 5**

Over the last decades the trend for Malaria prevalence has been steadily increasing from 121 per 1000 in 1976 to a peak of 425 per 1000 reached in 2003.

The Government answer detailed in its 2006–2010 National Malaria Strategic Plan, a renewed version of the one covering the period 2000–2005, aimed to cut malaria incidence by 75% and significantly reduce malaria-related mortality by 2010 mainly through insecticide-treated mosquito nets, indoor residual spraying and prompt, effective antimalarial treatment, especially to vulnerable groups of the population, such as children and pregnant women. These efforts could be scaled up with the donors' support, among which large disease specific funds, such as the Roll Back malaria initiative or the Global Fund against HIV/Aids tuberculosis and Malaria (GFATM). In 2009 5,6 Million bed nets had been distributed among households whereas only 300,000 were available throughout the country in 2000<sup>17</sup>.

Even though Malaria's incidence almost halved since then (246 per 1000 in 2009), it still represented the first cause of visit to health facilities in 2009 and its incidence increased again in 2010: a trend explained by HMIS by (among others) a high refusal rate of indoor spraying in some houses.<sup>18</sup>

But the curative response improved and death related do Malaria were divided by almost 2,5 between 2000 and 2009<sup>19</sup>. Malaria burden remains however particularly heavy for children under 5 years old, for which incidence is four times higher than for the age group 5 years and above.<sup>20</sup> And fatality case for Children under 5 increased again between 2009 and 2010<sup>21</sup> from 26 per 1000 admission in health institution with diagnosed malaria to 36 in 2010.

**Table 7: Incidence of Malaria over the evaluation period**

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
- Malaria incidence per 1000	316		388	425	383		412	358	252	246	330
- Malaria incidence among children under five							1106	940	641	620	897
- Malaria case fatality rate per 1000 admissions					43	49	40	40	39	26	34
	(a)	(a)	(a)	(a)	(a)+(b)	(b)	(b)	(b)	(b)	(b)	(b)

Sources : (a) FNDP (2006-2010) table 17.2 and National Health Strategic Plan (table 4) (b) Annual Health Statistical Bulletin 2006-2010

In sum, Despite Malaria's increased burden especially among the younger, Government's response, supported by the important commitment of donors helped decreasing the fatality rate in hospital for children affected with Malaria. An indication of an improved efficient curative response of the Zambian health facilities, which has to be sustained as indicate the relatively bad figures, reported in 2010.

Data, sources, and extracts:

Extracts:

*Bed nets were an important part of the National Malaria Control Plan and the Ministry's National Malaria Strategic Plan. While these bed nets were funded by the Global Fund and the World Bank (and several other smaller donors), the Ministry of Health and the National Malaria Control Centre handled the distribution. Between 2003 and 2008, the government and its partners distributed some 5.9 million bed nets, especially in rural and previously poorly served areas (Chizema-Kawesha et al., 2010, 481). The campaign had a significant impact. In 2001, only 28% of the households reported having at least one bed*

<sup>17</sup> further details in the table 9.1 extracted from 2011 BS evaluation in the Background information of this chapter.

<sup>18</sup> National Health Statistical Bulletin 2010

<sup>19</sup> further details in the table 9.2 extracted from 2011 BS evaluation in the Background information of this chapter

<sup>20</sup> KPI followed in FNDP monitoring. Refer to table 7.5 extracted from FNDP Mid-term review in the Background information of this chapter

<sup>21</sup> HMIS 2010 Health statistical bulletin.

net. By 2007, this percentage had improved to 71%. The concerted effort has led to a reduced number of cases of malaria and improved the survival rates of those infected. Progress has also been made towards achieving a more equitable availability and use of malaria interventions (see next chapter). The large scale-up in disease control efforts has contributed significantly to overall improved child survival. Elbers et al. (2011) concluded that the increased use of bed nets saved the lives of about 18,000 children. (Between high expectations and reality: An evaluation of budget support in Zambia (2011) p.166

“**Malaria** and respiratory infections remain obstacles. They are the main cause of death, and there has been no improvement over the past years. The most common cause of death is fever/malaria (23 per cent) followed by cough/cold/chest infections (11 per cent) and TB (11 per cent). Although the Government has increased its spending on poverty related programmes, the Health Sector suffers from limited absorptive capacity at district level and from an increasing brain drain.” (Zambia EC-CLE (2006), p.73)

The Roll Back Malaria (RBM) initiative allowed to improve malaria control: change in the malaria treatment policy to Artemisinin combination therapy (ACT) as the standard for care countrywide to address the emergence of Chloroquine-resistant strains; decentralized programming leading to capacity development at district level; introduction of Intermittent Presumptive Treatment (IPT) for pregnant women; in-door residual spraying (IRS) in selected districts; improvements in methods of diagnosis for malaria; promotion of the use of Insecticide Treated Nets (ITN); staff training; improvements in data and information capturing and management; strengthened public/private partnerships in malaria control; and increased resource mobilisation efforts. (National Health Strategic Plan 7.5.1 Malaria Situation Analysis)

“Malaria is a major public health problem in Zambia. It is the leading cause of morbidity and mortality, accounting for 45% of all hospitalisations and outpatient attendances and 50% of cases among children under-five years of age (HMIS 2004). The National Malaria Control Centre (NMCC) estimates that malaria is responsible for nearly 4.3 million clinical cases and over 50,000 deaths per year, including up to 20% of maternal mortality. The National Health Strategic Plan of 2001-2005 set the target to reduce malaria incidence rate to 300 per 1,000 populations by the year 2005. However, this target is yet to be achieved, as malaria incidence in 2004 was 383 per 1,000 populations. Over the past three decades, malaria incidence rates in Zambia tripled, from 121 per 1,000 populations in 1976 to 383 in 2004. Statistics also indicate that over the past three years, the national malaria incidence rate has been fluctuating, increasing from 388 in 2002 to 425 in 2003 and then dropping to 383 in 2004. In 2004, the malaria case fatality rate (in hospitals only) remained high at 43 per 1,000 admissions for children under the age of five years, 65 for the over five and 33 as overall for all age groups. Factors which have contributed to this increase in malaria incidences include the spread of drug resistance, reduced vector control efforts, and decreased access to health care, HIV and high poverty levels.” (National Health Strategic Plan 7.5.1 Malaria Situation Analysis, pages 35-36)

“Malaria remains a major public health problem in Zambia, accounting for nearly 40 per cent of all outpatient attendances and 50 per cent of cases among children under-five years of age. It is estimated that malaria is responsible for nearly 4 million clinical cases and 50,000 deaths per year, including up to 20 per cent of maternal mortality. Malaria incidence rates in Zambia tripled over the three decades, from 121/1,000 in 1976 to 396/1,000 in 2003 due predominantly to Chloroquine resistance; reduced vector control; limited access to quality care and poor clinical care management; HIV and AIDS; and poverty. The Government is implementing the Roll Back Malaria (RBM) programme. The main components of the programme include a change in the malaria treatment policy to address the emergence of Chloroquine-resistant strains; indoor residual spraying; improvements in methods of diagnosis for malaria; promotion of the use of insecticide treated nets (ITNs); and staff training.” (Zambia Fifth National Development Plan FNDP (2006-2010): 17.2.3 Malaria, page 149)

▪ **Indicator 5.1.7: Increased proportion of HIV infected patients under antiretroviral drugs**

Five indicators intend to deal in this EQ with HIV and AIDs related issue<sup>22</sup>: in the first one 5.1.7 *Increased proportion of HIV infected patients under antiretroviral drugs*, the purpose is to address the quantitative coverage of the ART treatment, whereas the others will tend to address more qualitative issues related to improved care of needing patients.

<sup>22</sup> **5.1.7 Increased proportion of HIV infected patients under antiretroviral drugs**, the purpose is to address the coverage of the ART treatment after undedlining some background elements, whereas the developments on indicators **5.2.2 Increased % of health facilities with a minimum package of PCMTCT** (Prevention of HIV transmission from mother to child) services and **5.2.4 Increased availability of drugs** (HIV tests and ARV treatments) in the rural health facilities will be more focussed on the «input side of the HIV-AIDS related service deliveries. Indicator **5.3.3 Increased health facilities meeting the technical requirements for diagnosis and first intention treatment of HIV/AIDS** will shortly be going about the testing and counselling activities by health staff and Indicator **5.4.3 Increased proportion of population among vulnerable groups** (especially HIV infected patients) benefiting from care from the health facilities will develop the thematics of affordability.

A short answer to this indicator will be given after some background summary.

### Background

When HIV was first reported to the Ministry of Health by a team of medical experts in the mid 1980s, a national surveillance committee was set up and the first AIDS case in Zambia was diagnosed in 1984. The national response was formulated in an **emergency Short-Term Plan developed in 1987** to ensure safe blood and blood product supplies in all provincial and central referral hospitals successfully implemented with EC support: 33 blood-screening centres were established all over the country, strengthened by a National Blood Transfusion Service. Two reference laboratories were established at the University Teaching Hospital and Tropical Diseases Research Centre and a state of the art virology laboratory was constructed.

In **December 2002**, the National HIV/AIDS/STI/TB Council (NAC) was established to coordinate the national multisectoral response, composed of representatives from government, nongovernmental organisations, representative of mass media, youth and the private sector, religious and traditional leaders with the participation of multilateral and bilateral agencies.

Prominent among the initiatives taken by the Government to fight against HIV/AIDS pandemic Voluntary Counselling and Testing (VCT) and Prevention of Mother to Child Transmission (PMTCT) programmes were introduced as early as 2000. In 2002, the Government introduced provision of anti-retroviral therapy (ART) in public health institutions. Since 2003, the national policy provides that free and universal access to anti-retroviral therapy, has to be offered to target population, a scheme further expanded in 2005 to include all related services.

But the spread of HIV / AIDS throughout the population in the late 1990s was far worse than the expectations as HIV prevalence among adults picked up to 16%: in 2004 over one million adults and 200,000 children were infected, whereas the Central Statistics Office (CSO) had projected a rise in the number of HIV / AIDS infected persons in the population (including Children) from 293,600 in 1990 to 877,000 in 2000 and 914,700 in 2005 with a drop to 881,100 expected by 2010.

In **September 2004**, Zambia declared thus HIV/AIDS a national emergency. And after the implementation of two medium-term plans, the National HIV/AIDS Policy adopted in 2005, strengthened a coordinated national response with the combined efforts of Government and DPs within in the Global Health initiative (GHI) which led to a rapid increase in donors funding though large global, bilateral, and private philanthropic HIV/AIDS-specific initiatives, such as the Global Fund to Fight AIDS and the US Government and the Presidential Expanded Programme for AIDS Response (PEPFAR) and the World Bank Multi Country AIDS Programme (MAP)<sup>23</sup>.

The fight against HIV&AIDS in Zambia focuses on four main intervention areas<sup>24</sup>:

- Prevention of transmission of HIV: This includes diagnosis and treatment of Sexually Transmitted Infections (STIs), Voluntary Counselling and Testing (VCT)<sup>25</sup> for HIV, condom use, behaviour change, Prevention of Mother to Child Transmission (PMTCT)<sup>26</sup>, Post-Exposure Prophylaxis (PEP), and blood safety and universal precautions;
- Treatment: This includes the provision of free Anti-Retroviral Treatment (ART) to eligible HIV&AIDS patients and treatment of opportunistic infections. During the year under review, focus was on scaling up of ART throughout the country, with special emphasis on Paediatric ART;
- Care and support: This strategy includes care and support for the chronically ill, and support for orphans and vulnerable children; and
- Systems strengthening: Aimed at strengthening systems relevant to the fight against HIV&AIDS, including the policy, legal and regulatory framework, support systems, human resources and capacity building, infrastructure and equipment; and provision of drugs, test kits and other essential medical supplies.

### Answer to indicator

The current indicator is mainly related the second aspect of this strategy. The number of centres providing ART increased rapidly from 53 in 2003 to 84 in 2004 and coverage of Anti-Retroviral Therapy (ART) among patients in need of ART substantially increased from 4000 in 2003 to almost 345000 in 2010 as described in the table below.

<sup>23</sup> Issues related to financing of total HIV/AIDS expenditure and the specific commitments from US Government PEPFAR and Global fund will be further detailed with indicator 5.2.2

<sup>24</sup> ZHDR 2007: *Enhancing household capacity to respond to HIV and AIDS*

<sup>25</sup> further detailed with indicator 5.3.3

<sup>26</sup> further detailed with indicator 5.2.2

**Table 8: ART treatments coverage during the period under review**

Indicators	2003	2004	2005	2006	2007	2008	2009	2010
1.7 Increased number of people with advanced of HIV infected patients (in need of ART) under antiretroviral drugs.	4000		39351	80030	156299	219576	283863	344407
	(a)		(a)	(a)	(b)	(b)	(b)	(b)

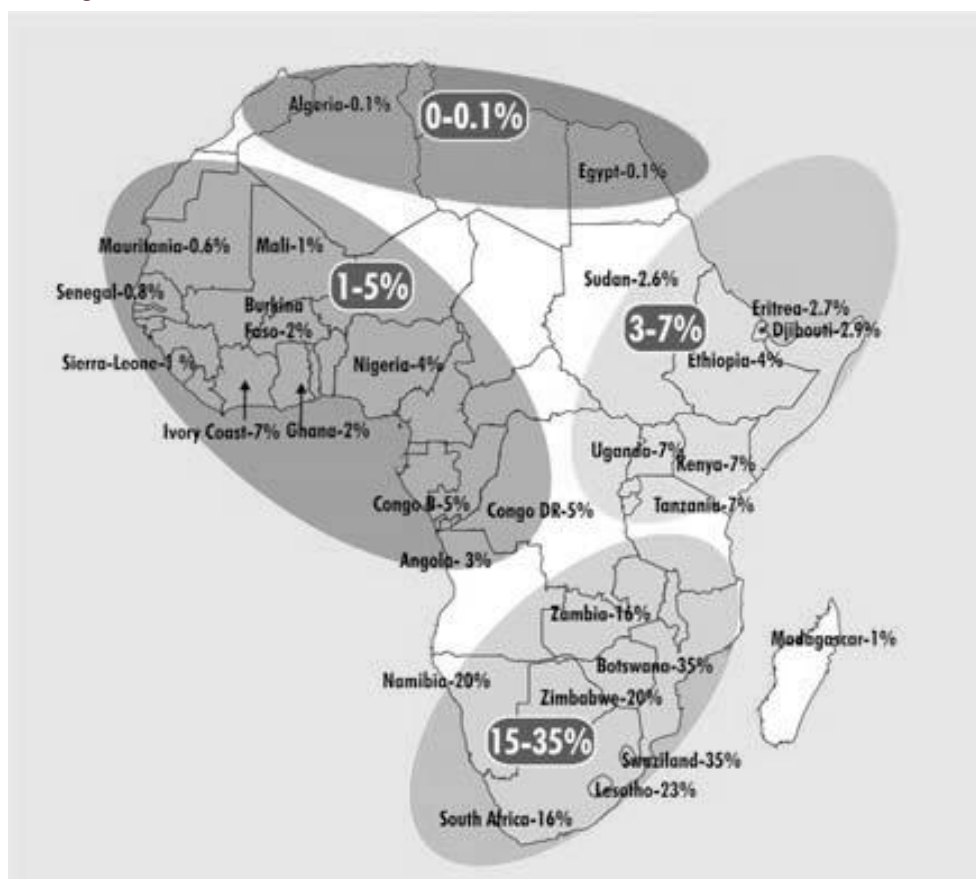
Sources : (a) MoH Zambia National Health Accounts 2003-2006, March 2009 (b) Annual Health Statistical Bulletin 2006-2010.

Refer to table 13.in the datas sources mentioned below for slightly different figures (source NHA 2003-2006)

In sum, the HIV/AIDS pandemic tends at last to slow the pace and the availability of treatments improved significantly as well as the proportion of HIV infected persons in need of ART and under treatment. This is however mainly the fact of the big disease-specific donors funds. As a contributor to the Global Fund, EC certainly contributed to an improved availability of ART Treatment. But EC specific contribution was particularly significant in supporting a safer blood transfusion system throughout the country.

Data, sources, and extracts:

Data, figures, tables:



Source : UNDP 2007 HDR Zambia Map 3.1

**Mid term review FNDP (2006-2010)- Chapter 13: HIV and AIDS**



**Table 13.1: Performance against KPIs - HIV and AIDS**

Indicator	Baseline (2005)	2006		2007		2008		2010	Assessment
		Target	Actual	Target	Actual	Target	Actual		
Number of clients tested for HIV at VCT and receiving the test results	150,000	200,000	234,430	500,000	843,722		1,050,000	1,050,000	Met
Number of HIV+ pregnant women receiving a complete course of ARV prophylaxis			25,578	35,000	35,314		50,741	45,000	Not Met
Number of persons with advanced HIV infection on ART	30,112		81,030	140,000	149,199		197,129	206,000	Met
Number of workplaces, including line ministries, with developed workplace policies and programmes for HIV and AIDS	68	39	39	39	109			49,943 <sup>11</sup>	Met

Amount of funds spent on HIV and Aids in the past 12 months (US\$ million)	--	--	--		231.9		358	362.4	Met
--	----	----	----	--	-------	--	-----	-------	-----

Zambia National Health Accounts 2003-2006 (March 2009)

**Extracts:**

*As early as 1987, the government launched an emergency plan on safe blood supply. All district, provincial and central referral hospitals have blood transfusion facilities. All blood products used here are required to be screened for HIV (WHO, 2005-b). In December 2002, the National HIV/AIDS/STI/TB Council (NAC) was established to coordinate the national multisectoral response. The NAC is made up of representatives from government, nongovernmental organisations, mass media, youth and the private sector, as well as religious and traditional leaders, and integrates the participation of multilateral and bilateral agencies. The National HIV/AIDS/STI/TB Intervention Strategic Plan 2002–2005 was developed with the following priority interventions: promoting behaviour change, reducing mother-to-child transmission, ensuring safe blood transfusion, providing care, treatment and support to people living and affected by HIV/AIDS, improving care and support for orphans and vulnerable children and strengthening multisectoral coordination of interventions (WHO, 2005-b). (Budget Support evaluation health case study (2011) p.40)*

*“The prevalence rate of HIV and AIDS reduced from 16.9 per cent to 14.3 per cent. Females were more likely to be HIV positive (16.1 per cent) than males (12.3 per cent). Urban areas had higher prevalence (20 per cent) than rural areas (10 per cent). An estimated 10 per cent of HIV transmission from parent to child occurs during pregnancy, birth or breastfeeding, yet with effective treatment and follow-up, paediatric HIV could be virtually eliminated. (...) The treatment coverage of ART increased significantly with 283,863 people in 2009 receiving treatment that allows them to live longer and healthier lives. Significant progress has therefore been made in access to treatment, blood safety and injection safety. (...) During the SNDP period, concerted effort will be targeted at the six key drivers of new infections which are 1) high rates of multiple concurrent sexual partners, 2) low and inconsistent condom use, 3) low rates of male circumcision, 4) mobility, 5) vulnerable groups with high risk behaviours, and 6) Mother To Child Transmission (MTCT). ” (Sixth National Development Plan SNDP (2011-2015) final draft (Jan 2011), page 28)*

*According to the MoH and National Aids Council (2007), the number of adults and children with advanced HIV infection receiving antiretroviral therapy increased from approximately 4000 in 2003 to 39,351 in 2005 and 80,030 in 2006. The rapid increase in the number of people on ART between 2003 and 2005 could be attributed mainly to the introduction of free ART services by government in 2003. However, the number of persons receiving ART lies below the national targets. For instance the national set target was 90,000 for 2006. The scaling-up of free ART was continued in 2006, resulting in a*

significant increase in the number of centres providing both ARVs for PMTCT and ART nationwide. The centres increased from 62 in 2005 to 146 in 2006 and 320 at the end of 2007. Moreover, the total number of HIV infected pregnant women on PMTCT increased from 14,071 in 2005 to 25,578 in 2006 and by the end of 2007 the number had increased further to 35,314. Based on an estimated need of 86,232 for 2006, the percentage of HIV positive pregnant women who received ARVs was 29.7%, while in 2007 this proportion to 39.1% based on an estimated need of 90,252 (MoH, 2007). (MoH Zambia National Health Accounts 2003-2006, March 2009)

“Access to Voluntary Counselling and Testing (VCT) and Prevention of Mother to Child Transmission (PMTCT) services has continued to increase with 400 and 270 sites respectively offering these services. However, only 25 per cent of HIV positive mothers are receiving a complete course of anti-retroviral (ARV) prevention and 39 per cent of infants born to HIV positive mothers are infected. 100 per cent of transfused blood units are routinely screened for HIV. (Zambia Fifth National Development Plan FNDP (2006-2010): 32 HIV and AIDS, page 268)

“The number of centres providing ART increased from 2 in 2003 to 84 in 2005. As a result of all these efforts, the level of ART awareness improved significantly leading to an increase in the number of eligible patients accessing ART from 4,000 patients in 2003 to about 32,144 by August 2005. The national target has been to have 100,000 eligible HIV patients on ART by end of 2005 (50% of each year’s demand)”. (MoH National Health Strategic Plan (2006-2010) -7.3 HIV/Aids & STI situation analysis, page 32)

“According to the 2001/2002 Zambia Demographic and Health Survey (ZDHS), HIV prevalence in the general population was estimated at 16 per cent of the population aged 15 to 49. The infection rate was higher among women, at 18 per cent, than men at 13 per cent. The place of residence is also closely associated with HIV levels and the rate was twice as high in urban areas as in rural areas (23 per cent and 11 per cent, respectively). Provinces with levels above the national average include Lusaka (22 per cent), Copperbelt (20 per cent), and Southern (18 per cent). Approximately 39.5 per cent of babies born to HIV positive mothers are infected with the virus. Voluntary Counselling and Testing (VCT) and Prevention of Mother to Child Transmission (PMTCT) programmes were introduced in 2000.” (Zambia Fifth National Development Plan FNDP (2006-2010) :17.2.4 HIV/AIDS, STIs and Tuberculosis, page 150)

“Tuberculosis (TB), on the other hand, is one of the major non-pneumonia respiratory infections in Zambia. TB notification rate increased from 105 per 100,000 populations in 1985 to 545 per 100,000 populations in 2002 mainly due to the HIV/AIDS epidemic. It is estimated that 70 per cent of patients with TB are HIV positive. The peak age group for TB is 20 to 35 years and the annual risk of infection in Zambia is estimated to be around 2.5 per cent. In recent years, cure rates have improved from 58 per cent in 2001 to 64 per cent in 2004. Similarly, the treatment success rate improved from 74 per cent in 2003 to 77 per cent in 2004. These improvements were largely attributed to the successful implementation of a number of interventions such as the Directly Observed Treatment Short-course (DOTS) and improved supply of TB drugs.” (Zambia Fifth National Development Plan FNDP (2006-2010):17.2.4 HIV/AIDS, STIs and Tuberculosis, page 150)

#### JC 5.1: EU support contributed to increase Service Utilisation and Intervention Coverage

The indicators under this judgement criterion attempt to collect elements for assessing the specific impact of the EC support on health in terms of increased service utilisation and intervention coverage.

Between both 2001 and 2007 ZHDS some health related MDG indicators substantially improved. The Under-Five Mortality rate reduced from 168 per 1,000 live births in 2002 to 119 per 1,000 live births in 2007, exceeding the 2010 target of 134 per 1000 live births. And recent updates indicate a sustained improvement of infant mortality (86 in 2009 against 99 in 2000).

Spread of Malaria slightly reduced from 373 per 1,000 persons in 2002 to 358 per 1000 population in 2007 and HIV prevalence rate finally dropped in 2007 to 14 per cent for adults aged between 15-49 years, from 16 per cent observed in 2001/2002. Updated trends<sup>27</sup> indicate a decreased incidence of tuberculosis as well as a sustained decreased incidence of malaria (I-5.1.6).

These results are directly correlated to the upward trend depicted in the HMIS health bulletins, related for instance to improved service utilisation and intervention coverage (I-5.1.1) improved children im-

<sup>27</sup> WHO estimates. Direct comparison of ZHDS survey (119 in 2007) has to be made carefully according to methodological differences. Further details summarized in the table 9.2 extracted from 2011 BS evaluation in the Background information of this chapter.

munisation (I-5.1.4) improved family planning (I-5.1.5), improved malaria treatment (I-5.1.6) and improved antiretroviral therapy coverage (I-5.1.7).

This can be attributed to the combined of EU and other DPs financial and technical support to the delivery of public health services, which allowed for appropriate and timely budgetary disbursements to the districts (running budget and drugs). A conclusion shared with the 2011 BS evaluation:

*“ Budget increases between 2005 and 2010 showed that budget support contributed to improved service delivery and to improved urban and rural health facilities, medical staff and drug supplies. These supplies were also used more efficiently, as evidenced by the improved use of health centres and primary health facilities, institutional deliveries and improved immunisation. The efforts of GRZ and cooperating partners produced positive results, which reduced the number of tuberculosis patients and, more recently, those with malaria and underweight children. There was also significant improvement in indicators such as infant mortality, child mortality and maternal mortality, although results in these indicators are still off-track. The impact analysis did identify a positive effect on child mortality, maternal death, malaria and diarrhoea.”*

In addition, the EU allocated an amount of 0.4 M€ to the United Nations Population Fund (UNFPA) for the performance in 2006 of the Zambia Demographic and Health Survey, which is the reference document for the MDG progress reports<sup>28</sup>.

EC support allowed strengthening Government information systems through the assessment of the Health Management Information System (HMIS) and the implementation of the related action plan through the institutional support from BS, for an amount of €3.3 million. Finally the sustained EC contribution within the PAF monitoring could allow for timely release of updated information

Nevertheless, serious challenges still remain.

- The Maternal Mortality ratio decreased from 649 per 100,000 leaving birth in 2002 to 499 deaths per 100,000 live births in 2007 and 470/100,000 in 2009, far above MDG target of 162/100,000 set for 2015. A trend confirmed with the indicators on improved antenatal care coverage (I-5.1.2) and increased births attended by skilled personal (I-5.1.3) that indicate a persisting reluctance for pregnant women to deliver in health centres. This sustains the threat on maternal health and backs the UN the IHP/+ initiative<sup>29</sup>.
- As documented by *the Amsterdam Institute for International Development* quality of global provision of service delivery shall not be overlooked, especially for maternal health care, as *supervised deliveries as well as stock of antibiotics strongly impact negatively maternal fatality cases*<sup>30</sup>.

## **JC 5.2: EU support contributed to enhanced service availability & quality related to infrastructure, equipment and drugs**

- **Indicator 5.2.1: Increased proportion of functional health facilities for minimum package activities at first and second level (in terms of an available trained human resources, equipment and tracer drugs and reactive for diagnosis)**

According to the National Health policy, first level health facilities are composed in rural areas of health posts intended to service a population of 3500 people within a radius of 5 km, as well as rural Health Centres, within a catchment area of 29 Km radius or a population of 10,000. Second level health facilities are composed with referral hospitals able to provide medical, surgical, obstetric and diagnostic services to a population catchment comprised between 80,000 and 200,000 people (from 200,000 to 800,000 for 2<sup>nd</sup> lever referral hospitals). In large and sparsely populated rural areas such in Zambia, meeting agreed standards in terms of accessibility of health infrastructure requires huge financial needs. In 2005 less than 50 per cent of the rural population was estimated to live within the agreed standard of 5 kilometres of the nearest health facility.

Based on a service availability mapping study carried out in 2004, a capital investment plan was developed followed by an operational plan launched in August 2008. As a result the total number of Public health facilities increased by 42% between 2002 and 2009 with significant improvement of the availability of health facilities between 2008 and 2009. Total number of functional hospital increased from 97 in

<sup>28</sup> Unfortunately the 2011 MDG draft progress report 2011 does not refer to more recent sources than those established by the 2007 HDS

<sup>29</sup> Zambia belongs to the 26 less performing countries in terms of Maternal health

<sup>30</sup> the full quotation is presented with indicator 5.4.3

2002 to 112 in 2009 (+15%) whereas the total number of health centres increased from 1210 in 2002 to 1495 in 2009 (24%) a trend pushed by the efforts placed on urban health centres that almost doubled during the period (+84%) But the most substantial effort was placed on health posts, which number was multiplied by 5 between 2002 and 2007 and further doubled between 2007 and 2009. In addition the number of rural health centres which had remained stable between 2002 and 2005 increased by less than almost 9% between 2005 and 2009<sup>31</sup> as summarized in the table below. However, according to 2008 WB public expenditure review<sup>32</sup> it cannot be taken for granted that all those facilities are fully functional and that all the needs from the Rural health Centres for instance have been fully met.

Another effort was placed in a Flying Doctors Service, a mobile health unit provided by around one hundred staff throughout Zambia, which assists with emergency outreach services such as Mobile Eye Clinic Services, Mobile Counselling and Testing (CT) Services or Mobile ART Services. But this service operating with a very old fleet needs a large capital investment for sustaining its activities.

**Table 9: Health infrastructures over the evaluation period**

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total number of health facilities								1563	1564	2272	1881
Private (no level 3 hospital)									92	267	
Mission (no level 3 hospital)									117	124	
GRZ health facilities			1327					1394	1355	1881	1881
<i>third level hospitals (no private, no mission)</i>								5	6	6	6
<i>Second level hospitals</i>			97					21	21	21	21
<i>first level hospitals</i>								74	72	84	84
<i>Urban Health Centres</i>			237			237		1294	265	436	436
<i>Rural health centres</i>			973			973			1029	1059	1059
<i>Health posts</i>			20					107	171	275	275
			(a)					(b)	(c)	(c)	(c)

Sources : (a) FNDP (2006-2010) table 17.2 and National Health Strategic Plan (table 4) (b) Annual Health Statistical Bulletin 2006-2010

This notable investment policy was supported by the resources managed by the Government, which supported almost 60% of total health expenditure between 1995 and 2008.

As early as 1993, the Ministry of Health (MoH) and cooperating partners had developed a sector-wide approach (SWAp) and attempted to pool donors support into a basket fund. This joint donors commitment impacted first negatively on the domestic contribution from the Government, which fell from 41% in 2001 to 20% of total health expenditure in 2005. But during this second part of the evaluation period, Government allocated a higher domestic budget to support its commitment for health and GRZ expenditure on health increased by 64% (at constant prices) between 2005 and 2008, with a further increase to 88% in 2010. Concomitantly, the share of the Ministry of Health in the total budget increased from 4.7% in 2004 to 9% in 2005 and 11.8% in 2009.

External resources strongly supported this capital investment policy as well and financed from 11.5% of total health expenditure in 1995 (15% in 2001) up to 42.5% of total health expenditure in 2005 and 32,1 in 2008<sup>33</sup>. But the main increase in external aid during this period was largely financed by significant flows of vertical funds, specifically allocated for fighting against HIV/Aids malaria<sup>34</sup>.

Both developments continue to give an unclear picture of actual external programmes and Government (domestic and pooled funds) financial commitment over the period. This was further exacerbated with the 2009 crisis related to the misappropriation of funds that finally led to suspension of BS related instalment until Joint governance Action Plan would be fully implemented<sup>35</sup>.

<sup>31</sup> According to the draft SNDP even more health infrastructure have been under construction. But the real figure of the operational ones has still to be confirmed.

<sup>32</sup> Figures detailed below

<sup>33</sup> Refer to figures 2.2 and 2.3 in the background from Health Case study of 2011 BS evaluation in the background information of this chapter.

<sup>34</sup> Refer to nex indicator as well

<sup>35</sup> Joint governance Action plan for Government and cooperating partners (june 2009-March 2010) final version 1st July 2009

**Table 10: Contribution to Health budget (partial data)**

In ZMK	2.006	2.007	2.008	2009**	2.010
MoH Budget					
Total authorized provision (expenditure)		1.272.263.213.104	1.627.882.791.430	1.365.700.000.000	1.514.039.617.884
Total releases* (from GoZ revenues)	605.430.000.000	722.880.000.000	1.083.130.000.000	1.242.350.000.000	1.522.990.000.000
Actual Resources				NA	
among which Global fund	0		0	27.200.000.000	874.705.840
among which SWAP	0		160.880.000.000	39.920.000.000	0
Among which EU support			15.000.000.000	78.360.000.000	0
Among which donors capital grants				na	na
Actual expenditure		928.671.430.396	1.211.762.730.029		1.453.519.552.732

Source MoF financial report for the year ended Dec 31st (2007-2010)

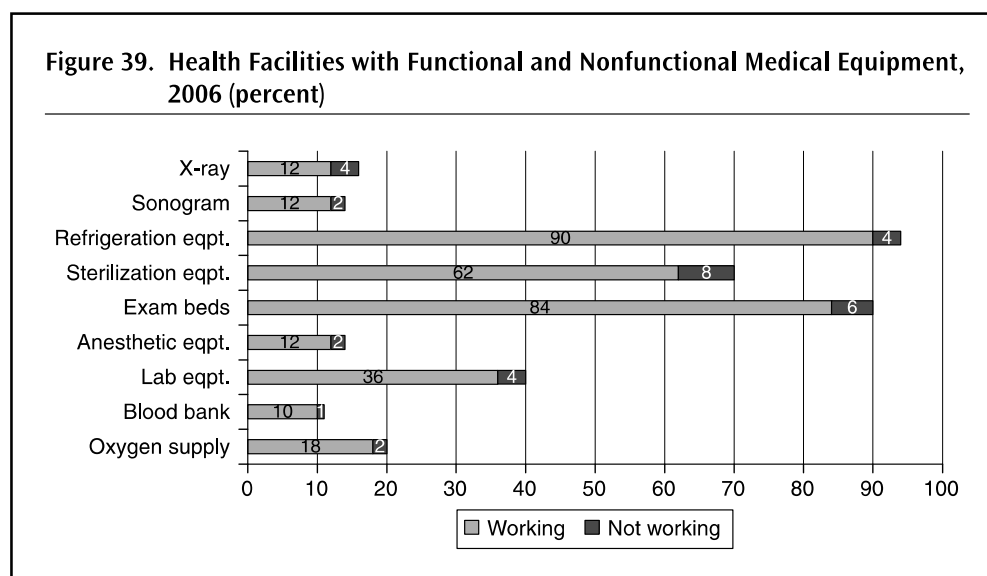
\*source EUDEL, \*\*/# 2009 budget address; \*\*/# OAG 2009 report

In sum, notable investments have been provided by the Government for easing the constraint of the geographic accessibility which in turn raised two additional constraints related to functionality of opened health centres as well as those related to staff allocations, addressed with the next Judgement criterion (JC5.3)

*Data, sources, extracts:*

Data, figures, tables:

**WB Health Public expenditure review (2008)**



**Table 24. Health Facilities Reporting Inadequate Medical Equipment, Instruments, and Lab Test Supplies, 2006 (percent)**

Items	RHC	UHC	Hospital
X-ray	33	75	33
Sonogram	50	50	23
Lab equipment	54	56	50
Anesthetic equipment	—	—	53
Blood bank	—	—	43
Oxygen supply	—	—	64
Height measuring device	54	45	19
Microscope	74	55	10
Audioscope	87	68	33
Surgical instruments for ob-gyne	57	66	19
Gowns and protective clothing	54	50	14
Malaria smear	76	58	14
Urine test strip	81	74	19

#### National Health Strategic Plan (2006-2010)

**Table 3: Summary of Existing Health Facilities in Zambia**

Type/Level	GRZ	Mission	Private	Total
Hospitals	53	27	17	<b>97</b>
Health Centres	1,052	61	97	<b>1,210</b>
Health Posts	19	0	1	<b>20</b>
<b>Total</b>	<b>1,124</b>	<b>88</b>	<b>115</b>	<b>1,327</b>

Source: CBoH, Health Institutions in Zambia: A Listing of Health Facilities According to Levels and Locations, 2002

#### Extracts:

*An important element of the plans is the development and implementation of the Basic Health Care Package to improve the health of Zambians, especially those living in remote and poor areas. One health post should ideally cater for 500 households in rural areas and 1000 households in the urban areas, or it should be established within a five-kilometre radius in sparsely populated areas (Saasa, 2010a, 10). The Fifth National Development Plan's (FNDP) target over the 2006–2010 period was to build 3000 health posts. Up to now, this core element of Zambia's National Health Strategic Plan for 2006–2010 has not been fully implemented yet at all levels of service delivery in the country. During the FNDP period, the sector began constructing a total of 27 hospitals, eight of which were completed by the end of 2010 (SNDP). In addition, the construction of 231 health posts had commenced and a number of health centres were rehabilitated and expanded. The number of staff in the posts increased from 24,400 in 2008, to 27,520 in December 2009. (evaluation of BS Zambia synthesis (2011) p.164)*

*“During the FNDP period, the sector commenced the construction of a total of 27 hospitals as well as 231 health posts. Various health centres were also rehabilitated and expanded countrywide. Of the 27 hospitals commenced, a total of 8 were scheduled to be completed by end 2010 and these were Kapiri-Mposhi, Chadiza, Mumbwa, Mufumbwe, Kaputa, Lumwana, Kaoma and Lusaka General Hospital. A total of 19 would remain under construction during the SNDP period and these include Chama, Samfya, Shangombo, Lufwanyama, Chiengi, Mpulungu and Nakonde. Others are Serenje, Isoka, Choma, Masaiti, Namwala, Luangwa, Lundazi, Mongu, Milenge, Mwense, Chavuma and Mkushi.*

*Besides physical health infrastructure, mobile health services were also provided through the Zambia Flying Doctors Service, Mobile Eye Clinic Services, Mobile Counselling and Testing (CT) Services, Mobile ART Services and Routine Outreach Services. Provision of Mobile Health Services made it possible to reach communities in hard-to-reach areas and where physical health infrastructure is absent or insufficient.” (Zambia Fifth National Development Plan FNDP (2006-2010), page 84)*

- “• *Health Posts: Intended to cater for populations of 500 households (3,500 people) in rural areas and 1,000 households (7,000 people) in the urban areas, or to be established within 5Km radius for sparsely populated areas. The target is to have 3,000 health posts but currently only 20 have been commissioned;*
- *Health Centres: These facilities include Urban Health Centres, which are intended to serve a catchment population of 30,000 to 50,000 people, and Rural Health Centres, servicing a catchment area of 29 Km radius or population of 10,000. The target is 1,385 but currently there are a total of 1,210 health centres (973 Rural, 237 Urban);*
- *1st Level Referral Hospitals: These are found in most of the 72 districts and are intended to serve a population of between 80,000 and 200,000 with medical, surgical, obstetric and diagnostic services, including all clinical services to support health centre referrals. Currently, there are 74 1st Level Referral Hospitals;*
- *General Hospitals: These are 2nd level hospitals at provincial level and are intended to cater for a catchment area of 200,000 to 800,000 people, with services in internal medicine, general surgery, paediatrics, obstetrics and gynaecology, dental, psychiatry and intensive care services. These hospitals are also intended to act as referral centres for the 1st level institutions, including the provision of technical back up and training functions. Currently there are 19-second level hospitals. Two provinces, namely Southern and Copperbelt, have 5 and 3 second level Hospitals respectively. There is need to rationalize the distribution of these facilities through right-sizing; and*
- *Central Hospitals: These are for catchment populations of 800,000 and above, and have sub-specialisations in internal medicine, surgery, paediatrics, obstetrics, gynaecology, intensive care, psychiatry, training and research. These hospitals also act as referral centres for 2nd level hospitals. Currently there are 5 such facilities in the country, of which 3 are in the Copperbelt Province. Again there is need to rationalize the distribution of these facilities.” (National Health Strategic Plan 2006-2010 (Nov 2005), page 9)*

“With respect to infrastructure development, there are challenges related to distribution of health facilities and the state of existing infrastructure. It has been estimated that less than 50 per cent of the rural population live within 5 kilometres of the nearest health facility compared to over 90 per cent for the urban population. This has the effect of limiting access to the much needed health services. On the other hand, the deterioration of health facilities has reached a stage where urgent repairs and replacements are required for the health system to function effectively. Various issues have contributed to this state of affairs, including inadequate financial resources; emphasis on an expansion of the network rather than on the rehabilitation of existing facilities; lack of a preventive maintenance policy (and guidelines); and lack of skilled staff for preventive and corrective maintenance. Analysis of the Joint Investment Plan 2001 to 2005 clearly shows that there is inadequate investment going to infrastructure. In order to provide information that would feed into the development of a prioritized capital plan, the Government commissioned a health facility census in 2004. Information generated from the census will be used to develop infrastructure development plans.” (Zambia Fifth National Development Plan FNDP (2006-2010): 17.2.9 Other Main Challenges, page 152)

▪ **Indicator 5.2.2: Increased % of health facilities with a minimum package of PCMTCT (Prevention of HIV transmission from mother to child) services**

Consistent with the effort of scaling up the number of infrastructures able to propose access to ARVs to eligible HIV/AIDS infected patients<sup>36</sup>, a sustained effort was provided for prevention of Mother to Child Transmission (PMTCT) and related services were multiplied by five within two years (2005-2007). Even though still below the target<sup>37</sup>, the number of positive pregnant women receiving a complete course of ARV sharply increased accordingly, but the updated information was not available in more recent statistical bulletins.

This large-scale care policy involving costly treatments could be predominantly implemented through a large financial commitment. This was initially supported by the public sector, which in 2002 financed 47% of the total HIV/AIDS expenditures against 44% being financed by the private sector. But with the increased DPs involvement in the Global HIV and Aids initiative (GHI) and especially substantial USAID PEPFAR and Global Fund commitments, donors contribution accounted for 60% in 2005 and 74% in

<sup>36</sup> Refer to indicator 5.1.7

<sup>37</sup> Refer to the table in the introduction of the chapter for this EQ.

2005 and 2006 of total HIV/AIDS health expenditures. Today, *70% to 80% of ART provision in Zambia is directly or indirectly, being supported by external donors*<sup>38</sup>: whereas Global fund disbursements oscillated (between 10 and 25% of the total HIV health expenditure) according to the shape of different rounds, the proportion of USAID PEPFAR expenditure in total HIV/AIDS health expenditure increased steadily from 26% in 2003 to about 37% in 2005-2006.

According to the National Health Accounts 2003-2006 (2009), Government ranked then the third largest financing source of HIV/AIDS health expenditures with 10% of HIV/AIDS related total expenditure<sup>39</sup>.

Despite punctual notable involvement of private companies such as mines related industries (Konkola copper sources, Chilanga cement,...) banks (BoZ, Barclay's, Z Nat. Commercial...)<sup>40</sup> (...), the contribution of private employers remained negligible at an average of 2% throughout the study period: this lack of commitment is not proportional with the economic dramatic impact of HIV/AIDS among private firms in Zambia, whereas an increased commitment for prevention and early treatment would be on the contrary much more cost effective<sup>41</sup>.

As a contributor to the Global fund and actor of the Country Coordination Mechanism the EC certainly contributed to the noticed results. However It is less obvious to detail what should directly be attributed to EC Sectorial BS.

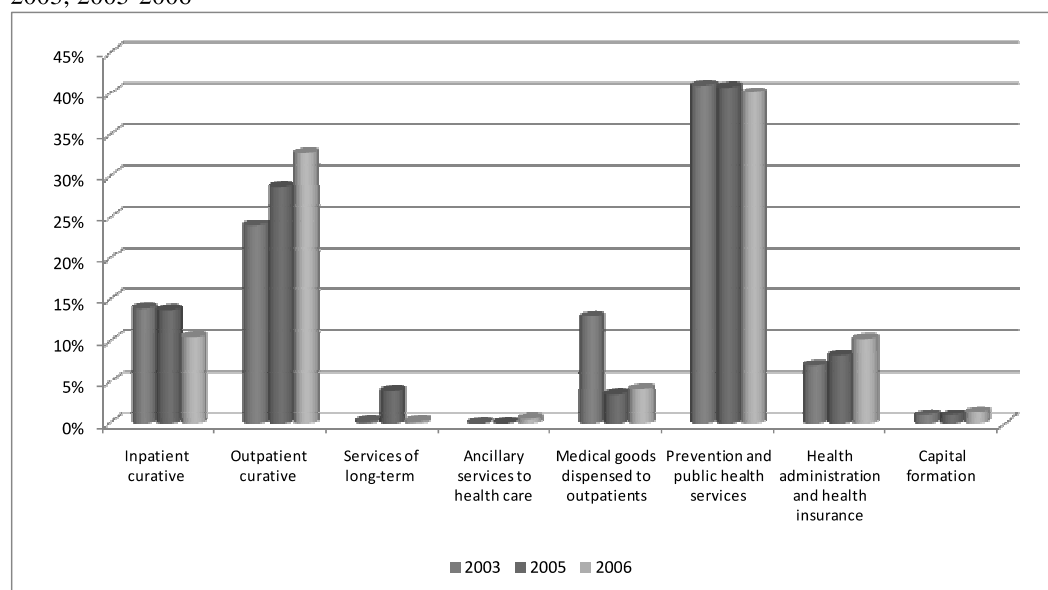
**Table 11: PMTCT services over the evaluation period**

Indicators	2005	2006	2007	2008	2009	2010
number of sites providing PMTCT (partial data from public and private facilities)	251			936	na	na
Percentage of HIV positive pregnant women receiving a complete course of ARV from facilities providing PMTCT services (including with provision of mobile services)		28,80%	39,10%	53,20%		
Number of health facilities providing ART services	na	na	305	419	373	454
Sources :MoH Annual Health statistical Bulletin year			2008	2008	2010	2010

*Data, sources, extracts:*

Data, figures, tables:

Figure 14: Distribution of Total HIV/AIDS Health Expenditures by Function, 2003, 2005-2006



<sup>38</sup> BS evaluation health case study (2011) .Full quotation in the extracts below

<sup>39</sup> Refer to the comprehensive table ("table 29") on HIV/Aids health care financing among the selected data, figures and tables presented below.

<sup>40</sup> Detailed in the extracts below from ZHDR 2007: *Enhancing household capacity to respond to HIV and AIDS*

<sup>41</sup> detailed in MoH Zambia National Health Accounts 2003-2006, March 2009 quoted below



**Table 29 Distribution of Total HIV/AIDS Health Expenditures, 2003, 2005-2006**

	2003	2005	2006
<b>HIV/AIDS Health Expenditures</b>			
Total HIV/AIDS expenditure (ZK)	244, 372,	757,597,	658,085
Total HIV/AIDS Health Expenditures (K Mn)	235, 349.6	648,099.0	576,838.0
Total HIV/AIDS Health Expenditures (US\$)	49,620,408	145,183,459.88	161,217,981
HIV/AIDS Health Expenditure As % of Total Health Expenditure	18	32	26
HI/AIDS Health Expenditure as % of GDP	1.2%	2.0%	1.5%
HIV/AIDS Health Expenditure per capita (US\$)	4.6	12.7	13.7
Household Out-of-pocket spending per PLWHA (US\$)		24.1	22.7
<b>Sources of HIV/AIDS Health Expenditures</b>			
Ministry of Finance	9.8%	7.7%	9.5%
Employers	-	2.0%	2.6%
Household	19.7	16.0%	13.9%
Global Fund	4.9	23.2%	9.2%
USAID	26	27.6%	36.7%
All Rest of the World	39.2	23.5%	28.1%
<b>Financing agents of HIV/AIDS health Expenditures</b>			
Ministry of Health	18.2%	27.3%	23.0%
National Aids Council	4.4%	4.8%	3.8%
Other Ministries & Other Govt Agencies	3.3%	1.4%	1.2%
Private Insurance		0.2%	0.4%
Household Out Pocket	19.7%	15.9%	13.8%
Non-Governmental Organization	5%	14.2%	15.6%
Private Firms and Corporations	1.6%	1.9%	2.3%
All Donors	48	34.2%	39.9%
USAID	26%	27.6%	36.7%
<b>Recipients of HIV/AIDS Health Expenditures (Providers of HIV/AIDS Health services)</b>			
Public providers	17%	9.8%	11.4%
Public Hospitals	15%	6.4%	7.3%
Public health centres	2%	3.3%	4.1%
Private providers	10%	13.8%	10.6%
Private Hospitals	9%	12.8%	7.7%
Private health centres/clinics	0.3%	1.0%	2.9%
Providers of prevention and public health services	41	40.8%	40.1%
Providers of General Administration for HIV/AIDS	7%	8.2%	10.3%
Other providers	16%	27.4%	27.6%
<b>Use of HIV/AIDS Health Expenditures (Functions)</b>			
<b>Services of curative care</b>	32	42.6%	43.4%
Inpatient curative services	9	13.8%	10.5%
Outpatient curative services	24	28.8%	32.9%
Services of long-term nursing care	0.2	3.9%	0.2%
Ancillary services to health care	0%	0.0%	0.5%
Medical goods dispensed to outpatients	13	3.5%	4.1%
Prevention and public health services	41	40.8%	40.1%
Health administration and health insurance	7%	8.2%	10.3%
Capital formation	1%	1.1%	1.4%

Extracts:

*The Global HIV/AIDS initiatives (GHI) provided resources to this end. They included actual financial resources to purchase the antiretroviral, support for upgrading clinics and hospitals as well as a variety of technical support functions (Hanefeld, 2009, p. 5). About 70% to 80% of ART provision in Zambia is, directly or indirectly, being supported by external donors (Hanefeld, 2009, p. 8). (BS evaluation health case study p.40 (2011))*

*The main recipients of GF resources are MoH, Other Ministries and NGOs. MoH remained the major recipient accounting for 88% and 51% in 2003 and 2005 respectively. However its share declined to a mere 9% in 2006. As already alluded, the drop in GF financing to MoH was due to a break in disbursement of funds to the Ministry (Table 11). The data also revealed that over the study period, local NGOs' share in GF was increasing whilst that of MoH was decreasing. The share of local NGOs in GF resources increased from 2 % in 2003 to 45 % in 2005 and sharply rose to 83 % in 2006. However, like other GF recipients, the disbursement of funds to Local NGOs also declined in absolute terms from ZMK 125 billion in 2005 to ZMK73 billion in 2006. The share of other ministries in GF funds increased from 3% in 2005 to 8% in 2006 despite also exhibiting a declining trend in absolute terms from K9 billion in 2005 to K 7 billion in 2006. (MoH Zambia National Health Accounts 2003-2006, March 2009)*

*Donors were the major sources of HIV/AIDS health expenditures in Zambia during the study period. They accounted for 60% in 2005 and 74% in 2005 and 2006 of total HIV/AIDS health expenditures. Donor increases in HIV/AIDS health expenditures is mainly attributed to USAID PEPFAR and Global Fund. The proportion of USAID PEPFAR expenditure in total HIV/AIDS health expenditure increased from 26% in 2003 to 27.6 % in 2005 and 36.8% in 2006 while that of the Global Fund oscillated from 4.9% in 2003 to 23% in 2005 and 9.2% in 2006. As a proportion of total donors HIV/AIDS health expenditures, the USAID PEPFAR expenditures represented 37% and about 50% in 2005 and 2006 respectively. The Rest of the World (excluding USAID and Global Fund) came second at 23.5% and 28% of total HIV/AIDS health expenditures in 2005 and 2006 respectively while Global Fund came third at 23.2% in 2005 and falling to a 9.2% in 2006. (MoH Zambia National Health Accounts 2003-2006, March 2009)*

*Government was the third largest source of financing HIV/AIDS health expenditures estimated at 9.8% in 2003 but dropped to 7.7% in 2005 before increasing to 9.6% in 2006. This low contribution by government for HIV/AIDS could be attributed to limited resources available from general government revenue and the possible re-allocation of the same limited resources to other health programmes and services after realizing that there were disbursements for most of ARVs by donors in particular PEPFAR and Global Fund. Employers were the last major source of HIV/AIDS expenditures accounting 2% and 2.6% of total HIV/AIDS health expenditures in 2005 and 2006 respectively (...)*

*The contribution of private employers remained negligible at an average of 2% throughout the study period. This contribution is very low considering the fact that private firms and corporations are hardest hit by HIV/AIDS in Zambia. The epidemic disrupts their productivity and hence the productivity of the overall economy. Therefore increased expenditures by private employers on HIV/AIDS programmes has the potential to maintain high levels of productivity in their firms as empirical evidence shows. For instance a study by Eholie et al. (2003) found that a private electricity company which offered ARV drugs to employees saved 4-5 times the cost of the staff time due to a decrease in HIV/AIDS-related absenteeism, fewer hospitalisations, a decline in new AIDS cases, and reduced mortality. As such, firms and corporation's need to increase their spending on HIV/AIDS treatment, prevention and care and support so that absenteeism and staff attrition due to HIV/AIDS at the workplace is reduced and productivity is improved. (MoH Zambia National Health Accounts 2003-2006, March 2009)*

*In 2002, the public sector was the major financing agent of HIV/AIDS health funds accounting 47% of the total HIV/AIDS expenditures seconded by the private sector at 44% of the total HIV/AIDS health expenditures (MOH 2004). However, this situation changed drastically in 2003, 2005 and 2006. Table 30 below shows that donors have remained the largest financing agents of HIV/AIDS resources between 2003 and 2006. (MoH Zambia National Health Accounts 2003-2006, March 2009)*

*The scaling-up of free ART was continued in 2006, resulting in a significant increase in the number of centres providing both ARVs for PMTCT and ART nationwide. The centres increased from 62 in 2005 to 146 in 2006 and 320 at the end of 2007. Moreover, the total number of HIV infected pregnant women on PMTCT increased from 14,071 in 2005 to 25,578 in 2006 and by the end of 2007 the number had increased further to 35,314. Based on an estimated need of 86,232 for 2006, the percentage of HIV positive pregnant women who received ARVs was 29.7%, while in 2007 this proportion to 39.1% based on an estimated need of 90,252 (MoH, 2007). (MoH Zambia National Health Accounts 2003-2006,*

March 2009)

*The contribution of private employers remained negligible at an average of 2% throughout the study period. This contribution is very low considering the fact that private firms and corporations are hardest hit by HIV/AIDS in Zambia. The epidemic disrupts their productivity and hence the productivity of the overall economy. Therefore increased expenditures by private employers on HIV/AIDS programmes has the potential to maintain high levels of productivity in their firms as empirical evidence shows. For instance a study by Eholie et al. (2003) found that a private electricity company which offered ARV drugs to employees saved 4-5 times the cost of the staff time due to a decrease in HIV/AIDS-related absenteeism, fewer hospitalisations, a decline in new AIDS cases, and reduced mortality. As such, firms and corporation's need to increase their spending on HIV/AIDS treatment, prevention and care and support so that absenteeism and staff attrition due to HIV/AIDS at the workplace is reduced and productivity is improved. (MoH Zambia National Health Accounts 2003-2006, March 2009)*

*Private companies and public institutions have also been major players in responding to the challenges of HIV and AIDS. In relation to the private sector, several companies have been very instrumental in responding to the epidemic. They have developed workplace programmes for HIV and AIDS in the interest of their employees and family members. For example, Chloride Batteries, Barclays Bank, Bank of Zambia, Chilanga Cement, Zambia National Commercial Bank and Konkola Copper Source (ZHDR 2007: Enhancing household capacity to respond to HIV and AIDS)*

*Mines have developed programmes aimed at sensitizing members of staff on HIV and encouraging them to undergo voluntary counselling and testing (VCT).*

*Chloride Batteries, with about 42 employees, has a workplace policy that encourages HIV positive employees to go for monthly CD-4 count paid for by the company. However these initiatives do not target or benefit the households. They benefit individual employees of the company.*

*On the other hand, the policies and workplace programmes for Assets Holding Company - Mining Municipal Services and Phoenix Contractor target not only the employees, but also communities where these employees reside. As a result house- hold members have not only benefited but have been leaders in responding to the social ramifications of HIV and AIDS, such as the support to OVCs. (ZHDR 2007: Enhancing household capacity to respond to HIV and AIDS)*

*“For the Prevention of Mother to Child Transmission (PMTCT) plus programme, an average of 5,000 women were being counselled each month. The main challenges in integrated reproductive health include shortage of appropriately trained staff; socio- cultural factors leading to delays in seeking health care; poor transport and communication systems resulting in delays in reaching facilities; poor quality of ante-natal care; inadequate appropriate infrastructure and equipment; and inadequacy of drugs and other essentials.” (Zambia Fifth National Development Plan FNDP (2006-2010): 17.2.5 Integrated Reproductive Health, page 150)*

*“Within the National HIV/AIDS, TB and STI Policy and Strategic Framework, the health sector has been implementing several interventions. The Counselling Testing and Care (CTC) programme was strengthened and expanded to 420 centres countrywide. Similarly, the Prevention of Mother to Child Transmission (PMTCT) programme was strengthened and expanded to 220 centres. CTC is the entry point for PMTCT. In 2004, over 80, 000 women were tested at these centres and 95% of those who tested HIV positive were put on Nevirapine. According to the available statistics, in 2004, at least 12% of the expected number of pregnant women in the country was tested for HIV through the PMTCT programme. HIV prevalence at PMTCT sites is estimated at 23%, which is higher than the 19% prevalence recorded at sentinel surveillance sites. Anti-Retroviral Therapy (ART) activities were also scaled up. In this respect, a total of 700 medical personnel were trained in the administration of ART and management of opportunistic infections. (MoH National Health Strategic Plan.” (2006-2010) -7.3 HIV/Aids & STI situation analysis, page 32)*

▪ **Indicator 5.2.3: Decreased shortage in essential drugs in health facilities**

Zambia took in the early 2000 a comprehensive set of measures for improving the availability of essential drugs as well as reinforcing the quality of drugs used in the country. With the Adoption in 1999 of the National Drug policy based on the requirements of the Basic Health Care package, the target of an availability of essential drugs of 85% was set in among the priorities of the National Health Strategic Plan.

USAID supported to process of improving the regulatory and logistical framework through the Rational Pharmaceutical Management (RPM+) project for the period 2000 to 2005.

The review of the Food and Drug Act started in 2003 under the auspices of a Drug Policy Steering Committee (NDP-SC) aimed at reinforcing the quality control of medicines including donations, whereas a Pharmacovigilance Unit (NPVU) was initiated under the Pharmaceutical Regulatory Authority (PRA) which also produced guidelines on donation of drugs and medical supplies.

The improvement of the management of drugs supply chain was given to Zambian Logistics Management Information System (LMIS) with the development of a first three-year procurement plan for the period 2005 to 2007 and the support of the “Essential Drugs” and “Tracer Drugs” lists.

However the target of an availability of 85% for the essential drugs was hardly met, as indicate the figures from the table below: the global availability peaked to 75% in 2008 (86% in hospitals but 74% in health centres) but could not be sustained on the longer run. Availability of essential drugs stepped back again with the sharp decline in 2006 of the budget allocated for drugs in 2006 with decreased allocations of approx.15% from both MOH and Basket Fund Budget: Simultaneously, the performance in health centres reduced to 70% in 2007 and 69% in 2008, whereas in hospitals the percentage of drug availability reduced from to 84% in 2007 and 77% in 2008.

For rapidly improving the availability of essential drugs in rural areas, the distribution of drug kits that had started in the late 90ies was strengthened with substantial results after 2004, but with issues in the sustainability of the obtained results. Drug kits opened per 1,000 patients rose from 0.73 in 2000 to 0.93 in 2004, 0.98 in 2006 with a slight decrease in 0.75 in 2007 and 0.97 in 2008 : the main shortage remained for instance on contraceptive, malarial treatments, Cotrimoxazole Amoxicillin with vital implication on the population.

In order to better understand the roots of shortages, a pilot survey took place in 2009 with two alternative distribution systems involving the same actors, namely MSL, and selected districts stores, health centres and health posts, which concluded that the proposed alternative (with packaging individualized by Health centre directly at MSL) would be more cost effective.

But this implies additional financing which have not been mobilized up to now, donors trying to promote actions deriving from the lessons learned. But the principle of an Improved availability of essential medicines, in public and private sectors is being considered as one component of the EC Health Sector Policy Support Programme<sup>42</sup>.

**Table 12: shortage in essential drugs in health centres and hospitals**

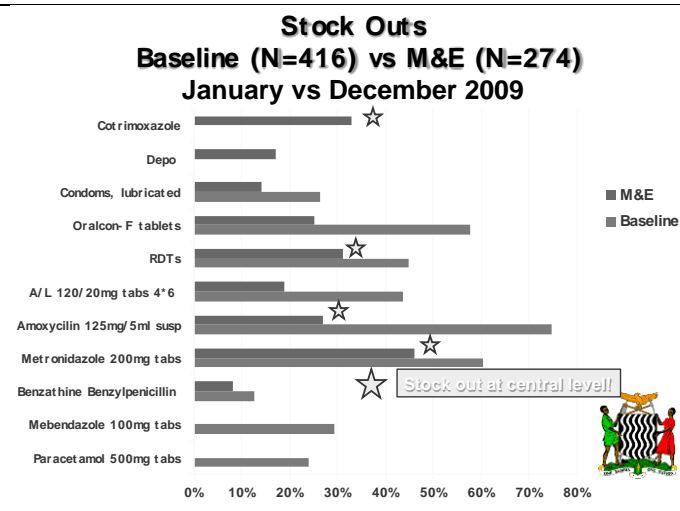
Indicators :	2004	2005	2006	2007	2008	2009	2010
- Health centre months in stock (%)	76	74	74	70	69	na	na
- Hospital months in stock (%)	82	82	86	84	77	na	na
- Summary of percentage of months in stock (%)	76	74	75	71	69	na	na
Sources : Annual Health Statistical Bulletin year:	2006	2006	2006	2007	2008		

In sum, Drugs were included in the thematic for EC support and CSP NIP for 2001-2007 already advocated for the reactivation of a drugs supply fund. But the expected improvements appeared to be erratic on the period, with their possible integration in the upcoming EC Health Sector Policy Support Programme.

Extracts

*Survey on Zambia MOH Essential Drugs Logistics System 2009*

<sup>42</sup> EC AEDES HERA Consortium Health Sector Policy Support Programme Identification Studies – Zambia draft report ,June 2011



**Extracts:**

*Medical staff had to work with an acute lack of drugs and medical supplies. The drug delivery system was neither effective nor efficient, and the distribution was not in accordance with needs (Leiderer et al., 2010, 83). Districts have received drugs either in the form of pre-packaged health center kits or bulk supplies of essential drugs. Districts en received large quantities of drugs that were not needed, while at the same time they lacked other essential drugs. Moreover, the health facilities and DHMT staff lacked adequate facilities. There has been a lack of coordination at all levels, vertical in terms of the relationship between the DHMTs and the ministry, and horizontal at the ministry and district levels (Leiderer et al, 2010, 84). (Evaluation BS synthesis report (2011) p165)*

*“The percentages of months for which drugs were in stock in health centres reduced from 74% in 2006 to 70% in 2007 and then 69% in 2008. Similarly, in hospitals, the percentage of drug availability reduced from 86% in 2006 to 84% in 2007 and 77% in 2008. Insufficient funds experienced in 2008, compounded by weakness in the management system in drugs and supplies which resulted in the expiry of drugs may explain the reduction in drugs availability.” (MoH Annual Health statistical bulletin 2008, (Oct. 2009): Drugs availability at health centres and hospitals, page xiv)*

The visible improvement in drug availability could be reversed with the surprisingly sharp decline in the drug budget for FY06. Since the early 2000s, the drug budget has been increasing, and this has resulted in a positive impact on drug availability as drug kits opened per 1,000 population rose steadily since 2002 (Figure 45). Thus, it is surprising that for FY06, the MOH + Basket Fund Budget slashed drug allocations by as much as 15 per- cent, with the districts bearing the brunt of the reduced allocations by as much as 34 per- cent. These budget reductions come at a time when health facilities are still smarting from very visible drug shortages as will be documented in this section. (WB Health public expenditure review, 2008)

*“It is therefore critical that essential drugs and medical supplies are always in stock at any given health facility. In this respect, in 1999, the Ministry developed and adopted a National Drug Policy (NDP), which is based on the requirements of the Basic Health Care Package (BHCP)D. The vision of the NDP is to provide equity of access for all Zambians to good quality, safe and efficacious medicines, which are affordable and rationally used as close to the family as possible. The 2001-2005 National Health Strategic Plan projected the availability of essential drugs at 85% by the year 2005. (...) Over the past 4 years the bulk supply of essential drugs and medical supplies was erratic, with more than 50% of essential drugs out of stock. However, the availability of rural health center kits was fairly steady. Health Centre stocks, on average, improved from 73% in 2002 to 76% in 2004. (...) A number of activities were undertaken in the area of essential drugs and medical supplies, which included:*

- *A three year procurement plan for the period from 2005 to 2007 was developed;*
- *The “Essential Drugs” list were developed, intended to help in the monitoring of stocks and management of procurement for critical drugs and supplies;*
- *In order to facilitate enforcement of the quality assurance legislation, in 2003 the National Drug Policy Steering Committee (NDP-SC) carried out a review of the Food and Drug Act and laboratory to establish their capacity to effectively enforce quality control on medicines. The review identified a number of weaknesses and the Government is yet to implement the recommendations; In order to im-*

prove on the quality of donated drugs and medical supplies, in 2004 the Pharmacy and Poisons Board, in collaboration with various stakeholders, produced Guidelines on Donation of Drugs and Medical Supplies. However, the same have not yet been disseminated and applied.

- Process for establishment of a *Zambian Logistics Management Information System (LMIS)* continued with the establishment of the *Zambian tracer drugs/medical supplies list*;
- Under the newly established *Pharmaceutical Regulatory Authority (PRA)* structure, activities to operationalize/establish the *Pharmacovigilance Unit (NPVU)* have been initiated. The Unit will be responsible for introducing the concept of *Pharmacovigilance in Zambia*, including training and training in *Adverse Drug Reaction/Events (ADR/Es) detection and its reporting systems.*” (MoH National Health Strategic Plan (2006-2010) – 8.1. Essential Drugs and Medical Supplies, page 49)

*Zambia also requires approximately US \$10 million for the procurement of the Coartem drug for malaria treatment and US \$8 million for vaccines and injection supplies.*” (MoH National Health Strategic Plan (2006-2010) – 8.1. Essential Drugs and Medical Supplies, page 24)

20 MEUR (8,3% of the Indicative Work Program) Health (including HIV/AIDS)-10 MEUR

Support to the health sector aims at strengthening the delivery of basic health services in the framework of the National Health Strategic Plan (NHSP). It will contribute to basket funds of GRZ and donors’ resources, provided that the safeguards are in place and maintained. The current district health basket should also cover the provincial level and be expanded to include other items than support to non-salary recurrent costs, while the Drug Supply Fund should be re-activated and operationalized. The fight against HIV/AIDS will be intensified through the provision of basic health care. (CSP NIP 2001-2007 Annex 3)

▪ **Indicator 5.2.4: Increased availability of drugs (HIV tests and ARV treatments) in the rural health facilities**

According to 2008 Global fund evaluation of health facilities, the reported functionality of health infrastructure providing Anti-retroviral treatments was not optimal, even in the *high disease burden districts*, as only 57% had adequate staff and 9% had sufficient equipment and supplies. A severe judgement partly mitigated by HMIS data which indicate that 8% of the health facilities experienced ARV drug stock out in the previous 12 months (stock-out of at least one ARV drug in a facility) in 2008, 2009 and 2010.

The drivers behind the issue of sustainable drugs availability result from an adequate the drugs supply chain and proper financing. Whereas questions remain on how to strengthen the supply chain<sup>43</sup> the issue drugs financing is crucial as well, especially for ART procurement: With the policy of free Anti-Retroviral (ARVs), Zambia requires about US \$25 million per annum to sustain the 39,000 patients on ARVs. *If Anti-Retroviral Therapy is scaled up to cater for 100,000 eligible patients, approximately US \$60 million will be required for procurement of anti retroviral whereas both Government and cooperating partners could hardly finance the forth*<sup>44</sup>. This raises the issue of sustainability of the ART financing particularly when Global Fund’s Round 11 is being delayed.

**Table 13 ARV drug stock out (2008-2010)**

Indicators	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
4.1 percentage of health facilities that experienced ARV drug stock out in the last 12 months (stock-out of at least one ARV drug in a facility)								8	8	8
Source : 2010 Health Statistical Bulletin								2010	2010	2010

**Extracts:**

*Three global HIV/AIDS initiatives have contributed the largest direct external funding to scaling up HIV/AIDS prevention, treatment and care in Zambia since the introduction of, initially domestically funded, ART in 2002: the US President’s Emergency Plan for AIDS Relief (PEPFAR), the Global Fund to Fight AIDS, TB and Malaria (GFATM), and the World Bank Multi Country AIDS Programme (MAP) (GHIN, 2008, p. 7). The MoH initiated pilot, public sector ART programs at the country’s 2 largest hospitals. These programs filled to capacity almost immediately, which made evident to Zambian decision makers that the sheer magnitude of the nation’s AIDS epidemic would far outstrip not only the number of available physicians but also the ability of the existing hospital system to cope. (BS evaluation health*

<sup>43</sup> Indicator 5.2.3

<sup>44</sup> 2011 BS evaluation, health case study. Refer to the full quotation among the extracts below

case study p.40)

*Zambia's room to manoeuvre in reaction to these findings is very limited since it has little influence on policy formation regarding the HIV/AIDS epidemic. This is because the country relies so heavily on the GHI resources for its national treatment programmes. National treatment targets for Zambia are developed based on discussions with the GHI's and are led by their own targets and priorities. This demonstrates close coordination, but also how the country's national policy process regarding ART has been shaped by GHI's' (Hanefeld, 2010, p. 97) (BS evaluation health case study p.40)*

*"In the high disease burden districts 27 per cent had adequate infrastructure, 57 per cent had adequate staff, 21 per cent had guidelines and 9 per cent had sufficient equipment and supplies. In the medium disease burden districts all the facilities providing ART districts had no infrastructure, while in the low disease burden facilities had no guidelines and equipment. Among the high disease burden districts, Sesheke had the highest proportion of health facilities with adequate infrastructure while all the facilities in Katete reported to have adequate staff and guidelines. Among the low disease burden districts, facilities in Mpulungu only reported to have adequate staff the other elements were not available. "(CSO Global fund evaluation health facilities 2008, page 26).*

*"Due to limited experience with the operational use of antiretroviral drugs in developing country settings, a draft national framework for HIV drug resistance (HDR) monitoring was developed. This is to ensure that measures are taken not only to guarantee the quality, safety and efficacy of the products, but also to ensure proper monitoring of ARV drug resistance. This will fall under the NPVU. Shortages and inappropriate clinical usage of drugs and medical supplies still remains a major problem. Efforts need to be enhanced in the dissemination and enforcement of compliance with recognized/recommended treatment guidelines and prescriptions. Zambia Fifth National Development Plan FNDP (2006-2010)*

*Drugs and supplies: Zambia requires approximately US \$38.5 million for procurement of essential drugs but less than half of this is available annually from both Government and cooperating partners. With the policy of free Anti-Retroviral (ARVs), Zambia requires about US \$25 million per annum to sustain the 39,000 patients on ARVs. If Anti-Retroviral Therapy is scaled up to cater for 100,000 eligible patients, approximately US \$60 million will be required for procurement of anti retroviral drugs. (MoH National Health Strategic Plan (2006-2010) – 8.1. Essential Drugs and Medical Supplies, page 24)*

#### **JC 5.2: EU support contributed to enhanced service availability & quality related to infrastructure, equipment and drugs**

***The indicators under this judgement criterion attempt to collect elements for assessing the specific impact of the EC support on health in terms of enhanced service availability & quality related to infrastructure, equipment and drugs.***

Enhanced service availability related to infrastructure, equipment and drugs depends on a sustained Government commitment towards a comprehensive strategy consistent with sustained financial releases.

The sector-wide approach (SWAp) developed as early as 1993 by the Ministry of Health (MoH) and cooperating partners attempted to pool donors support into a basket fund. With the approval of a National Health Strategic Plan IV (NHSP) for 2006–2010 aligned to the FNDP, Zambia expressed its intention to gradually transform the funds going into district baskets into a general health sector basket. EC's pushed significantly in the finalisation of a Memorandum of Understanding (MoU) on PRBS signed in April 2005, in line with the national medium-term framework to manage the Cooperating Partners' development cooperation with GRZ in alignment with the FNDP formulated in the Joint Assistance Strategy for Zambia (JASZ).

During the first period of the evaluation period, this joint donors commitment was negatively correlated to the domestic contribution from the Government, which fell from 41% in 2001 to 20% of total health expenditure in 2005. But, the sustained political dialogue finally led to a substantial increase in the Government's financial commitments during the second part of the evaluation period, which were multiplied by 2,5 in real terms between 2006 and 2010 and increased by 64% (at constant prices) between 2005 and 2008, with a further increase to 88% in 2010. This raised concomitantly, the share of the Ministry of Health in the total budget from 4,7% in 2004 to 9% in 2005 and 11.8% in 2009.

External resources strongly supported thus these capital investments in both terms of policy dialogue as

well as financial commitments, which financed from 11,5% of total health expenditure in 1995 (15% in 2001) up to 42,5% of total health expenditure in 2005 and 32,1 in 2008<sup>45</sup>. But the main increase in external aid during this period was largely financed by significant flows of vertical funds specifically allocated for fighting against HIV/Aids malaria and prominently aimed at providing ART treatments.

Globally the government efforts yielded notable outcomes in terms of service availability (I-5.2.1) and for prevention/treatments services related to HIV/AIDS infection (I-5.2.2). But reservations remain about their level of functionality, especially among rural health facilities. Substantial efforts have been placed on the effective availability of essential (I-5.2.3), and ART drugs (I-5.2.4) with mixed results, especially for essential drugs which logistics and proper financing need to be substantially improved.

The aspects of **enhanced service quality related to infrastructure, equipment and drugs** are more difficult to assess.

Government failed in improving budget transparency with changing presentations in the budgetary documents and financial reports, and there are still important gaps in reporting donors overall commitments. A large portion of donor support remained off budget and the anticipated move towards sector budget support was mainly supported by DFID, the Dutch cooperation and EU only.

This was further exacerbated with the 2009 crisis related to the misappropriation of funds that finally led to a discontinuation of Donors support until a Joint Governance Action Plan would be fully implemented<sup>46</sup>. Release of subsequent tranches of funds was conditional to the achievement of triggers actions to be completed by subsequent Sector Advisory Groups meetings. Despite all of them should have been performed by SAG one 2010, the disbursements resumed partially up to now. In 2010 Ministry of Finance and National Planning (MoFNP) could thus not be in a position to include DPs support into the budget, which involved a huge reduction in the total budget for 2010 and the reduction of health's share in the total budget allocation from 11.9% in 2009 to 8.2% in 2010. But this was partially compensated by increasing domestic allocation to the health budget which share increased from 6% in 2005 to 9% in 2009 and 10% in 2010. Even if government continues to fall short of the Abuja Commitment of 15%, it announced that it would increase resources for health to 11.5% in 2011 and 14.3% in 2015 which compares favourably with neighbouring countries commitments.

Among its non-financial inputs, the EC support to the finalisation of the MoU has to be underlined, even though it did not lead to the expected increased additional 'in-budget' support from the donors. The 2009 crisis ruined these efforts but the joint donors response gave a clear incentive to the Government for an improved quality in the overall management of the health sector: and even though late upon schedule, the joint Governance action plan is being implemented.

### **JC 5.3: EU support contributed to enhanced service availability & quality related to health care workers**

- **Indicator 5.3.1: Increased quantity of qualified health care workers including qualified specialists in dentistry, pharmacy, environmental health etc.**

#### Background

In 1992, the Government of the Republic of Zambia (GRZ) entered into a paradigm shift related to the organisation of activities in the public sector formalized in the *National Health Services Act*: whereas the Ministry of health was in charge of the policy formulation and regulation part of the public health activities, a Central Board of Health (CBoH) was established in order to run the overall technical management of the health sector. With the repeal of the National Health Services Act decided in 2005, the CBoH was finally dissolved in 2006.

Just after the dissolution of Central Board of Health in 2005, the Ministry of Health approved a new establishment, while Government was debating on overall wage bill sustainability. This new establishment, consistent however with WHO recommendations, substantially increased the number of needed posts from the initial 23,000 to about 50,000.

At that time (2005) the total number of health staff was 23176 and with the new establishment the health sector reported operating at 50 per cent of the established needs, officialising an acute staff attrition, with nearly 45 per cent of the rural health centres run by unqualified health workers. The physician to population ratio represented 1 to 10,000 in 1975, it was 1 to 17,500 thirty years later, after even reaching 1: 19,000 in 2006, far below WHO recommendation of one physician for 5,000 habitants. According to the current revised establishment of 39,588 health staff, there are still currently 9,063 nurses missing,

<sup>45</sup> Refer to figures 2.2 and 2.3 in the background from Health Case study of 2011 BS evaluation in the background information of this chapter.

<sup>46</sup> Joint governance Action plan for Government and cooperating partners (June 2009-March 2010) final version 1st July 2009



2,465 clinical officers and 2,929 midwives.

This situation resulted from a combination of factors ranking from poor and un-attractive conditions of service (especially in remote rural areas) challenged by more attractive local, regional or international job offers, to the increased workload related to burden from AIDS pandemic among the Health staff and the patients. The situation is severe to an extent that it challenges the country's ability to achieve the Millennium Development Goals related to maternal health and to fight against priority diseases.

In order to address the issue of retaining qualified health workers in remote rural areas, MoH started in 2003 to develop the Zambian Health Worker Retention Scheme, a three years commitment that allowed MoH to allocate ZMK 32 billion in addition to the normal personal emolument. In a context marked by the debate on the wage sustainability, the MoH could be exempted from the public sector employment freeze. This was implemented with the initial support of the Netherland for the period 2003-2006, followed by an EU sector budget support implemented in 2007-2008 in support to the programme for retention of human resources for health sector, in line with the EU Strategy for Action on the Crisis in Human Resources for Health in Developing countries approved in December 2005<sup>47</sup>. This €10m<sup>48</sup> sectorial budget support programme for retention of human resources in health intended to *provide a well motivated, committed and skilled professional workforce who will deliver cost effective quality health care services as close to the family as possible*, enabled the MoH to major achievements, such as the expansion of the rural retention scheme, staff integration onto payroll of the MoH, development and implementation of the National Training Operational Plan, and significant steps in filling the new establishment with person-to-post matching based on the new job descriptions<sup>49</sup>.

Answer to the indicator

The Human resources for Health strategic plan (2006-2010) aimed at ensuring an adequate and equitable distribution of appropriately motivated, skilled and equitably distributed health workers providing quality services. This allowed incorporating the corresponding financing needs in the country's macro-framework and corresponding MTEF. The recruitments and incentive introduced to retain certain categories of health workers especially in rural areas, contributed to a slight improvement of the doctors per population.

The number of medical doctors doubled between 2006 and 2010 (from 574 to 1076 respectively), the number of midwives slightly increased (from 2,240 to 2,745) and the number of nurses increased from 6,496 to 7,795 (+20%). In terms of density the figures obtained with the updated population from the last census indicate a substantial improvement in the density of medical doctors (1:21019 in 2006, 1:12125 in 2010), and slight improvements in the density of midwives (1:5,386 in 2006 , 1:4,753 in 2010) and nurses (1:1,857 in 2006, 1:1674 in 2010)<sup>50</sup>. However this is still not sufficient to solve the issue of staff shortages, as stressed as well in the 2011 evaluation report of Paris declaration, which mentions *very high rates of staff vacancies, staff turnover and a heavy reliance on expatriates and volunteers in health facilities*<sup>51</sup>.

This plan is being updated with EC support focusing on the objective of improvements in (i) training of health workers, (ii) equitable distribution of health workers with appropriate skills mix, and in (iii) the performance of health workers with adequate HR planning and management.

**Table 14: Health Staffing levels over the period under review**

Indicators	2005	2006	2007	2008	2009	2010
Medical Doctors (excl doctors with adm positions)	646	574	721	795	836	911
Clinical Officer	1.161	1.212	1.213	1.161	1.424	1.535
lecturer and Tutors		157	163			
Mid-Wives	2.273	2.240	2.255	2.400	2.471	2.671
Nurses	6.096	6.496	6.534	6.691	7.461	7.669
Other medical personnel (Medical licenciates, laboratory, Environmental, Radiology Physiology, Biomedical etc.)	2.117	2.581	2.334	4.587	2.488	2.703

<sup>47</sup> Refer to 2006 JAR in the extracts below

<sup>48</sup> 8,571,450 EUR disbursed, the remaining being decommitted

<sup>49</sup> JAR 2009.

<sup>50</sup> refer to the tables presented with the next indicator.

<sup>51</sup> Country Evaluation of the Implementation of the Paris Declaration in Zambia Phase II, Feb 2011

Pharmacists	24	37	na	90	317	371
Support staff	11.003					
Nutritionists	65				120	139
Radiologists	3					
Dental surgeons	14				246	257
Laboratory technologists	100					
Other paramedics	320					
Total health cadres		13.297	13.220	15.724	15.363	16.256
Total clinical personnel		13.297				
Total number of health staff	23.176			24.051		
Sources :MoH Annual Health statistical Bulletin year	2006	2006	2007*	2008	('c)	('c)
pm population of Zambia		12.064.686		12.477.836	12.819.472	13.046.508

\* public and Management Establishment Commission

In sum, EU's support as a response to the identified issue of acute staff attrition, addressed by Government with a coherent strategy, was consistent with GBS support as well<sup>52</sup>. Its substantial financial commitment impacted positively on the implementation of the Health Worker Retention Scheme as well as the HR development plan which is currently being updated.

*Data, sources, extracts:*

*Progress reports mention the difficulty of reducing the maternal mortality rate because of shortage of midwives and a poorly working referral system caused by poor communication facilities and inadequate transport (Between high expectations and reality: An evaluation of budget support in Zambia (2009) p.166.)*

Data, figures, tables:

*WB The Zambian Health Workforce as Depicted in the Public Expenditure Tracking and Quality of Service Delivery Survey, Picazo (2008) p.7:*

<sup>52</sup> Refer to 2006 JAR (sept 2007)

Table 4. Total Staff Who Joined or Who Left This Year, 2006

Staff Turnover	RHC	UHC	Hospitals	All
Total staff	688	1,756	1,442	3,886
No. of staff who joined the facility	69	166	133	368
No. of staff who left the facility	148	172	60	380
▪ Retired	15	20	7	42
▪ Transferred	116	120	24	260
▪ Resigned	10	22	14	46
▪ Dismissed or suspended	7	10	15	32

**"UNACCOUNTED" WORKERS, STAFF ABSENTEEISM, AND TARDINESS**

7. *The survey revealed inconsistency in the number of posts actually filled.* The total established posts for the health facilities included in the survey is 5,038 (See Table 5). Of this number, the vacant posts are 1,690, as reported in the discussion on vacancy rates above. Hence, the filled posts must be 3,348 (5,038 less 1,690). However, in the staff count made to assess staff absenteeism (see below), health facilities reckoned a total of 3,885 filled posts. The difference between the two figures (i.e., 3,385 and 3,438) is 537 posts, representing about 11 percent of the established posts (column "a"), or 10 percent of "vacant + filled posts" (column "b+c"). Possible reasons for this discrepancy include casual staff, or un-updated roster of established posts.

Table 5. Established, Vacant, Filled, and Absent Posts, 2006

Cadres	Estab'd Posts (a)	Vacant Posts (b)	% Vacancy Rate (b/a)*100	Filled Posts (c)	Vacant + Filled Posts (b+c)	Absent from Posts (d)	% Absent (d/c)*100
Doctors	154	82	53.2	84	166	26	31.0
Clin. Officers & med. lic.	408	218	53.4	219	437	44	20.1
Midwives & nurses	2,057	775	37.7	1,604	2,379	222	13.8
Other clinical staff	505	219	43.4	341	560	48	14.1
Administrative staff	543	127	23.4	410	537	17	4.2
Other staff	1,371	269	19.6	1,227	1,496	16	1.4
<b>Total staff</b>	<b>5,038</b>	<b>1,690</b>	<b>33.5</b>	<b>3,885</b>	<b>5,575</b>	<b>373</b>	<b>9.6</b>

Note: "Absent" is defined broadly in this table to mean any staff not physically in the health facility during the survey.

7

**Mid term review FNDP (2006-2010): Chapter 7: Health**

Table 7.3: Staffing levels – Ministry of Health

Staff category	Existing staff 2006	Number of staff 2008	Approved Staff establishment 2007	Variance (2005)	Recruited
Doctors	646	853	2,380	1,527	207
Nurses	6,096	6,490	16,732	10,242	394
Mid Wives	2,273	2,389	5,600	3,211	116
Clinical Officers	1,161	1,228	3,470	2,242	67
Nutritionist	65	69	200	131	4
Radiologists	3	3	33	30	0
Pharmacist	24	104	110	6	80
Laboratory Technologists	100	223	1,148	925	123
Other paramedics and staff	12,808	12,692	21,731	8,732	
<b>Total</b>	<b>23,176</b>	<b>24,051</b>	<b>51,404</b>	<b>27,353</b>	<b>875</b>

Source: Ministry of Health MoH HRIS database

**MoH National Health Strategic Plan (2006-2010) (page 23)**

**Table 9: Staffing Levels and Staff/Population Ratios**

Staff Category	STAFFING LEVELS			STAFF/POPULATION RATIOS		
	Existing Staff	Recommended Establishment (2005)	Variance	Existing Staff	Existing Staff/Population Ratios, 1:	Recommended Staff/Population Ratios, 1:
Doctors	646	2,300	1,654	646	17,589	4,940
Nurses	6,096	16,732	10,636	6,096	1,864	679
Mid Wives	2,273	5,600	3,327	2,273	4,999	2,029
Clinical Officers	1,161	4,000	2,839	1,161	9,787	2,841
Pharmacists	24	42	18	24	473,450	270,543
Pharmacy Tech	84	120	36	84	135,271	94,690
Lab. Scientists	25	50	25	25	454,512	227,256
Lab. Technologists	100	210	110	100	113,628	54,109
Lab. Technician	292	1,300	1,008	292	38,914	8,741
EHO	53	120	67	53	214,393	94,690
EH Technologist	32	220	188	32	355,088	51,649
EH Technicians	718	1,300	582	718	15,826	8,741

Dental Surgeon	14	33	19	14	811,629	344,327
Dental Technologist	40	300	260	40	284,070	37,876
Dental Therapist	2	300	298	2	5,681,402	37,876
Physiotherapist (Degree level)	0	50	50	0	-	227,256
Physiotherapist (Diploma level)	86	250	164	86	132,126	45,451
Radiologists	3	33	30	3	3,787,601	344,327
Radiographers	139	200	61	139	81,747	56,814
Paramedics	320	6,000	5,680	320	35,509	1,894
Nutritionist	65	200	135	65	174,812	56,814
Support Staff	11,003	10,000	-1,003	11,003	1,033	1,136
<b>Total</b>	<b>23,176</b>	<b>49,360</b>	<b>26,184</b>	<b>23,176</b>	<b>490</b>	<b>230</b>

Source: Ministry of Health HRIS database

**Extracts:**

*The minimal increases in staffing are not really addressing staff shortages. Reports from the field visits suggest that health worker shortages are still a major constraint to the delivery of health services. This is substantiated by recent surveys and research that found very high rates of staff vacancies, staff turnover and a heavy reliance on expatriates and volunteers in health facilities. It has been reported that Environmental Health Technicians are often the only health workers in charge of the rural health centres and are often executing complex duties with limited skills, while neglecting their designated tasks. (Second Phase Evaluation of the Implementation of the Paris Declaration in Zambia (2011) page 41)*

*Despite improvements in service delivery, the sector faces huge challenges. Staffing levels have remained inadequate, especially in rural areas. The number of frontline health workers (doctors, certified medical professionals, clinical officers, nurses and midwives) increased from 12,000 in 2005 to 17,000 in 2010, but the total number was still far below the required number of 39,000. Furthermore, the number of public sector frontline health workers was far below the World Health Organisation's (WHO) targets (0.93 per 1000 with a target of 2.5 per 1000) (SNDP). More than half of the frontline positions are still unfilled (MoFNP, 2008). In order to meet the basic WHO recommendations on staff–population ratios (1:5000 for doctors and 1:700 for nurses), Zambia would require an additional 1500 doctors and 10,000 nurses. As a result of existing shortages, positions in facilities as well as in the District Health Management Teams (DHMTs) were in many cases filled by staff who did not have the necessary skills for the position and the tasks that had to be carried out (Leiderer et al., 2010, 84 and 91) (Evaluation BS synthesis report 2011 p165)*

*One of the causes of the understaffing is the poor capacity to produce skilled professionals. In 2007, Zambia had only one medical school, three nursing schools and three technical colleges producing doctors, nurses, laboratory technicians and pharmacists respectively. The training output of 1720 health workers per year over the FNDP period could not meet the required demand (SNDP). Several authors also pointed to the brain drain as one of the main causes of staff shortages in Zambian health facilities (Lusale, 2007; Schatz, 2008) (Evaluation BS synthesis report 2011 p165)*

*The Zambian government has taken several measures to counter the human resources crisis. One of them is to exempt the health sector from the public sector employment freeze. Also, the Ministry of Health allocated ZMK 32 billion in addition to the normal personal emolument budget for recruitment and retention of staff under the Zambia Health Worker Retention Scheme. This scheme was introduced in 2003 primarily to address the shortage of health workers in rural areas and scaled up in 2009. However, a recent study concluded that up to 2007 the scheme had not succeeded in increasing staff levels*

*in rural areas (GHIN, 2010, 3). This finding is consistent with assessments of the effectiveness of comparable incentives in the education sector. (Evaluation BS synthesis report 2011 p165)*

*Cooperating partners' commitment on Human Resources came reluctantly, as it incurs recurrent costs assumed to be an exclusively domestic concern. (TAPS Retention of Human resources for health TAPS Retention of Human resources for health)*

*Following the dissolution of Central Board of Health and restructuring of the Ministry of Health between 2005 and 2006, a new Ministry of Health establishment was approved by Cabinet, increasing the original 23,000 to about 50,000. However, the financing of this establishment is still under debate, not only linked to public health funding but also to issues related to overall wage bill sustainability. There has never been, though, a freeze imposed by the IMF on recruitment of health workers, and a prioritisation within government should allow a scaling up of the payroll, if allocations to MoH allow. For 2007, MoH plans to recruit 1,900 health workers.*

*The Ministry of Health and co-operating partners, in the context of sector dialogue mechanisms, have strengthened the Human Resources Technical working group with the recruitment of a long term Technical Assistant (funded by Swedish International Development Agency (SIDA). (JARZ 2006 (Sept 2007) p. 16)*

*“The health sector in Zambia is experiencing a human resource crisis, which is undermining capacity to provide basic health care services to the people. Currently, the health sector is operating at 50 per cent of the establishment, with nearly 45 per cent of the rural health centres run by unqualified health workers. In some provinces such as the Northern province, the doctor to population ratio is as high as 1:69,000 compared to the World Health Organisation recommended ratio of 1:5,000. In 2004, the Government set up a human resource task force to develop an emergency Human Resource Rescue Plan and criteria for implementation.” (Zambia Fifth National Development Plan FNDP (2006-2010), page 148)*

*“Based on the above analysis, the current health sector human resource capacity is estimated at about 50% of the recommended establishment.*

*The World Health Organisation (WHO) has recommended the Staff/Population ratios for Africa, of 1:5,000 and 1:700 for doctors and nurses respectively. Based on Table 7 and Diagram 1, it could be observed that the aggregate Staff/Population ratio for Zambia is three times higher than the recommended WHO staff population ratios for doctors and nurses, which means that the Zambian health staff are significantly overworked.*

*An analysis of provincial data shows significant disparities. Although provinces such as Lusaka might have a doctor population ratio of 1:6,247, remote provinces such as the Northern Province have a ratio of 1:65,763. This illustration demonstrates inequities in the delivery of the BHCP in the country. There are significant imbalances in the distribution of staff across provinces, districts and health facilities. MoH National Health Strategic Plan (2006-2010) – 5.1. Human resource crisis, Situation Analysis, p.24)*

*There are also initiatives implemented through support from Cooperating Partners such as: the Zambia Health Workers' Retention Scheme, currently being piloted amongst medical doctors in rural areas; the recruitment of Clinical Care Specialists for the provincial offices, through the Health Systems Support Project (HSSP); programme specific top-up allowances within various district health management teams; the Luapula province renovation and construction of housing for medical staff; the North Western province Zambia Enrolled Midwifery training that has institutional and scholarship support where students are trained within North Western province and bonded for two years. There is need for the Ministry to accelerate the scaling up of these initiatives based on the lessons learnt. Following Government's decision to merge MOH Headquarters and CBoH, the main challenge in this area will be to carefully manage the transformation in order to ensure that reasonable levels of staff motivation are maintained and critical staff is retained.” (MoH National Health Strategic Plan (2006-2010) – 5.1. Human resource crisis, Situation Analysis, p.24)*

*“The extent of the crisis is such that many Rural Health Centres have no staff or are staffed by untrained personnel and new facilities have been opened without additional staff to run them. Hospital wards are grossly understaffed with dozens of patients attended to by one nurse. Several contributing factors have been associated with this crisis, including:*

*Poor and un-attractive conditions of service;*

*Emergence of a competitive local, regional and international market for health staff;*

*Growing reluctance of qualified medical staff to serve in rural locations;  
Increased absence from work and high staff deaths attributable to the HIV/AIDS epidemic;  
Increasing demands on health staff due to increases in the numbers of HIV/AIDS patients;  
Restrictions on new staff recruitments arising from the HIPC completion conditionalities.” (MoH National Health Strategic Plan “(2006-2010) – 5.1. Human resources crisis, Situation Analysis, page 22)*

*“The capacity building and training programme of health workers recorded several positive achievements. Ministry of Health personnel increased from 23,176 in 2006 to 24,051 in 2007 against the approved establishment of 51,404. The sector continued to face the challenge of high staff attrition during the review period, which contributed to the Ministry’s inability to maintain the desired staffing levels. To partially address this, the Ministry introduced incentives to retain certain categories of health workers especially in rural areas. Consequently, doctors per population ratios improved from 1:18,100 in 2005 to 1:14,423 in 2008, while nurses per population ratios marginally reduced from 1:1,918 in 2005 to 1:1,957 in 2008. Midwives per population ratios reduced from 1: 5,144 in 2005 to 1:5,189 in the same period. (...) A number of new areas of specialisation were introduced during the review period. They included internship for newly qualified pharmacists; training of doctors in HIV and AIDS, and training of doctors and nurses in the new management skills for malaria. Specialized services were increasingly made available at the 2nd level (general) hospitals. Specialists were posted to the different 2nd level hospitals and more specialized clinics and services were made available. For example, during the period under review, there were in 7 out of the 9 provinces specialist in ophthalmologists, up from only 2 provinces before. Laboratory services were also strengthened in all these hospitals.” (MoH National Health Strategic Plan (2006-2010) – 5.1. Human resources crisis, Situation Analysis, page 87)*

*Paradoxically, the HR shortage is worsening at a time when the health sector is being flooded with donor resources. The causes are well understood in Zambia.*

*Firstly, vertical projects rarely, if ever, provide direct salary support. Belatedly, the Global Fund through Round IV has allowed the funding of health systems strengthening including human resource development. (Curiously, the Global Fund has funded NGO project staff from the very beginning, but not government staff.) Indeed, most of the other large vertical initiatives (e.g., the U.S. Government’s PEPFAR) lie outside the purview of government, even though they involve the MOH service delivery system and rely on MOH health workers.*

*Secondly, the basket-funding cooperating partners still haven’t created a fund to support personal emoluments directly.*

*Thirdly, MOH has been unable to adjust to the emerging era of budget support that could have increased the funding for human resources overall, preferring instead health-sector-specific support that it can control. Moreover, efforts in the 1990s to de-link health workers from the civil service so that they can be provided higher salaries failed.*

*The combined result of these trends is depicted starkly for the year 2006 in Figure 10. As total per capita health expenditures increase with the addition of more funding into the health system, the proportion of PE to total health expenditures declines (even as the proportion of PE to MOH expenditures increases, as mentioned above). In short, it is the inability of the basket funds, health projects, and vertical financing to formally finance PE that causes “so much money chasing so few workers”. The imbalance in this factor ratio has not been properly analysed. The *Zambian Health Workforce as Depicted in the Public Expenditure Tracking and Quality of Service Delivery Survey, Picazo (2008) p.17**

▪ **Indicator 5.3.2: Increased density of clinical staff affected in rural health facilities**

The tables presented below have been elaborated with the data extracted from the health statistics bulletin<sup>53</sup> with ratios calculated with the results of the 2011 Census. The results presented below represent the inverse of HMIS ratios which are calculated per 100,000 population, whereas those below give the number of population per clinical staff in order to facilitate the comparison with WHO recommendations.

Contrary to what is generally asserted, the overall density of the main clinical staff has been improving between 2006 and 2010 in Zambia and all regions, especially the most remote.

The number of medical doctors almost doubled between 2006 and 2010 (one MD for 21018 persons in 2006, one for 12125 in 2010). On the regional repartition, only Lusaka, with 1 MD for 4406 persons would meet the WHO recommendation of 1:5000. Notable however are the progresses registered from

<sup>53</sup> The number of health staff extracted from HMIS corresponds to employed health staff including both registered and enrolled midwives and nurses.

the most remote areas between 2006 and 2010 : the ration in Northern Province jumped from 79338 to 31993, Eastern from 1:56.296 to 1:38.812, Western from 1:45.065 to 1:19.589, North-Western from 1:39.507 to 1:18.591 and Luapula from 1:35.032 to 1:19.771.

**Table 15: provincial repartition of Medical Doctors**

Indicators : Medical Doctors	2006	2007	2008	2009	2010
Central	26	33	55	54	54
Copperbelt	165	183	170	157	183
Eastern	29	26	36	33	44
Luapula	27	29	29	35	49
Lusaka	218	317	367	442	499
Northern	20	23	25	42	55
North-Western	18	22	24	32	38
Southern	51	60	56	85	109
Western	20	28	33	32	45
Zambia	574	721	795	912	1.076
Sources : Annual Health Statistical Bulletin -year	2007	2007	2010	2010	2010

**Table 16: Density nurses by province**

Indicator : population per Medical Doctor	2006	2007	2008	2009	2010
Central	47.586,58	-	23.667,24	24.860,46	23.477,83
Copperbelt	11.585,28	-	11.598,54	12.811,87	10.702,86
Eastern	56.295,97	-	47.017,72	52.679,36	38.812,07
Luapula	35.032,15	-	34.329,69	29.209,80	19.570,94
Lusaka	7.589,81	-	4.619,30	3.898,31	4.406,81
Northern	79.337,65	-	63.120,64	39.134,26	31.992,73
North-Western	39.507,06	-	31.522,25	24.461,75	18.591,11
Southern	29.091,25	-	27.626,39	18.761,68	14.741,22
Western	45.064,95	-	28.462,94	30.017,78	19.589,42
Zambia	21.018,62	-	15.695,39	14.056,44	12.125,01
Sources : Mission calculation from Health statistical bulletins Annual Health Statistical Bulletin -year	2007	2007	2010	2010	2010

After a counter performance in 2009 the density of midwives slightly increased by 13% between 2010 and 2006: one midwife for 5,386 persons in 2006, 1:6,210 in 2009 and 1:4,753 in 2010. On the regional repartition the density of midwives oscillated in 2010 between 1:3,065 in Copperbelt and Southern and 1:8,583 in Northern. In this later region however the same ratio represented however 1: 24,793 in 2006, the worst of the country at that time. All other regions followed the same improving trend between 2006 and 2010: the ratio in Luapula jumped from 1:13,9010 to 1:9,989, Western from 1:8,584 to 1:6.833, Eastern from 1:8,042 to 1:6,697. But North-Western is a noticeable exception as the ration midwives per population significantly worsened between 2006 and 2008 from 1:4,363 to 13044 in 2008, 1:11.511 in 2009 and 1:7,436 in 2010. But on the same time the number of nurses working in North Western dropped from 163 in 2006 to 64 in 2006 then raised again up to 95 in 2010.

**Table 17: provincial repartition of midwives**

Indicators : midwives (RM end EM)	2006	2007	2008	2009	2010
Central	234	235	290	222	248
Copperbelt	500	501	550	568	639
Eastern	203	206	201	148	255
Luapula	68	68	74	75	96
Lusaka	428	437	500	349	554
Northern	64	163	177	138	205
North-Western	163	64	58	68	95
Southern	475	476	450	406	524
Western	105	105	100	90	129
Zambia	2.240	2.255	2.400	2.064	2.745
Sources : Annual Health Statistical Bulletin -year	2007	2007	2010	2010	2010

**Table 18: Density of midwives by province**

Indicators : distribution of midwives (RM end EM)	2006	2007	2008	2009	2010
Central	5.287,40	-	4.488,61	6.047,14	5.112,11
Copperbelt	3.823,14	-	3.585,00	3.541,31	3.065,14
Eastern	8.042,28	-	8.421,08	11.746,07	6.696,98
Luapula	13.909,82	-	13.453,53	13.631,24	9.989,33
Lusaka	3.865,84	-	3.390,57	4.937,12	3.969,31
Northern	24.793,02	-	8.915,34	11.910,43	8.583,41
North-Western	4.362,74	-	13.043,69	11.511,41	7.436,44
Southern	3.123,48	-	3.437,95	3.927,94	3.066,40
Western	8.583,80	-	9.392,77	10.672,99	6.833,52
Zambia	5.386,02	-	5.199,10	6.210,98	4.752,83
Sources : Annual Health Statistical Bulletin -year	2007	2007	2010	2010	2010

The density of nurses slightly increased as well by 15% between 2010 and 2006: one nurse for 1,857 persons in 2006, 1:1,674 in 2010. On the regional repartition the density of midwives oscillated in 2010 between 1:1,139 North Western, 1:1,216 in Copperbelt and 1:1,302 in Lusaka and 1:3,364 in Northern. In this later region however the same ratio represented however 1: 4,069 in 2006, the worst of the country at that time. All other regions followed the same improving trend between 2006 and 2010: the ratio in Eastern jumped from 1:2,874 to 1:2,615, Luapula from 1:2,606 to 1:2,416, Western from 1:2,443 to 1:1,773. In this case it is in Lusaka, where the ratio worsened from 1:1,123 in 2006 to 1:1,302 in 2010: the number of nurses did not increase as fast as the population.

**Table 19 : Provincial repartition of nurses**

Indicators : nurses (RN&EN)	2006	2007	2008	2009	2010
Central	530	532	402	641	682
Copperbelt	1.403	1415	2.011	1.595	1.611
Eastern	568	581	627	643	653
Luapula	363	362	342	385	397
Lusaka	1.473	1497	1.451	1.643	1.689
Northern	390	487	414	503	523



North-Western	492	389	315	514	620
Southern	908	907	737	1.097	1.123
Western	369	364	392	440	497
Zambia	6.496	6.534	6.691	7.461	7.795
Sources : Annual Health Statistical Bulletin -year	2007	2007	2010	2010	2010

**Table 20: Density of nurses by province**

Indicators : distribution of nurses (RN&EN)	2006	2007	2008	2009	2010
Central	2.334,44	-	3.238,05	2.094,33	1.858,95
Copperbelt	1.362,49	-	980,48	1.261,11	1.215,78
Eastern	2.874,27	-	2.699,58	2.703,61	2.615,21
Luapula	2.605,70	-	2.911,00	2.655,44	2.415,56
Lusaka	1.123,27	-	1.168,35	1.048,72	1.301,95
Northern	4.068,60	-	3.811,63	3.267,67	3.364,44
North-Western	1.445,38	-	2.401,70	1.522,91	1.139,45
Southern	1.633,98	-	2.099,16	1.453,73	1.430,80
Western	2.442,54	-	2.396,11	2.183,11	1.773,69
Zambia	1.857,25	-	1.864,87	1.718,20	1.673,70
Sources : Annual Health Statistical Bulletin -year	2007	2007	2010	2010	2010

In sum, the density of health cadres substantially improved over the evaluation period and geographic disparities, slightly smoothed. Still the shortage of midwives mainly causes a serious threat on maternal health.

*Data, figures, tables:*

Second Phase Evaluation of the Implementation of the Paris Declaration in Zambia (2011)

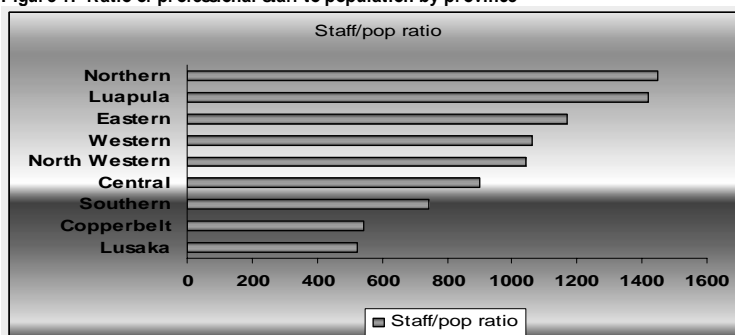
**Table 21 : Distribution of Health workers by province and population**

Provinces	Population (2007)75	No. of HF (as at 1 Jan 2008)	2006 a Total staff76	2007 b Total staff	2006 a % of all staff	2007 b % of all staff
Central	1,237,251	154	1,158	1,160	9.0	9.0
Copperbelt	1,911,572	229	2,782	2,733	21.0	21.0
Eastern	1,632,583	195	1,166	1,154	9.0	9.0
Luapula	945,868	136	648	651	5.0	5.0
Lusaka	1,554,579	105	2,996	3,076	23.0	23.0
Northern	1,586,753	193	675	981	5.0	7.0
North-Western	711,127	154	1,009	662	8.0	5.0
Southern	1,483,654	236	2,058	2,045	16.0	15.0
Western	901,299	161	768	757	6.0	6.0
<b>TOTALS</b>	<b>12,064,686</b>	<b>1,554</b>	<b>13,260</b>	<b>13,219</b>		

Source: Annual Health Statistical Bulletin 2007 (draft produced August 2008).

National Health Strategic Plan (2005-2010) page 22

Figure 1: Ratio of professional staff to population by province



Source: Ministry of Health HRIS Database

**Extracts:**

The above described crisis is even more severe in rural areas such as Eastern, Luapula Western and Northern Provinces: in the later, the doctor to population ratio is even more than three times as high as the national ratio with one doctor for 69,000 persons. In 2007, 70% of all doctors employed in the country and 44% of all the available health workers were based in Lusaka and Copper Belt provinces. Data available on distribution of health personnel at all levels in the 2007 Annual Health Statistical Bulletin shows that the distribution of staff across all the provinces remains relatively unchanged. The number of doctors in post increased by 146 between 2006 and 2007, with 67% of this number based in Lusaka (Annual Health Statistical Bulletin, 2007). (Second Phase Evaluation of the Implementation of the Paris Declaration in Zambia (2011) page 40)

The survey revealed inconsistency in the number of posts actually filled. The total established posts for the health facilities included in the survey are 5,038 (See Table 5). Of this number, the vacant posts are 1,690, as reported in the discussion on vacancy rates above. Hence, the filled posts must be 3,348 (5,038 less 1,690). However, in the staff count made to assess staff absenteeism, health facilities reckoned a total of 3,885 filled posts. (WB The Zambian Health Workforce as Depicted in the Public Expenditure Tracking and Quality of Service Delivery Survey, Picazo (2008) p.7)

A significant number of staff is posted in one facility but working elsewhere: 13 in RHCs, 20 in UHCs, and 4 in hospitals (or 1.0 per cent of all posted staff). Because these could not be physically accounted for in the facility where the survey was conducted, there is uncertainty about their actual existence. (WB The Zambian Health Workforce as Depicted in the Public Expenditure Tracking and Quality of Service Delivery Survey, Picazo (2008) p.8)

▪ **Indicator 5.3.3: Increased health facilities meeting the human requirements for diagnosis and first intention treatment of HIV/AIDS**

In response to the growing HIV epidemic, the Zambian government rapidly rolled out the Voluntary Counselling and Testing services throughout the country and in 2006 it introduced mobile VCT services which contributed to an increased number of HIV tested clients. However it appears that this specific and time-consuming performance could not be sustained on the long run as it contributed to increase the major strain on the medical staff in both urban and rural areas.

**Table 22 : Voluntary counselling and Testing activities in Health facilities**

Indicators	2005	2006	2007	2008	2009	2010
I.3.3 Number of clients tested for HIV and receiving results	127655	229231(234430)	(843722)	na	1215737	1696123
Sources annual Statistical bulletins, year : *for figures in brackets : Zambia National Health Accounts 2003-2006 (march 2009)	2006	2006 (*)	(*)		2010	2010

**Extracts:**

Findings show that significant scale-up of HIV/AIDS services has occurred between 2004 and 2006, which have stretched Zambia’s health system’s capacity including human resources and district coordination of services (GHIN, 2008, p. 7).(BS evaluation health case study p.40)

The WHO reports that ‘the high prevalence of HIV-related illness in Zambia has seriously overburdened the health care system at all levels, accentuating the burden on a thinly stretched workforce whose numbers are also diminishing due to HIV/AIDS’ (WHO, 2005-b). GHI’s, 2010, p. 98). The situation is

further exacerbated by the emigration of skilled health workers to other countries as discussed in chapter 2. Health infrastructure is particularly constrained in rural, remote areas. Apart from addressing these constraints the WHO also advises that systems for drug procurement and supply management be strengthened (WHO, 2005-b). (BS evaluation health case study p.40)

“Counselling and Testing - In response to the growing HIV epidemic, the Zambian government implemented VCT services. In 2004, there were 254 VCT sites in the country. By the end of 2005, the VCT National programme had established 500 VCT/PMTCT centres in the country.”(CSO, 5 year global fund impact evaluation, district comprehensive assessment, 2008, p.19)

In order to attract more people to know their HIV status and benefit from programmes such as PMTCT and others, voluntary counselling and testing (VCT) programmes were rolled out the same year. In addition Government appointed working groups to spearhead various activities such as PMTCT, VCT, vaccines, ART, traditional remedies, epidemiology, counselling and referral. VCT, unfortunately, is primarily delivered in health institutions up to date and access is very limited. It was only in 2006 that mobile VCT services were launched in one part of Lusaka. (ZHDR 2007: Enhancing household capacity to respond to HIV and AIDS)

▪ **Indicator 5.3.4: Level of health worker absenteeism**

The level of health workers absenteeism represents a way of verifying the level of disease burden among health staff, as well as his appropriation of the government led strategy in terms of human resources for health. Finally it should complement the elements from the current indicator I-5.3.1. Related to the proportion of health care workers assigned in rural areas in order to further access the functionality of rural health facilities.

According to the WB 2008 survey this rate was still extremely high, a situation which determinants were analysed in terms of work dissatisfaction, disincentive payrolls, family status considered as incompatible with assignments in remote areas...But these elements could not be updated during the field mission.

Data, sources, extracts:

Data, figures, tables:

(WB The Zambian Health Workforce as Depicted in the Public Expenditure Tracking and Quality of Service Delivery Survey, Picazo (2008)

Figure 3. Composition of Absentees<sup>1</sup> (%), 2006

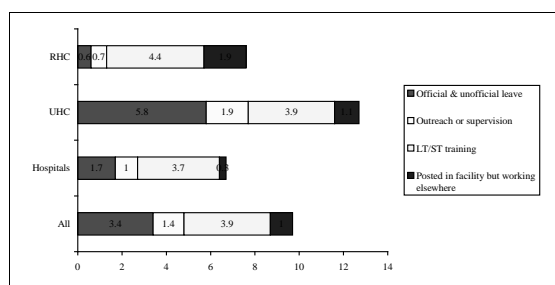


Figure 7. Health Staff Who are Dissatisfied (%), by Reasons for Dissatisfaction, 2006

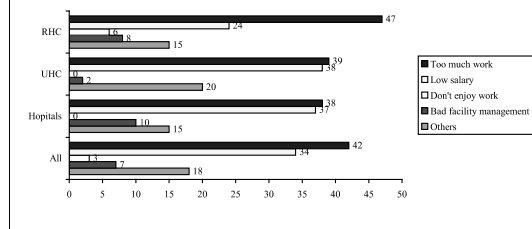
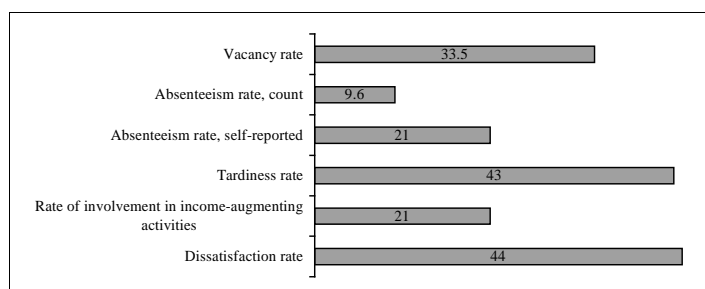


Figure 11. Summary Rates (%) of Staff Vacancy, Absenteeism, Tardiness, Involvement in Income-Augmenting Activities, and Dissatisfaction, 2006



Extracts:

*Staff absenteeism is considerable. Some 9.6 per cent of staff was not in the health facility during the survey: 7.5 per cent in RHCs, 12.8 per cent in UHCs, and 6.7 per cent in hospitals. The composition of absent staff include 1.0 per cent who were posted in the facility but working elsewhere; 3.3 per cent who were on long- or short-term training; 1.4 per cent who were on outreach or supervision; 3.2 per cent who were on sick, annual, or vacation leave; and 0.2 per cent who were absent without leave or cannot be accounted for.*

*Clinical staff has the highest rates of absenteeism. On the day of the survey, 31.0 per cent of the doctors were not on site, as were 20.1 per cent of clinical officers and medical licentiates, 13.8 per cent of midwives and nurses, and 14.1 per cent of other clinical staff. Administrative and other staff has much lower rates of absenteeism.*

*Staff self-reported rate of absenteeism is much higher than the rate found in the facility survey. For the previous month of the survey, 30 per cent among RHC staff, 16 per cent among UHC staff, 16 per cent among hospital staff (or 21 per cent overall) reported being absent from work at least once. The average number of days absent the previous month was 6 for RHC staff, 8 for UHC staff, 3 for hospital staff (or 5 days overall). The main reasons for being absent were sick self (40 per cent of all responses), sick relatives (18 per cent), and another extra job to attend to (9 per cent) (Figure 3).*

*(WB The Zambian Health Workforce as Depicted in the Public Expenditure Tracking and Quality of Service Delivery Survey, Picazo (2008) p.8)*

*Absenteeism and tardiness severely restrict the actual number of full-time equivalent ("real") workers, and these twin problems must be tackled head-on. Human resource discussions in Zambia have overly focused on the need to fill vacancies, and have relegated the issue of staff absenteeism and tardiness to the background. The rates of absenteeism and tardiness derived from the PET/QSDS imply a total loss of 4,108 working days per month. Thus, if absenteeism and tardiness were fully eliminated, Zambia would gain virtually 187 full-time equivalent staff, enough to staff 2 hospitals, or 4 UHCs, or 21 RHCs. HR systems need to have a better handle on the problem, and how to deal with it. WB The Zambian Health Workforce as Depicted in the Public Expenditure Tracking and Quality of Service Delivery Survey, Picazo (2008) p.18)*

▪ **Indicator 5.3.5: Average waiting time at health facility or provider**

The information related to the average waiting time at health facility need to be analysed cautiously as the waiting time for rural patients usually arriving in the early morning from remote areas might indicate either a rather well performing health facility with a catchment radius more important than the standard, or a bad performing health facility unable to provide due services to the patients.

The field phase gave the chance of visiting the Kaoma district hospital, where clinics activity in the afternoon kept the staff very active. The focus group organized in Chimano village confirmed however developments read from NHA with health care users coming reluctantly in public health facilities and preferring the private sector for supply of drugs and services. This is further developed in household contribution in I-5.4.2

Data, sources, extracts:

*Household's expenditure on health in private for profit facilities has continued to increase despite government's policy of providing free health services in rural areas. One of the reasons for this trend could be explained by the perceived good quality in terms of availability of drugs, **waiting** times and cleanliness of private facilities compared to the public facilities. To address this perception, there is need for government to put in place deliberate policies that forge strong partnerships with the private sector to influence it in a manner that leads to the achievement of the goal of providing quality, affordable and cost effective health care as close to the family as possible. (MoH Zambia National Health Accounts 2003-2006, March 2009)*

**JC 5.3: EU support contributed to enhanced service availability & quality related to health care workers**

Besides financial and material inputs (JC 5.2), enhanced service availability and quality results from improved availability of well-trained health care workers as well.

In Zambia, the staff attrition became obvious after the approval of the revised establishment for MoH short after the dissolution of Central Board of Health in 2006: the needed posts were re-evaluated in accordance with WHO recommendations from an initial 23,000 to about 50,000 and the health sector reported that nearly 45% of the rural health centres were run by unqualified health workers. The situa-

tion was severe to an extent that it challenged the country's ability to achieve the Millennium Development goals related to maternal health for instance. And in a context marked by the debate on the wage sustainability, the MoH could be exempted from the public sector employment freeze.

The Human resources for Health strategic plan (2006-2010) aimed at ensuring an adequate and equitable distribution of appropriately motivated, skilled and equitably distributed health workers providing quality services. This allowed incorporating the corresponding financing needs in the country's macro-framework and corresponding MTEF.

In order to address the issue of retaining qualified health workers in remote rural areas, MoH started in 2003 to develop the Zambian Health Worker Retention Scheme, a three years commitment that allowed MoH to allocate ZMK 32 billion in addition to the normal personal emolument. This was implemented with the initial support of the Netherland for the period 2003-2006, followed by an EU sector budget support implemented in 2007-2008, in line with the EU Strategy for Action on the Crisis in Human Resources for Health in Developing countries approved in December 2005.

This €10m sectorial budget support programme for retention of human resources in health intended *to provide a well motivated, committed and skilled professional workforce who will deliver cost effective quality health care services as close to the family as possible*. The release of the fixed tranches was subject to the implementation of the Human Resources for Health Strategic Plan with appropriate financing in GoZ Budget for funding the recurrent costs linked to the expansion of retention schemes derived from best practice at district level. The disbursement of the variable tranche was conditioned by the indicator that there should be no district showing an enrolled nurse to population ratio of above 7000, which finally lowered the final disbursement to €8,571,450, the remaining being decommitted.

**The government efforts sustained by the EU commitment on both financial and technical aspects yielded to some notable achievements.** Besides specific efforts for developing specialities such as pharmacists, nutritionists, radiologists or dental surgeons (I-5.3.1) MoH strengthened its clinical staff. At the national level<sup>54</sup>, the number of medical doctors doubled between 2006 and 2010 (from 574 to 1,076 respectively), the number of midwives slightly increased (from 2,240 to 2,745) and the number of nurses increased from 6,496 to 7,795 (+20%). In terms of density the figures obtained with the updated population from the last census indicate a substantial improvement in the density of medical doctors (1:21,019 in 2006, 1:12,125 in 2010), and slight improvements in the density of midwives (1:5,386 in 2006, 1:4,753 in 2010) and nurses (1:1,857 in 2006, 1:1,674 in 2010)<sup>55</sup>. However this has not been sufficient for solve the issue of staff shortages, as stressed as well in the 2011 evaluation report of Paris declaration, which mentions *very high rates of staff vacancies, staff turnover and a heavy reliance on expatriates and volunteers in health facilities*<sup>56</sup>.

In addition, the overall density of the main clinical staff has been improving between 2006 and 2010 in Zambia and all regions, especially the most remote. The figures obtained with the updated population data from the last census indicate a substantial improvement in the density of medical doctors (1:21,019 in 2006, 1:12,125 in 2010). On the regional repartition, only Lusaka, with 1 MD for 4406 persons would meet the WHO recommendation of 1:5,000. Notable however are the progresses registered from the most remote areas between 2006 and 2010: the ratio in Northern Province jumped from 79,338 to 31,993, Eastern from 1:56,296 to 1:38,812, Western from 1:45,065 to 1:19,589, North-Western from 1:39,507 to 1:18,591 and Luapula from 1:35,032 to 1:19,771.

After a counter performance in 2009 the density of midwives slightly increased by 13% between 2010 and 2006: one midwife for 5,386 persons in 2006, 1:6,210 in 2009 and 1:4,753 in 2010. On the regional repartition the density of midwives oscillated in 2010 between 1:3,065 in Copperbelt and Southern and 1:8,583 in Northern. The density of nurses slightly increased as well by 15% between 2010 and 2006: one nurse for 1,857 persons in 2006, 1:1,674 in 2010. On the regional repartition the density of midwives oscillated in 2010 between 1:1,139 North Western, 1:1,216 in Copperbelt and 1:1,302 in Lusaka and 1:3,364 in Northern. (I-5.3.2)

However this is still not sufficient to solve the issue of staff shortages, as stressed as well in the 2011 evaluation report of Paris declaration, which mentions *very high rates of staff vacancies, staff turnover and a heavy reliance on expatriates and volunteers in health facilities*.

Partial answers could be given on remaining elements on the availability of health care workers at their working place in remote areas, (patients waiting time (I-5.3.5) and skills for HIV voluntary testing for instance-(I-5.3.3), level of staff absenteeism, (I-5.3.4)) from the field visit in the western region. However, they cannot be taken into account in this general conclusion.

<sup>54</sup> The EU monitoring of this ratios was at district level

<sup>55</sup> refer to the tables presented with the next indicator.

<sup>56</sup> Country Evaluation of the Implementation of the Paris Declaration in Zambia Phase II, Feb 2011

The HR Development Plan is currently being updated with EC support, focusing on the objective of improvements in (i) training of health workers, (ii) equitable distribution of health workers with appropriate skills mix, and in (iii) the performance of health workers with adequate HR planning and management.

In sum, EU's support brought a relevant response to the identified issue of acute staff attrition, addressed by the Government with a coherent strategy. Its substantial financial commitment impacted positively on the implementation of the Health Worker Retention Scheme and on the current update of the HR development Program

#### JC 5.4: EU support contributed to increased affordability of Health Care

- **Indicator 5.4.1: Decreased patient's contribution (in absolute value and share)<sup>57</sup> to the total health spending**

Over the period 1995-2008, the total health expenditure has been representing a share below 10% of GDP. However, as the domestic wealth substantially improved on the same time, the total expenditure per capita doubled in purchasing power parity<sup>58</sup>.

Besides the Government strong involvement supported by the donors<sup>59</sup> a substantial contribution is coming from the private expenditure, mainly NGOs, with a 5-fold increase of expenditure in real terms, followed by household which expenditure increased by 30% in real terms in the period 1995-2008.

As indicated in the figure 2.5 below (BS evaluation 2011), the private health expenditure is overwhelmingly driven by households out-pocket expenditure, a long standing trend noticed in the previous National Health accounts (2002) as well. Households account for close to half of all curative care spending, whereas their contribution to insurance scheme appears to play a marginal part with only 1% of their total health expenditure.

In April 2006, the government abolished yet once more the user fees for primary health care in rural areas, established in 1993 *within a cost-sharing scheme introduced for increasing ownership of service delivery by communities as well as resource mobilisation*<sup>60</sup>. The Basic Health Care Package (BHCP) developed then is a set of high impact interventions offered through the public health system freely or on a cost-sharing basis at different levels of the health care delivery system whereas interventions outside this package are offered on a full cost recovery. What would thus justify such significant out-pocket expenditure?

World Bank PER (2008) mentions situations of persisting fee programs: this might bring a marginal explanation only as MoH facilities are capturing *only 5 % of the total health household expenditures whereas expenditures incurred in mission facilities represent less than 1 %*.<sup>61</sup> Household's expenditures are overwhelmingly done in private facilities for purchasing drugs or services, a trend that was confirmed in the focus group organized in the village neighbouring Kaoma during the field phase.

This leads to a dual conclusion: from one side, EU successfully contributed with its sector budget support to strengthen a public health delivery system that provides free treatment and reduced thus the household contribution. But the public system seems to capture a decreasing part of the household concerns, which might be confirmed by relatively low levelled off utilisation rate of health facilities<sup>62</sup>. To address this perception, there is need for government to consider other partnerships with the private sector to influence it in a manner that leads to the achievement of the goal of providing quality, affordable and cost effective health care as close to the family as possible. (MoH Zambia National Health Accounts 2003-2006, March 2009)

Data, figures, tables:

***Between high expectations and reality: An evaluation of budget support in Zambia (2005-2010): Health case study (Amsterdam Institute of International Development, (jan 2011): chapter 2 health sectors indicators.***

<sup>57</sup> This indicator is the result of a merger with former Indicator 5.4.3: Decreased share of patients out-of-pocket in their total expenditure

<sup>58</sup> refer to the figures 2.1 and 2.2 from 2011 BS evaluation below

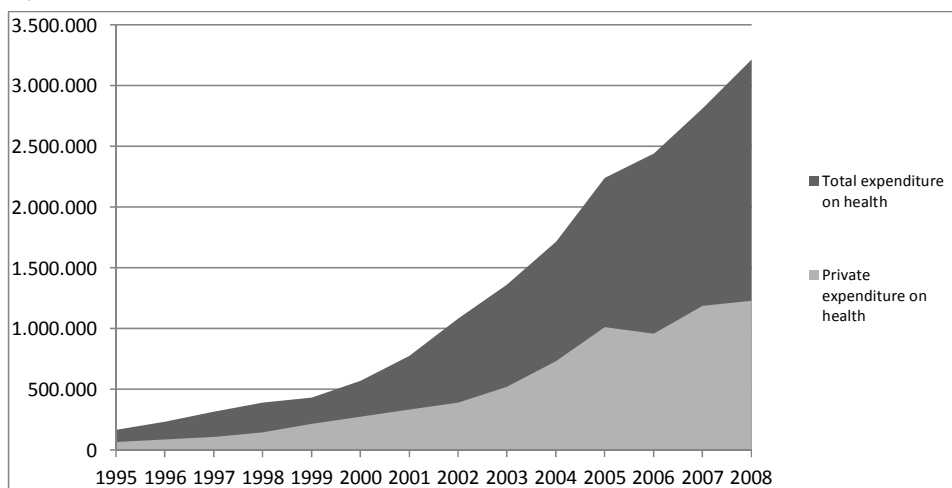
<sup>59</sup> further detailed with the JC 5.3

<sup>60</sup> *MoH Zambia National Health Accounts 2003-2006, March 2009 : full quotation in the extracts below*

<sup>61</sup> *MoH Zambia National Health Accounts 2003-2006, March 2009 full quotation in the extracts below*

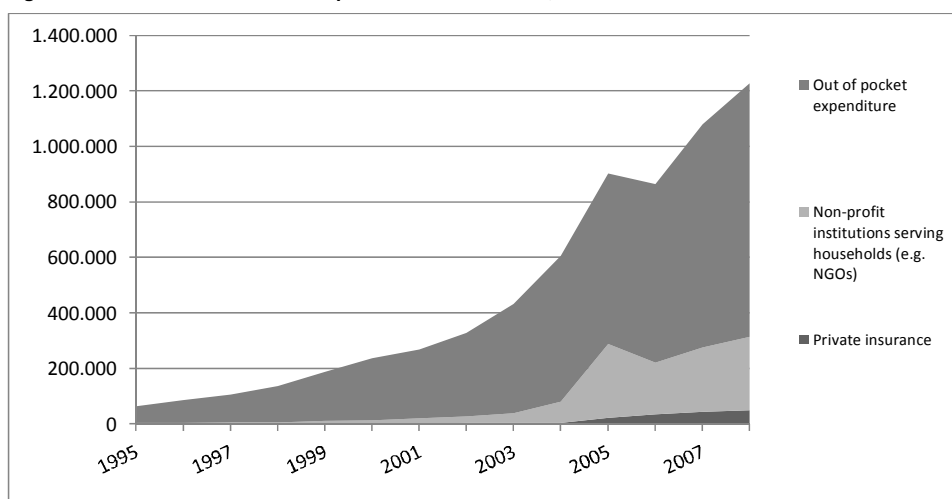
<sup>62</sup> refer to I.5.1.1

**Figure 2.4 Private expenditure as share of total health expenditure, 1995-2008**



Source: WHO, 2010-b

**Figure 2.5 Private health expenditure over time, 1995-2008**



Source: WHO, 2010-b

Zambia NHA report 2003-2006 (2009)

**Figure 7: Household Expenditure by Provider type**

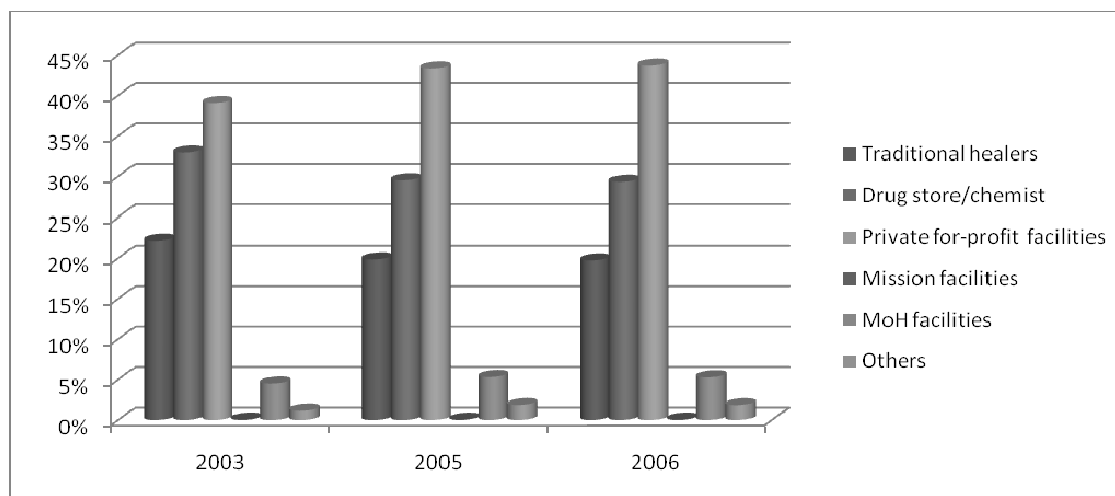




Table 7: Average Shares of Total Health Expenditure by Source (K'bn), 2003-2006

Financing Source	2003			2005			2006		
	Nominal	Real	% of THE	Nominal	Real	% of THE	Nominal	Real	% of THE
<b>GRZ</b>	329	37.9	24.5	450	39.1	19.9	599	43.9	24.4
<b>All Donors</b>	493	59.4	36.6	1,042	91.0	46.1	1,018	74.2	41.5
• <b>Global Fund</b>	42	4.8	3.1	274	23.2	12.1	87	6.3	3.6
• <b>USAID</b>	66	9.0	4.9	251	21.9	11.1	311	22.3	12.7
• <b>Rest of the World</b>	385	45.7	28.6	516	45.9	22.9	620	45.6	25.3
<b>Employers</b>	90	10.1	6.7	122	10.3	5.4	133	9.5	5.4
<b>Household</b>	400	44.9	29.7	618	52.3	27.4	669	48.1	27.3
<b>Others</b>	34	3.9	2.6	26	2.2	1.2	35	2.5	1.4
<b>Total</b>	1,346	156.3	100.0	2,259	194.8	100.0	2,454	178.2	100

Table 14: Distribution of Funds from Households (K'000,000)

	2003		2005		2006	
	Values	%	Values	%	Values	%
Private Insurance	4,226	1.1	3,933	0.6	9,987	1.5
Households	395,152	98.9	614,446	99.4	658,739	98.5
<b>TOTAL</b>	399,379	100	618,380	100	668,727	100

Table 26 Household Expenditure by Function (ZM K 000,000)

Function	2003	%	2005	%	2006	%
Curative care	260,527	65.9	421,515	68.6	463,805	68.8
<i>Inpatient</i>	120,696	46.3	249,027	59.1	275,051	59.3
<i>Outpatient</i>	139,831	53.7	172,487	40.9	188,754	40.7
Preventive care	0	0.0	5,555	0.9	0	0.0
Research	185	0.0	0	0.0	0	0.0
Capital formation	-	-	61	0.0	-	-
Administration	4,287	1.1	5,880	0.96	12,464	1.8
Other Expenditures	130,338	33.0	181,436	29.5	197,766	29.3
<b>Total</b>	<b>395,338</b>	<b>100.0</b>	<b>614,447</b>	<b>100.00</b>	<b>674,035</b>	<b>100.0</b>

WB Health Public Expenditure Review (2008)

Years	Employers			Households		
	ZCCM	Other Employers		Households as Financing Agents	Health Insurance	Total
		Other Employers	Total			
1995	16.4	10.2	26.6	58.8	0	58.8
1996	26.0	7.5	33.4	81.6	0	81.6
1997	30.6	9.5	40.1	101.7	0	101.7
1998	30.8	27.0	57.8	130.9	0	130.9
1999	27.8	22.5	50.3	178.4	0	178.4
2000	31.9	27.2	59.2	223.8	0	223.8
2001	0	54.7	54.7	248.2	0	248.2
2002	0	62.5	62.5	308.9	3.6	308.9
2003	0	89.8	89.8	395.3	4.2	399.6
2004	0	128.9	128.9	524.3	4.6	528.9

Extracts:

*Before the advent of health reforms, the design, packaging and delivery of health care were guided by the Government's policy of free health care. The policy was adopted after independence as a strategy of taking modern health care close to the majority of the population. However, in the wake of the deterioration of the economy, the capacity to continue dispensing free social services, such as health care became constrained. Thus, the health reforms re-oriented the health care delivery system from one based on full government participation to one founded on a strategic partnership among the government, consumers, the private sector and other local and international development partners. In 1993, Government introduced cost sharing as policy measure for increased resource mobilisation and anticipated increased sense of ownership of service delivery by communities. This was intended to facilitate accountability as well as participation in the application of resources through the community prioritisation process of health services. (MoH Zambia National Health Accounts 2003-2006, March 2009)*

*Another interesting development in health funding has been the rise of out-of-pocket expenditure as part of Total Health Expenditure (THE). Also the increasing share of non-profit institutions as part of the private expenditure is worth noting. As a share of THE private expenditure on health was the same in 2008 as it was in 1995. In nominal terms though, private expenditure has grown considerably over the years (see figure 2.4 below). Figure 2.5 also shows a sharp increase of non-profit institutions' share in private expenditure. These institutions, like NGO's for instance, have seen a 5-fold increase in real terms, whereas out-of-pocket's increase was only 1.3 times in the period 1995-2008, also in real terms BS evaluation Health case study (2011)*

*Nominal Household expenditure followed an increasing trend. It increased from K 400billion in 2003 to K618 billion in 2005 and K 669 billion in 2006. This trend represents an overall household expenditure growth of 32% over the period. In real terms household expenditure increased from K 44.9 billion in 2003 to K 52.3 billion in 2005 and slightly declined to K 48.1 billion in 2006. This represents the real growth rates of 16% between 2003 and 2005 and 8% between 2005 and 2006. (MoH Zambia National Health Accounts 2003-2006, March 2009)*

*Household expenditure on health has been increasing during the three years under review. It increased by 56% between 2003 and 2005 rising from K395billion to K614 billion respectively but the increase was marginal in 2006. In all the three years, most of the household expenditure (in excess of 65%) was on curative care. Inpatient care took up an average of 59 % of expenditure on curative care except for 2003 when outpatient care took up most of the resources. Expenditure on preventive care was minimal; only about 1 % was recorded for the year 2005. (MoH Zambia National Health Accounts 2003-2006, March 2009)*

*Household expenditures are largely the out-of-pocket expenditures incurred by households when they seek care at health facilities and when they procure drugs from drug stores and pharmacies. Households also spend on health care from traditional healers. The data shows that households managed a period average of 99 % their total health expenditures. This only left about 1 % is channelled through the private insurance companies (Table 14)(...) The figure indicates that over 70 % of the healthcare expenditures made by households were on private for-profit health facilities and drug stores/chemists. This reflects the relative importance of the private healthcare providers in the provision of healthcare (MoH Zambia National Health Accounts 2003-2006, March 2009)*

*The second largest destination of healthcare expenditure by households during the three years was the traditional health practitioners. Figure 7 indicates that an average of 20 % of expenditure by households went to traditional health practitioners. This is an indication that traditional health practitioners are an important source of healthcare. Only about 5 % of the household expenditures went to MoH facilities. Household expenditure in mission facilities stood at less than 1 %. This could partially be explained by the fact that most mission facilities are situated in rural areas where government suspended user fees to reduce the cost of accessing healthcare by the poor rural population. Given the large amounts spent in private health facilities, it is important that collaboration between MoH and the private sector is promoted as a way of enhancing the provision of quality healthcare (MoH Zambia National Health Accounts 2003-2006, March 2009).*

*The expenditure by level of care shows that government spends US\$9.49 per capita on primary health care. This is far below the estimated US\$17.58 in the Basic Health Care Programme (MoH Zambia National Health Accounts 2003-2006, March 2009).*

*Zambia abandoned user fees for lower-level facilities (health centres) and for services deemed of a public health nature in 2006. Even before fees were abolished for health centres and for public health services in hospitals, the fee programme was already stumbling along. As the survey showed, only 4 per cent of RHCs and barely a fourth of the hospitals charged fees. Fee programs were strongest in*

*UHCs where 58 per cent of them had formal fee programs generating considerable revenues. In most cases (60–80 per cent), fees were set by the district health boards or DHMTs, with informal approval of neighbourhood health committees where they exist. Only a fifth of the facilities admitted that “fee rates have always been like this.” Most facilities have copies of the official fee guidelines, although this is not universal. Most facilities also display the applicable fee schedules. However, only very few health facility staff explained to the patients what the fees were for. (WB Health public expenditure review, (2008) page 51)*

*“Since the onset of the health reforms, the focus of the Government has been on Primary Health Care (PHC) which has been identified as the main vehicle for delivering health services. The reasoning behind the PHC approach is that most of the diseases in Zambia can be prevented or managed at primary health care level which in itself can lower the cost of referral curative care by reducing the number of people seeking services. Further, in an attempt to promote allocative efficiency in a climate of limited resources, the Government has developed a Basic Health Care Package (BHCP), which is a set of carefully selected high impact interventions that is offered through the public health system freely or on a cost-sharing basis at different levels of the health care delivery system. Interventions outside this package are offered on a full cost recovery basis. Interventions included in the BHCP were selected on the basis of an epidemiological analysis of those diseases and conditions that cause the highest burden of disease and death. Currently, ten priority areas for health services have been identified for inclusion in the BHCP as indicated in Table 17.3. Further work is needed to refine the packages and use them in the manner they were intended. (Zambia National Health Development Plan .” (2006-2010), 2006, page 73)*

▪ **Indicator 5.4.2: Increased proportion of population with access to affordable essential drugs on a sustainable basis**

In principle the drugs belonging to the basic health care package are free for inpatients as well as outpatients are free in public health facilities. That was confirmed by the hospital staff met in Kaoma. A consistent drugs storage arrangement was in place with updated fiches and no visible issues on availability could be raised during the interview in Kaoma hospital.

However, as mentioned with the previous indicator, one of the main outcomes from the focus groups organized in the neighbouring village was the high concern over drugs expenditure. A trend mentioned by the 2008 WB public expenditure review pointing that the share of drugs and supplies jumped from approx. 10% of total health expenditure for health facilities in 1999 to 22% in 2004 at the first, second or third level. And confirmed by the most recent National Health Accounts available, (2009 for 2003-2006 period), which indicates that over 70 % of the healthcare expenditures made by households, were on private for-profit health facilities and drug stores/chemists. In addition, whereas household expenditure appear to be stabilizing, according to the last available national health accounts<sup>63</sup> expenditure for drugs related products and services keep growing, which raises the issue of financial accessibility of drugs for the general public.

*Data, sources, extracts:*

Extracts:

*As in previous NHA studies, households remained the second largest financing sources after the donors and financing agents after MoH. Their expenditures for health services are mainly used to buy curative services at private health care facilities and drugstores/ pharmacies. They spend more on inpatient services as opposed to outpatient services. Studies have shown that households prefer private health care providers because of the perceived good quality in terms of good personnel attitudes and availability of drugs compared to the Government facilities (See Wake et al, 2006). Although still very high, the percentage contribution of to THE has shown a slight decrease over the study period slightly decreasing the burden on the poor. With the abolition of cost sharing at government lower health units in rural areas, this figure is likely to decrease further. (MoH Zambia National Health Accounts 2003-2006, March 2009)*

*This implies that households bear a huge burden of financing curative care and account for close to half of all curative care spending. This point is important and ought to be explored further, particularly when determining future resource allocation decisions. Household’s expenditures are mainly incurred at private facilities. The overall expenditure pattern shows that most of the expenditure on curative care are spent on inpatients as opposed to outpatients. (MoH Zambia National Health Accounts 2003-2006, March 2009)*

<sup>63</sup> Refer to full quotation in the extract listed below

*It should be noted that household expenditure on healthcare has been trending downwards since 2003. Household expenditure in most healthcare providers has reduced in absolute terms except for expenditure in drug stores and chemists. This shows the important role played by drug stores and chemists in healthcare provision and the resultant need to make their services more accessible to the general public. (MoH Zambia National Health Accounts 2003-2006, March 2009)*

▪ **Indicator 5.4.3: Increased proportion of population among vulnerable groups benefiting from care from the health facilities**

In line with the decisions taken within the Basic Health Care package, the government took additional measures to protect the vulnerable and formulated exemptions for selected target groups such as children under the age of five, adults over the age of 65, patients with chronic illnesses such as TB or STDs, those affected by epidemics or needing women for obstetrics and family planning services.

This choice was coherent as recalls the negative correlation between poverty and successful performance of basic health care: in the poorest districts, deliveries at home are more common and children born at home are neither examined at their birth, nor are likely to reach the full immunisation under the age of one. In addition, access to secondary health facilities is more often on a cost-sharing basis, which appears to be very dissuasive for the poorest families.

Data, figures, tables:

Zambia National Health Accounts 2003-2006 (March 2009): malaria sub-account

**Table 47:** Distribution of Households Malaria Funds (K'M)

	2003		2005		2006	
	Values	%	Values	%	Values	%
Government Tertiary Hospitals	2,719	5.3	5,150	4.6	5,614	4.7
Government Specialized Hospitals	347	0.7	657	0.6	717	0.6
Government Secondary Hospitals	647	1.2	1,356	1.2	1,478	1.2
Government District Hospitals	1,653	3.2	2,650	2.3	2,889	2.4
Government District Health Facilities	-	-	1,168	1.0	-	-
Health Facilities owned by private for profit entities	46,347	89.5	80,210	70.9	88,405	74.3
CHAZ Health Facilities	84	0.2	93	0.1	122	0.1
Malaria goods (Drugs and supplies, nets etc)	-	-	21,772	19.3	19,776	16.6
<b>Total</b>	<b>51,799</b>	<b>100</b>	<b>133,061</b>	<b>100</b>	<b>199,003</b>	<b>100</b>

**Table 43 Distribution of Household Malaria Funds Among FAs (K'000,000)**

	2003		2005		2006	
	Values	%	Values	%	Values	%
<b>PUBLIC SECTOR</b>						
Private Insurance	0	-	828	0.7	1,683	1.4
Households	51,800	100.0	113,061	99.2	119,003	98.6
Non-profit Institutions	0	-	93	0.1	-	-
<b>TOTAL</b>	<b>51,800,</b>	<b>100</b>	<b>113,983</b>	<b>100</b>	<b>120,686</b>	<b>100</b>

**Table 47:** Distribution of Households Malaria Funds (K'M)

	2003		2005		2006	
	Values	%	Values	%	Values	%
Government Tertiary Hospitals	2,719	5.3	5,150	4.6	5,614	4.7
Government Specialized Hospitals	347	0.7	657	0.6	717	0.6
Government Secondary Hospitals	647	1.2	1,356	1.2	1,478	1.2
Government District Hospitals	1,653	3.2	2,650	2.3	2,889	2.4
Government District Health Facilities	-	-	1,168	1.0	-	-
Health Facilities owned by private for profit entities	46,347	89.5	80,210	70.9	88,405	74.3
CHAZ Health Facilities	84	0.2	93	0.1	122	0.1
Malaria goods (Drugs and supplies, nets etc)	-	-	21,772	19.3	19,776	16.6
<b>Total</b>	<b>51,799</b>	<b>100</b>	<b>133,061</b>	<b>100</b>	<b>199,003</b>	<b>100</b>

**Extracts:**

*Researchers from the Amsterdam Institute for International Development analysed the impact of improvements in service delivery on child mortality and maternal perinatal mortality. The authors used the availability of Diphtheria–Pertussis–Tetanus (DPT) vaccines (against diphtheria, whooping cough and tetanus), deliveries supervised by trained Traditional Birth Assistants, as indicators of the district health centres' general quality of service delivery, and they discovered a significant impact: one standard deviation more of DPT stocks per capita is associated with a 17% drop in child mortality (per patient). The impact of supervised deliveries is even higher, with a fall of 25%. The significant coefficients for the number of patients per capita shows that the outreach of health centres matters: the more the health centres are used, measured in terms of the number of patients per capita, the greater the drop in child mortality per treated patient. This impact suggests that the facilities have become more accessible. The authors found a similar pattern in maternal deaths. Stocks of antibiotics have a strongly negative impact on maternal deaths: one standard deviation more of stocks per capita reduces mortality by 50%.)(Between high expectations and reality: An evaluation of budget support in Zambia (2009) p.166.)*

*To protect the vulnerable, government formulated an exemption policy based on demographic, age and disease-based characteristics as criteria in providing exemptions. Children under the age of five and adults over the age of 65 were to be treated free of charge. Patients with chronic illnesses such as TB, STDs and those affected by epidemics such as cholera were to be exempted from paying user-fees. In addition, those in need of obstetrics and family planning services were equally exempted from paying fees. The implementation of the exemption policy has been poor due to knowledge gaps in both consumers and the providers of health care services. As stated above, user fees were removed from rural and peri-urban based districts as a form of resource mobilisation. This measure went almost concurrently with the dissolution of the health boards. (MoH Zambia National Health Accounts 2003-2006, March 2009).*

*Although care was taken, to capture all expenditures under disease specific accounts, it was difficult to isolate HIV/AIDS and TB related expenditures and vice versa. However, it is noted that about 70% of the TB patients in Zambia are also HIV positive while 40% of the HIV positive patients also have TB(..)*

*Households' spend almost the same amount of money on malaria as the government. Out-of pocket expenditures on malaria grew by 133% between 2003 and 2006 from K51.8 billion in 2003 to K120billion in 2006. The data in Table 43 below shows that 99% of the out-of pocket expenditures are channelled through the households themselves while the remaining 1% is handled by insurance companies. (National Health Accounts 2003-2006, March 2009, TB sub-account)*

*The Social Welfare Department in the Ministry of Community Development and Social Services, in partnership with the Department for International Development and the Germany Technical Aid to Zambia, has established a mechanism to provide foster-parent household allowances for orphans and vulnerable children (OVC). This is being piloted in Southern and Eastern provinces. It involves cash transfers of 40,000 to 50,000 Kwacha to vulnerable households. In Eastern Province the support is from UNDP in form of a soft loan of 500,000 Kwacha for income generation activities. The results of these initiatives are yet to be disseminated (DFID, 2005). In addition, the introduction of community schools has been a mitigating strategy for OVCs affected by HIV and AIDS. In 2002 alone, the Ministry of Education recorded in excess of 176,629 OVCs as having enrolled in community schools. (ZHDR 2007: Enhancing household capacity to respond to HIV and AIDS)*

▪ **Indicator 5.4.4: Increased financial accessibility of secondary health care to HIV infected patients**

In 2003, households were the major financing source of HIV/AIDS inpatient care with about 63% of total HIV/AIDS inpatient health expenditures. Since 2003 HIV infected patients have a free access to ARV as well as TB treatment<sup>64</sup>. However, Households still continue to be the second largest source of HIV/AIDS health expenditures although their share declined from 19.7% in 2003 to 13.9% in 2006.

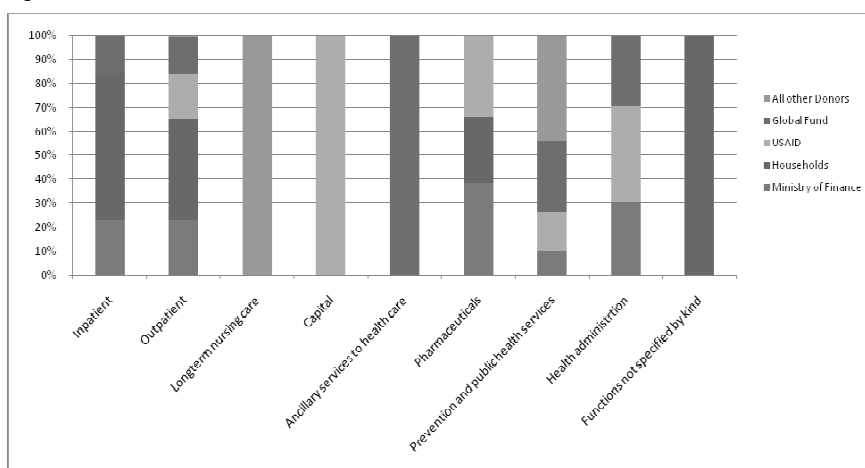
However the provision of free ART to HIV/AIDS positive individuals contributed to a sharp decrease of household expenditure on HIV/ hence reducing the frequency of HIV/AIDS opportunistic infections among PLWHA.

However The distribution of remaining HIV/AIDS expenditures by function indicates that most resources are still consumed for curative care and Outpatient treatment of Opportunistic infections and provision of ARVs consumed a larger proportion of the expenditures than inpatient care for HIV/AIDS. With the reference of the largely underfinanced TB program, this raises the issue of the sustainability of ART treatments in the hypothesis of a withdrawal of the large bilateral current funding programs.

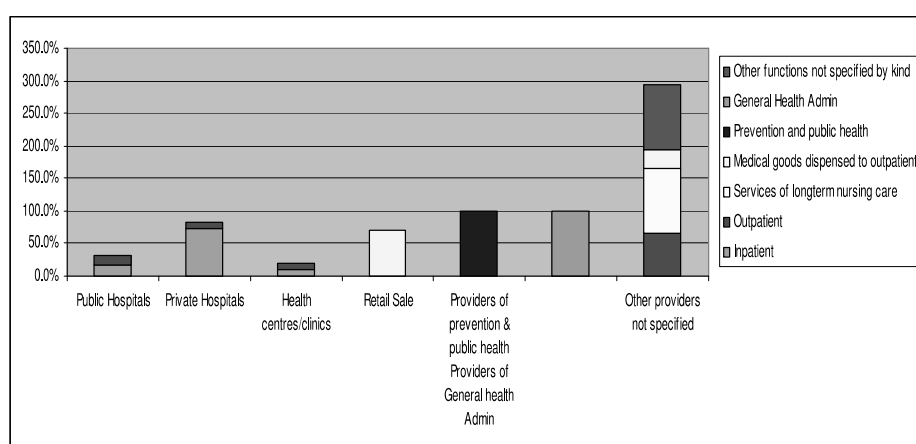
Data, figures, tables:

*Zambia National Health Accounts 2003-2006 (March 2009): HIV/AIDS sub-account*

**Figure 15: Sources of funds for HIV/AIDS health functions, 2003**

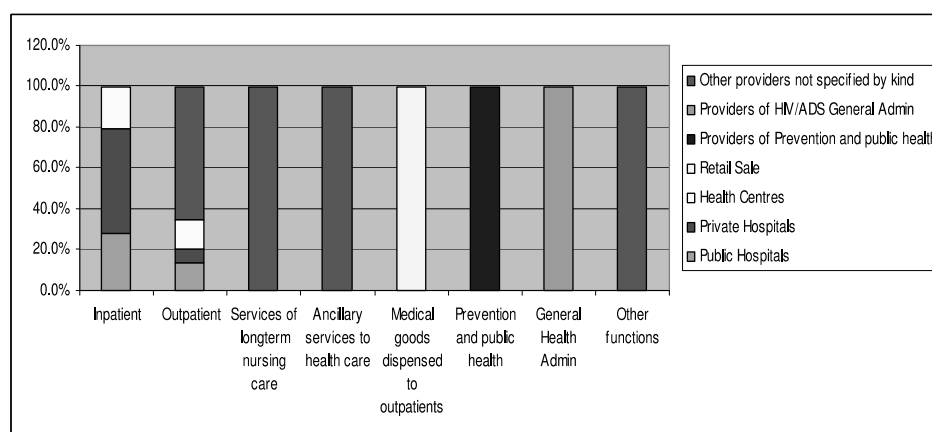


**Figure 20: Providers of HIV/AIDS health functions, 2005**



<sup>64</sup> 70% of the TB patients in Zambia are also HIV positive while 40% of the HIV positive patients also have TB

**Figure 21:** Providers of HIV/AIDS health functions, 2006



**Extracts:**

*During 2003, households were the major financing source of HIV/AIDS inpatient care. They spent at about 63% of total HIV/AIDS inpatient health expenditures. Households were followed by the Ministry of Finance came second at 23% of total HIV/AIDS health expenditures. Global Funds came third at 12%. MoH Zambia National Health Accounts 2003-2006, March 2009.*

*In terms of households, their contribution in absolute terms has continued to increase although their share in total HIV/AIDS spending has reduced by 6 percentage points from 20% to 14% probably due to increased donor inflow and introduction of free ART. This level of expenditure by households remains high considering that almost two-thirds of the population lives on less than US\$1 a day. There is need to mobilise extra resources to cushion households against catastrophic expenditure on health. (..)*

*Households have continued to be the second largest source of HIV/AIDS health expenditures although their share declined from 19.7% in 2003 to 16% in 2005 and 13.9% in 2006. The fall in household expenditure on HIV/AIDS is attributed to the commencement of the provision of free ART to HIV/AIDS positive individuals hence reducing the frequency of HIV/AIDS opportunistic infections among PLWHA. (MoH Zambia National Health Accounts 2003-2006, March 2009)*

*In 2003, the Government launched its national policy of providing free and universal access to anti-retroviral therapy, which was expanded in 2005 to include all anti-retroviral therapy related services. By the end of 2005, an estimated 43,000 persons living with HIV and AIDS, out of an estimated 200,000 persons requiring treatment, were on anti-retroviral therapy.” (Zambia Fifth National Development Plan FNDP (2006-2010): 32 HIV and AIDS, page 268)*

**JC 5.4: EU support contributed to increased affordability of health care**

The indicators under this judgement criterion attempt to collect elements for assessing the specific impact of the EC support on health in terms of increased affordability of Health Care.

Over the period 1995-2008, the total health expenditure has been representing a share below 10% of GDP. However, as the domestic wealth substantially improved on the same time, the total expenditure per capita doubled in purchasing power parity (I-5.4.1).

According to the Basic Health Care package (BHCP) developed by the government in April 2006, in an effort strengthen existing operational systems, financing mechanisms and governance arrangements for efficient and effective delivery of health services formulated in the National Health priorities, the government abolished the user fees for primary health care (including drugs). Most of the MoH resources are spent on primary health care at district and health centre levels, a commitment that is in line with government policy to provide health care as close to the family as possible. But the total Health expenditures which were estimated at US\$9.49 per capita in 2008 are still below threshold the US\$17.06 per capita estimated in BHCP

This effort should have increased the financial accessibility of health care: it did as health expenditure incurred by the households in the public health facilities or missions represent 5% and 1% respectively of their total expenditure. In ensuring timely disbursements EC financial contribution within budget support certainly contributed to financing this scheme, at least until 2009 BS suspension related to financial

governance issues.

But Besides the Government strong involvement supported by other donors as well<sup>65</sup> a substantial contribution remains from the private expenditure: NGOs, come first with a 5-fold increase of expenditure in real terms, followed by household which expenditure increased by 30% in real terms in the period 1995-2008. Households account for nearly half of all curative care spending, whereas their contribution to insurance scheme appears to play a marginal part with only 1% of their total health expenditure (I-5.4.1). Over the long period of the successive National Health accounts performed in the country, household expenditure has been steadily consisting of out-pocket expenditure for private for-profit healthcare providers including traditional health practitioners, private hospitals and clinics as well as drugs supply. (I-5.4.2).

The specific efforts made in direction of the most vulnerable groups, especially HIV infected patients (I-5.4.4) do contribute to ease the financial burden related to a chronically need of health care. But the exemptions granted to selected target groups such as children under the age of five, adults over the age of 65, patients with chronic illnesses such as TB or STDs, patients affected by epidemics or needing women for obstetrics and family planning services do not protect household from bearing a significant part of the financial charge for their care (I-5.4.3).

The provision of free ART helped decreasing the household expenditure on health, which increased proportionally the cost of care for opportunistic infections among PLWHA, whereas the sustainability of ART financing remains as a sword of Damocles (I-5.4.4)

As a conclusion to these developments, EC support to financing of the BHCP contributed to increase the affordability of health care. But we are now at a turning point and EU needs to consider in its future commitments the changes in the patients expenditure patterns, especially their increased preference to for health products or services from private suppliers.

---

<sup>65</sup> further detailed with the JC 5.3



## **EQ6: To what extent have EU interventions contributed to enhance democratic governance?**

- JC 6.1: *The legal and regulatory framework for civil society is conducive to CSOs involvement in policy processes*
- JC 6.2: *The presence and interface of CSOs with the population and the government is ensured*
- JC 6.3: *CSOs become sustainable entities operating in all relevant policy areas and in complementarity with other NSAs*
- JC 6.4: *The EU support has contributed to that the electoral process was transparent and well organised*
- JC 6.5: *The EU has ensured the overall coherence of its interventions for reinforcing civil society capacity in relation to governance processes*
- JC 6.6: *Cross-cutting issues advocacy and implementation are supported by CSOs supported by the EU*

Support: Portfolio Analysis of EU Grant Contracts Funding of Civil Society Organisations (CSOs) in Zambia (2001-2010)

### **JC 6.1: The legal and regulatory framework for civil society is conducive to CSOs involvement in policy processes**

- **Indicator 6.1.1: Positive change in the legal framework for civil society organisations (CSOs) over the period**

Most of the Zambian Civil Society Organisations (CSOs) are governed at present under the Societies or Associations Act, the Companies Act, Trustees Act or other legislation, so not thoroughly adapted to the specific situation, needs and characteristics of Civil Society Organisations. On 26th August 2009, the Non-Governmental Organisation (NGO) Act was enacted into Law, but its implementing rules and regulations have not been issued yet. The purpose of the Act is to co-ordinate and register all NGOs (national and international) to enhance their transparency, accountability and performance. The Act however is contested as many NGOs see it as a threat to their independence since the regulatory power is concentrated in the executive branch (through the Ministry of Community Development and Social Welfare – MCDSW, now renamed into the Ministry of Community Development and Mother and Child Health). Another controversial issue is the selection and appointment of Board Members and members to the joint working group to work on aspects of the implementation of the Act. Another source of dissatisfaction is that currently this NGO Act No. 16 does not apply to a series of CSOs (e.g. professional groups or organisations, trade unions, churches, clubs and religious organisations) requiring a further revisiting of the act based on a commonly agreed upon definition and classification of civil society organisation recognized as such. In short, the legal framework for CSOs has changed over the period, but the appreciation of this change can only be described as mixed at best. As a result, there still is no conducive legal enabling environment and framework for institutionalised participation of civil society in national development policies and strategies in Zambia. One cannot but conclude that space still largely depends on government “good will” and “donor pressure. It however is also noted that with the new government in power since September 2011, there generally is a relative optimism with the CSOs of an improved openness and their positive recognition as partners in development.<sup>66</sup> Although not an explicit area of intervention, the EC has been indirectly supporting such positive change in the legal framework for CSOs and their Apex structures through the GBS policy dialogue and capacity strengthening components which cover the non-government sector as a matter of principle. An EU commissioned institutional analysis of Non-State Actors in Zambia of February 2006 argued that given its strategic importance, CSOs not only should take a proactive role, with the support of the donor community, to influence the shape of the NGO bill, but also for them to build up a consensus on the necessary governance and self-regulation mechanisms (mainly a Code of Conduct and a self regulatory council) in order to be in a position to guide the discussion vis-à-vis the government and donors.

<sup>66</sup> As for example surfaced from the CSOs focus group discussion organised in the framework of this evaluation on 14 December 2012 and from the interviews with other key stakeholders including Cooperating Partners.

Extracts:

**EU Delegation (EUD) NSO file (2011)** “Subject: Information on NGO Act Implementation – Joint Working Group, by AAIZ dated 01 March 2011: The meeting that was supposed to have been held on the 18th February 2011 to update you on the discussions between our committee on the NGO Act and the Ministry of Community Development did not take place. The committee has met once more after that and below is a brief update on what has been going on. The Ministry of Community Development and Social Services (MCDSS) were agreeable to our representatives and the Ministry’s representatives forming a joint working group to work on aspects of the implementation of the Act. The main mandate of this working group will be to develop a roadmap and build consensus on the process, timing and modalities for the implementation of the NGO Act. Particular aspects that will be looked at are the NGO Act itself, the setting up of the Council, the holding of the Congress and the work to be done by the NGO Department of the Ministry. A draft TOR for the group was drawn up by the Ministry and the Committee commented on it and has since responded to the Ministry. As of now, we are not sure if they are agreeable to some of the suggested changes that were proposed on the TORs. The six representatives from the NGOs are :

- (i) Civil Society for Poverty Reduction (CSPR)
- (ii) Non-Governmental Organisations’ Coordinating Council (NGOCC)
- (iii) ActionAid International Zambia (AAIZ)
- (iv) Zambia Civic Education Association (ZCEA)
- (v) Transparency International Zambia (TIZ)
- (vi) Zambia Council for Social Development (ZCSD)”

**EUD Note to the File, 24 Aug. 11:** “Interim Board to be launched but CSOs decide not to take part since not agreeable to appointments to the Board.”

“Since 1996, the Zambian government has been trying to introduce legislation to govern NGO operations in the country. In 2007, a draft NGO bill was presented to Parliament for debate, but it was eventually withdrawn in the face of criticism from different sections of society. Critics argued that government was trying to constrain and limit the space for civil society operations in the country by tightening rules regarding the registration, management and operation of NGOs (Mumba, 2010). The bill was eventually passed in 2009.

In certain instances CSOs have cooperated with the government and they have participated in important national policy processes. More often than not, however, the government has been mandated by the donor community to engage civil society in government policy processes, and government actors have very mixed feelings about the outcomes. Sometimes CSOs are just used to rubberstamp government policy decisions. Nevertheless, civil society umbrella organisations and consultation forums have influenced national policy processes such as the formulation, implementation, monitoring and evaluation of the Poverty Reduction Strategy Paper (PRSP). They have participated in Sector Advisory Groups (SAGs) and the formulation of the Fifth National Development Plan (FNDP) and the Vision 2030 12 (Mutesa, 2006). Some have been involved in the national constitutional amendment processes.

Currently the NGO Act No. 16 of 2009 does not apply to churches, clubs, professional groups or organisations, trade unions and religious organisations. As such there is need for further revision of the Act in order to accommodate the types of CSOs which are not covered.” ZCSD and CIVICUS (2011) p33: Civil Society Index Analytical Country Report for Zambia - The Status of Civil Society in Zambia: Challenges and Future Prospects.

**Talking notes on the implementation of the NGO Act:** “On 28th January the Ministry called Civil Society Organisations to a meeting to brief them on the status of the implementation of the NGO Act. At this meeting the CSOs were requested to select among themselves six representatives to serve on the Technical Working Group.” Working Group created on 3 March 2011 with three subcommittees: Operations and Mapping, Legal framework, and Council and Congress organisation.” Ministry of Community Development and Social Services (2011);

**Democratisation, State and Civil Society – Good Governance Programme (2011) pp 3-4:** “Most of the Zambian CSOs are governed at present under the Societies or Associations Act, the Companies Act, Trustees Act or other legislation.”

**EUD Lusaka; “Rationale for EDF10 NSAs capacity building project in Zambia”; Internal Note; 2011:** “(2) Relations between the Government (GRZ) and NSA are not always easy. GRZ sees an added value of NSA engagement mainly in providing services in line with the National Development Plans. NGOs focusing on Advocacy Work are finding it more difficult to have their contributions being recognised as useful towards achieving poverty reduction goals. In 2007 GRZ has issued an ‘NGO-Act’,

which GRZ sees as a means to bring about urgently required improvements of transparency and accountability and many NGOs as a threat to their independence. To facilitate the implementation of the NGO act, GRZ had established a participatory board to oversee the process. For several months a window of improved cooperation between the Ministry in charge (MCDSS) and several NSAs seemed to have opened. However, in mid-2011 differences of views caused several NSAs to withdraw from the board.”

**AFN (2010) – Posting of 17 May 2010 on the NGO Act;** “Until recently, non-governmental organisations (“NGOs”) in Zambia were largely unregulated and could operate freely as long as they had some form of registration, normally under the Societies Act. This has however changed with enactment into law of the Non-Governmental Organisation Act, 2009 (the “Act”). The Act was assented to on 26th August 2009 but has not yet come into force. The purpose of the Act is to co-ordinate and register and to enhance the transparency, accountability and performance of NGOs. “NGO” is defined to mean a private voluntary grouping of individuals or associations, whether corporate or unincorporated, not established or operated for profit, partisan politics or any commercial purposes, and who have organized themselves for the promotion of civic education, advocacy, human rights, social welfare, development, charity, research or other activity for the benefit or interest of the public, through resources mobilised from sources within or outside Zambia.

The Act requires all NGOs as well as international NGOs operating in Zambia to be registered in accordance with the Act. An NGO is required to apply to the Registrar of NGOs for registration within 30 days of its formation. The Minister has powers to exempt any NGO from registration.

The Act requires any NGO registered under the Societies Act or any other written law to within 90 days or such extended period as the Minister may allow for the registration of the NGO apply for a certificate. An NGO shall not be deemed unlawful until the period or extended period for registration has lapsed.

The Act establishes the NGO Board (the “Board”) which shall consist of 15 part time members appointed by the Minister.

**STEM-VCR Srl (2006) p11; Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 3.1 Analysis of the Existing Legal Context:** The efforts of the 1990s reached a dead-end when NGOs objected vehemently to the draft NGO Bill prepared by government, which they felt did not reflect what was agreed upon during the consultative process and was basically going to fetter their operations. Not surprisingly, the process stalled and was only revived in 2005 when government invited NGOs to make contributions to the preparation of an NGO draft bill. Although nothing is yet in place, NGOs have seized the initiative to prepare an elaborate code of conduct to promote self-regulation. The draft NGO code of conduct is a product of the collaborative efforts of ten NGOs, with the Zambia Council for Social Development (ZCSD) providing the secretariat.

**STEM-VCR Srl (2006) p30; Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 4.1.1 CSOs Participation at National Level – Main Challenges:** There are various challenges that civil society has faced in terms of participating in policy development at the *national level*: There is no framework for institutionalised participation of civil society in national development policies in Zambia. One cannot but conclude that space largely depends on government “good will” and “donor pressure”. The latter poses a question around ‘genuine or forced’ space for civil society.

▪ **Indicator 6.1.2: Trends (amount, distribution by CSOs or themes) in public subsidies for CSOs**

With the partial and scattered registration of CSOs, it is difficult to ascertain the amount, distribution and trends in public subsidies for CSOs. In fact no data are available in the consulted documentation and EUD also indicated not have information on this item at hand. The Department of Registrar for Non Governmental Organisations in the Ministry of Community Development and Mother and Child Health indicated not to have statistics and other detailed information on the number of CSOs.<sup>67</sup> Consensus has been growing that the definition of CSOs needs to be broad based, encompassing all types of organisations / entities which are non-government / non-state. Relations between the Government (GRZ) and CSOs have not always been always easy. GRZ sees an added value of CSO engagement mainly in providing services in line with the National Development Plans. CSOs focusing on advocacy work are finding it more difficult to have their contributions being recognised as useful towards achieving poverty reduction goals. To date, no legislation for state funding to CSOs is existent. In addition to the CSOs strengthening project programmed under EDF9 (budget 5m €, but cancelled in the process), it is not easy to quantify or assess the additional EC resources in support of CSOs under the CSPs/NIPs since

<sup>67</sup> A rough estimate is 20.000 CSOs at present. A December 2004 registered count showed 11,096 NGOs and 13,924 religious organisations.

these are incorporated in the overall GBS or SBS envelopes.

A CRIS database search based on contracts extended to CSOs in the period 2001-2010 enabled a detailed portfolio analysis<sup>68</sup> of EU funding of Civil Society Organisations over this ten year period. A total of 85 grant contracts have been awarded to CSOs in Zambia in this period with a total value of 68 million Euro (a total of 129 grant contracts were approved but of these 44 have been cancelled for one reason or another, representing 34.1% of total committed resources cancelled in the process). There generally is a growing annual trend in EU CSOs funding over the ten year period both in number and total value of grant contracts, with a stabilisation (slight decrease) in the later years. One third (33.3%) of CSO's financing comes from EDF resources but the largest CSOs funding comes from the EU vertical thematic programmes / budget lines (65.5% of the total – particularly from the NSA-LG programme and the food security programme) with one contract financed from the sugar protocol. All contracts awarded up to the end of 2004 have been fully paid and are closed. From 2005 onwards, increasing amounts are still due for payment and contracts still ongoing, not yet closed. The largest sectors / thematic areas of EU support to CSOs are agriculture and food security (13m Euro or 19.3% of the total), relatively closely followed by health (incl. HIV/AIDS and nutrition – 17.0%) and governance with 14.5%. Emergency / humanitarian aid (11.1%), water and sanitation (8.6%), education and training (6.0%) and livelihood, poverty alleviation and IGP (5.1%) take intermediate positions. Under the Access to Justice Project, the Governance Secretariat (under the Ministry of Justice) initially was a conduit for CSOs financing (both institutional and project-related) based on a call for proposals modality. A 2010 study identified core funding as the most popular funding modality amongst CSOs in Zambia. Also, direct support is preferred to support via intermediaries, and only donors favour joint support models. CSOs and particularly national CSOs prefer unilateral funding.

Data, figures, tables:

See Figure 4: Total annual contract value of EU grants to Civil Society Organisations in Zambia, period 2001-2010 (in Euro)

- **ZCSD and CIVICUS (2011) p33: Civil Society Index Analytical Country Report for Zambia – Chapter 3 – Mapping Civil Society**

*Table II.3.1: List of types of CSOs in Zambia Faith-based organisations*

- Trade unions
- Women's organisations
- Student or youth organisations
- Developmental CSOs (for example, NGOs working on literacy, health, or social services)
- Advocacy CSOs (civic action, social justice, human rights or consumers' groups)
- CSOs active in research, information dissemination, education and training (think tanks, resource centres, non-profit schools)
- Non-profit media groups
- Associations of socio-economically marginalised groups (poor people, homeless, landless, immigrants, refugees)
- Social service and health associations (charities raising funds for health research and services, mental health associations, associations of people with physical disabilities)
- Other fund-raising bodies and organisations
- Professional and business organisations (chambers of commerce, professional associations)
- Community organisations (village associations, neighbourhood committees)
- Community-level groups or associations (burial societies, self-help groups, parents' associations, village associations, indigenous peoples' associations, monasteries, and mosque-based associations)
- Economic interest organisations (cooperatives, credit unions, mutual saving associations, agriculture)
- Ethnic, traditional or indigenous associations or organisations
- Environmental organisations
- Culture, arts and social and recreational organisations
- CSO networks, federations, support organisations

<sup>68</sup> See the chapter on "Portfolio Analysis of EU Funding of Civil Society Organisations (CSOs) Interventions in Zambia in the Period 2001-2010" at the end of this information matrix on EQ-6 Democratic Governance.

Extracts:

- **EUD e-mail (06 Oct 2011):** “Unfortunately, we do not have information on indicator 1.2 at hand.”
- **Democratisation, State and Civil Society – Good Governance Programme (2011) pp 3-4:** The government of Zambia does not co-fund the work of civil society. Yet, in cases where cooperating partners make specific budget ceilings for certain sector initiatives such as HIV/Aids, environment or rural development available, government institutions are involved. To date no legislation for state funding to CSOs is existent. Regardless of the contribution of civil society to national development government has not yet come out with a policy which guides and supports civil society. Contrary, regulation seems to aim at restricting CSOs to service delivery, charity and welfare. A national civil society policy would outline the scope of both partners in national development and establish the frame for dialogue and constructive relations. Such a policy would allow to establishing state – non-state relations through the national budget in a careful manner that does not allow CSOs to be co-opted by government.
- **ZCSD and CIVICUS (2011) - Civil Society Index Analytical Country Report for Zambia - The Status of Civil Society in Zambia: Challenges and Future Prospects;**

- **Africa Legal Network (2010) - New Law to Regulate NGOs in Zambia; Legal Notes Series; Posted 17 May 2010**

Until recently, non-governmental organisations (“NGOs”) in Zambia were largely unregulated and could operate freely as long as they had some form of registration, normally under the Societies Act. This has however changed with enactment into law of the Non-Governmental Organisation Act, 2009 (the “Act”). The Act was assented to on 26th August 2009 but has not yet come into force.

The purpose of the Act is to co-ordinate and register and to enhance the transparency, accountability and performance of NGOs. “NGO” is defined to mean a private voluntary grouping of individuals or associations, whether corporate or unincorporated, not established or operated for profit, partisan politics or any commercial purposes, and who have organized themselves for the promotion of civic education, advocacy, human rights, social welfare, development, charity, research or other activity for the benefit or interest of the public, through resources mobilised from sources within or outside Zambia.

The Act requires all NGOs as well as international NGOs operating in Zambia to be registered in accordance with the Act. An NGO is required to apply to the Registrar of NGOs for registration within 30 days of its formation. The Minister has powers to exempt any NGO from registration.

The Act requires any NGO registered under the Societies Act or any other written law to within 90 days or such extended period as the Minister may allow for the registration of the NGO apply for a certificate. An NGO shall not be deemed unlawful until the period or extended period for registration has lapsed.

The Act establishes the NGO Board (the “Board”) which shall consist of 15 part time members appointed by the Minister.

Field Visit Additional Information on I-6.1.2:

- **STEM-VCR Srl (2006) p11; Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 1.2.2: The working definition of the term “civil society”:** According to this working approach, civil society is constituted by the array of collective actors operating at local, regional, national and/or international level, and which are oriented towards social responsibility. As such, they experiment and deliberately act in favour of the social, economic and cultural development of their territory for the benefit of the community, often through the production of goods and/or services of public interest.
- **STEM-VCR Srl (2006) p11; Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 1.2.2: Categorisation of CSOs:** Whereas in the past, development agendas used to be “monopolised” by traditional development NGOs, recent years have witnessed an increasing important role of a wider and more complex spectrum of organisations and constituencies within global, national and local civil society. Cooperation and the development agenda has thus opened up to alternative forms of civil society organisations, which are traditionally excluded from national debates. This is the case of trade unions, popular movements, farmers’ organisations, locally elected governments, etc. Box 3 below outlines the various types of civil society organisations active in developing countries, although there is no one accepted definition of the various types. The categorisation has been drawn up in order to specify whether the organisations work for themselves or for others, to in-

dicating the degree of popular legitimacy, and also to demonstrate whether the organisations operate at national or local level. These types of civil society organisations in development countries cover: (i) Non-Governmental Organisations – NGOs; (ii) Popular and grass roots organisations; (iii) Church and other faith-based organisations; (iv) Traditional organisations, (v) Cultural organisations; (vi) Professional groupings and organisations (membership based organisations, created to represent and defend the professional interests of their members), and; (vii) Other.

- **STEM-VCR Srl (2006) p23**; *Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 1.2.2: Categorisation of CSOs*: As at December 2004 there were 33 political parties, 11,096 NGOs and 13,924 religious organisations as reflected in the Registrar of Societies Annual Report for 2004. There were also 41 trade unions registered with the Ministry of Labour and Social Services. From the information given above it is very clear that there are many Non-State Actors in the country. Even with this large number of actors, there is insufficient information on quite a number of them.
- **STEM-VCR Srl (2006) p30**; *Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 4.1.1 CSOs Participation at National Level – Main Challenges*: There are various challenges that civil society has faced in terms of participating in policy development at the *national level*: Despite the amount of input provided by civil society, the government does not provide any resources to non-state actor engagement in national development policy. Complete reliance on donor good will for resources to engage in the PRSP and NDP can be challenging and unpredictable;
- **Embassy of Sweden (2010) p6**; *Implementation of the Nordic+ Conclusions on Civil Society Support; Chapter 3.1 Results on Funding Modalities*: The Zambia study supports the Nordic+ guidelines in so far as to identify core funding as the most popular funding modality. Respondents in Zambia however rate direct support before support via intermediaries, and only donors favour joint support models. CSOs and particularly NCSOs prefer unilateral funding.
- **Scanteam (2007) pp. 8&10**; Chapter 3: *Support to Civil Society in Zambia – 3.2 Support Models to CSOs in Use*: All of the Nordic+ donors use the three main categories of support models that the survey team prepared before going to the field. This typology was based on the previous studies that form the foundation for this study (see the Terms of Reference). The three categories are (i) unilateral direct support, (ii) support through an intermediary, and (iii) joint funding models<sup>3</sup>. Support can be given as core funding to the organisations or to specific projects...

**3.2.4. Summing up on models**: The pre-definition of the model universe seems to have been relatively accurate. All of the donors felt comfortable using the models and their sub-categories to classify their support to CSOs. All of the Nordic+ donors state that they are definitely moving towards a more harmonised and joint approach to civil society support. This change is not driven by stated civil society preferences, nor by explicitly stated donor objectives for support to civil society since the latter in general are not that specific. The main driving force seems to be a HO need for cost- efficiency and reduced costs at Embassies and agencies. For sectors that are non-controversial both for civil society and donors, various forms of joint support is already dominant. Unilateral direct support is still used, but often to fund organisations that have a political mandate of some sort, or carry out advocacy activities that challenge government actions or policies. The donor's need for better information and closer dialogue with the CSO in question is obvious, since the donors are also running a risk, and hence the additional direct costs seem to be accepted.

- **Scanteam (2007) pp. 13-14**; Chapter 3: *Support to Civil Society in Zambia – 3.5.1: Partners' Views of Each Other – CSO Views*:

CSOs interviewed had generally a less benign view of the process and situation. They agree that the last three years have seen a distinct shift towards harmonisation of civil society support. But this has led to less general dialogue and consultation with CSOs. Donors have instead focused their interaction on fewer CSOs, in particular larger and better known ones, and network or apex organisations. This means that both information and funding is channelled through a reduced number of CSOs, virtually all based in Lusaka.

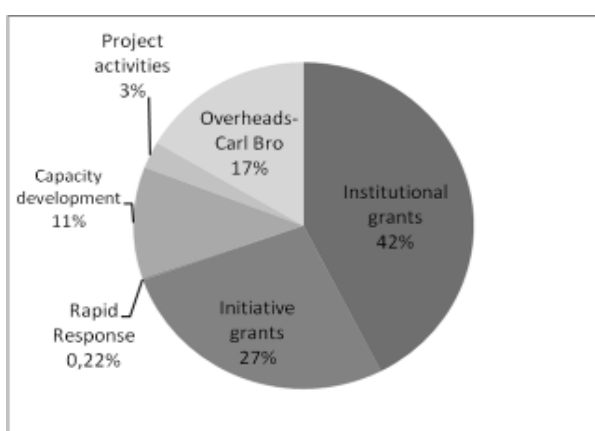
The pooling of funding is viewed with mixed feelings. It is clear that the reporting on both use of funds and results achieved is now streamlined, and therefore appears less costly to all parties. CSOs now only have to provide one consolidated statement to the focal donor, who then distributes this to the other donors supporting that particular pool. CSOs were also concerned about the joint decision making in joint or basket funding, because a conflict or misunderstanding with one donor could result in loss of funding – in practice losing the support from all the donors in that basket. Joint funding is seen to be better geared to help organisations pursue strategic objectives that are consistent with their mandates. A joint fund is more strategic and targeting annual plans, so it is experienced as being more stable and predictable over the medium term.

But there is a general feeling that overall funding to civil society has been reduced. There are two

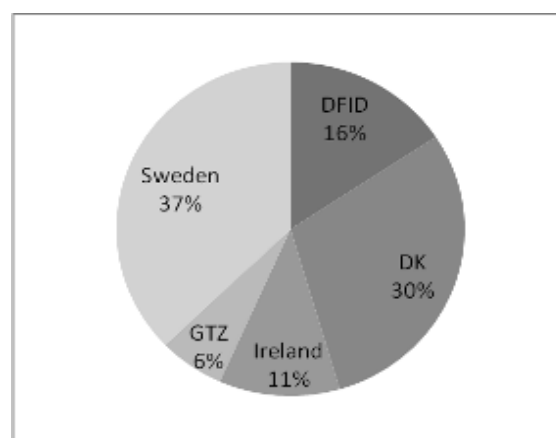
sets of exceptions. In the first place, priority sectors like HIV/Aids and those focusing on poverty reduction have seen an increase in their funding. The other exception is some of the larger, more professional organisations that are able to attract more funding. This overall reduction in funding is in part attributed to increased pooling to the public sector. But it may also be that CSOs that are supported under a joint fund become less visible and thus have less ability to argue for and make clear their needs and results. The increased attention to accountability, on the other hand, has led to increased demands on CSOs administration. While the number of reports is reduced, the demands on quality and comprehensiveness of reporting have increased, so the overall burden may be greater.

The joint support modalities, either through intermediaries or pooled funding, have also tended to increase the share of funding that is for activities/projects. This is in line with the increased attention to results, where funding is more targeted in order to produce measurable results. This has led to less core funding and less support for capacity building and other forms of non-financial support. CSOs find themselves having to operate more as commercial entities, competing for funds on efficiency grounds. Project funding carries a component of administrative financing that usually ranges from 5 to 20% of total costs, which most organisations view as inadequate.

**Figure 2 CP contributions 2009-2011**  
 +/- US\$ 16m in total



**Figure 3 Breakdown of ZGF spend**



Source: Mid-Term Review of the Zambia Governance Foundation, May 2011, p3

- **The IDL Group (2011)<sup>69</sup> pp 6-8;** *Mid-term Review of the Zambia Governance Foundation, Final Draft; May 2011 – Chapter 1. Background – ZGF financing of CSOs*: The ZGF has issued two calls for proposals, inviting Zambian CSOs to apply for funding. The calls have not been restricted to a particular sector or theme – all Zambian organisations with an interest in policy are invited to apply. Institutional grants are roughly US\$ 500,000, intended for well-established CSOs with a good policy track record, and administrative systems robust enough to make the most of core funding. Initiative grants are roughly US\$80,000, and are tied to an agreed budget against specific ‘policy-related’ activities. The ZGF’s total grant portfolio is 33 GPs – though a few more institutional GPs (Grant Partner – ZDF grantee) may be added in April-May 2011, if individual CSO applicants are able to address issues raised in the assessment process.<sup>70</sup> One GP has received a rapid response grant, and several GPs have made use of the Foundation’s capacity development service.

▪ **Indicator 6.1.3: Evidence of involvement in GBS design**

In accordance with the prescribed EU procedures concerned, CSO’s are routinely invited to EDF programming events including those related to the CSP/NIP, and thus in principle also are, directly or indirectly, involved in aid modalities decision making processes, including those related to General Budget Support (GBS). A recent 2011 study by the Democratisation, State and Civil Society – Good Governance Programme on the other hand concluded that generally speaking CSOs are not integrated in Zambia’s aid architecture. They basically operate outside the Joint Assistance Strategy for Zambia (JASZ), the main Cooperating Partners’ (CPs) platform for policy dialogue and harmonizing aid flows with GRZ. Also a ZCSD/CIVICUS (2011) study came to more or less the same conclusion when examining the potential influence of CSOs in all stages of the budgeting process (from the drafting to the implementation stage). The Government’s policy is described as ambiguous with regard to the role of

<sup>69</sup> In view of the non approval of the originally foreseen EU supported CSOs capacity building project under EDF IX and its successor programme under EDF X still under preparation, some findings are presented here in relation to the CSO related JCs and Indicators under this EQ-6 as a kind of proxy indication, originating from the Mid-Term Review of the Zambia Governance Foundation which is supported by a number of European Union Member States and with the EU as observer.

<sup>70</sup> Four more GPs were approved in late April 2011.

civil society: It does provide an opportunity to civil society to submit proposals but it is not obliged to take these CSOs submissions into account.

Extracts:

- **EDF10 - CSP/NIP 2008-2013: EDF10 programming – Meeting with CSOs (3 August 2006), main conclusions:** *In relation to budget support and the national budget, CSOs indicated that under the PRSP, the PRSP policies and priorities were not reflected and translated into the annual budget, and that this is an essential problem to avoid under the FNDP... CSOs also raised the question of the statistical information systems in health (HMIS) and education (EMIS) funded under the EDF9. It is useful to have this information, but what is happening after? ... The perspectives considered for the road transport sector under the EDF10 were also examined. Why the road Luangawa Bridge-Chipata is taken into account?*

- **ZCSD and CIVICUS (2011) pp 74-76: Civil Society Index Analytical Country Report for Zambia – Chapter 3 – Mapping Civil Society Case study 3 : An Assessment of Civil Society Impact on the National Budgeting Process in Zambia**

*The aim of the study was to assess the impact of civil society on the national budgeting process in Zambia. It examined the potential influence of CSOs in all stages of the budgeting process, from the drafting stage through to the implementation stage, and it also examined whether governments actually take these interventions and influences seriously. At this point, it suffices to mention that the Zambian government policy is said to be ambiguous on the role of the civil society in the budgetary process. Mudenda, Ndulo and Wakumelo, (2005) pointed out that government does provide an opportunity to civil society to submit proposals to the budget, but it is not obliged to take CSOs submissions into account. CSOs also lack information on the processes and capacity to effectively interact with the public institutions, in order for them to make meaningful submissions. The study highlighted both the opportunities and challenges CSOs face in their endeavour to influence important national programmes such as the budget. The findings of the study will therefore enable the stakeholders in issues of public policy to see the need for the development of a legal and policy framework for civil society participation in the budget process and other national programmes. This will help to clarify the extent of civil society's role in the in the national programmes budget process inclusive and how they can participate meaningfully.*

- **Democratisation, State and Civil Society – Good Governance Programme (2011), pp 6-7 :** *CSOs are not included in the Zambia's aid architecture (hence also not in GBS design)*

*CSOs are not integrated in Zambia's aid architecture. They operate outside the JASZ. Little information is available on aid flows and modes of operation. This grey area or even black box is a cause for concern in relation to government's efforts to regulate national and international CSOs. The lack of disclosure of programmatic and financial information may fuel the observed criticism that government expresses against civil society's engagement in advocacy. Another concern is the value based and one might even say ideological orientation of some ICSOs as is e.g. manifested in the distribution of print material to print material to national CSOs.*

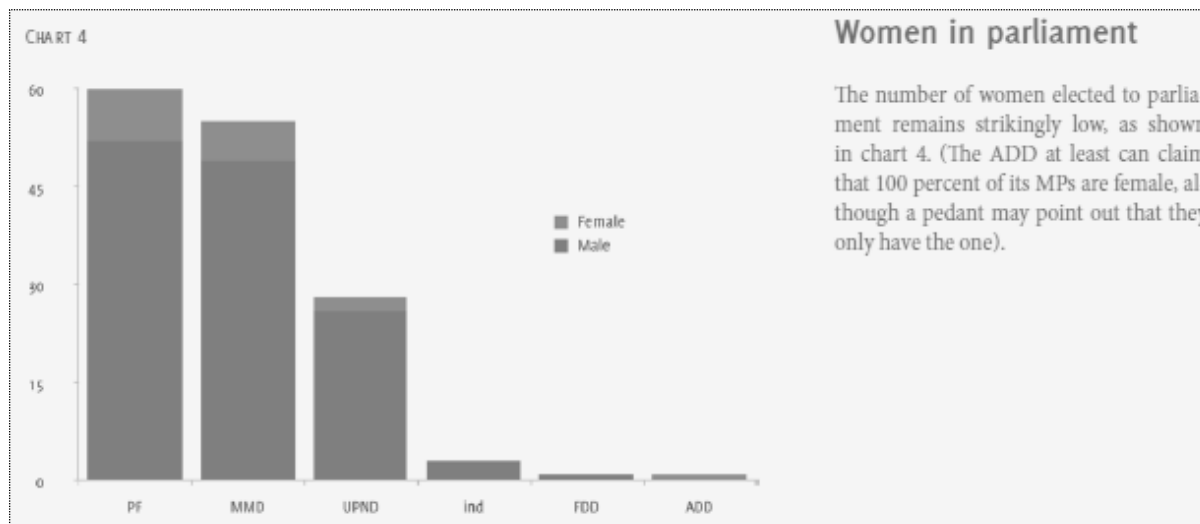
Field Visit Additional Information on JC 6.1.:

**CSOs (2011); Letter (draft) by a group of CSO umbrella organisations (TIZ, AAZ, NGOCC and ZCSD) to the Minister of Community Development, Mother and Child Care; Appeal for Review / Repeal of NGO Act No 16/2009; Lusaka, 21 October 2011 -** We the undersigned Non Governmental Organisations (NGOs) acting for and on behalf of our constituent NGOs and Community Based Organisations (CBOs) members in Zambia and being CSO representatives of the working group / interim board of the NGO Act, would like to take this opportunity to engage with the PF government, in particular with your Ministry, on the NGO Act No 16/2009, a law that we in civil society consider redundant and that your government has made a commitment to revisit... .., we wish to urge your good office to repeal the Non Governmental Organisations' Act No. 16 of 2009. This is because the law is obnoxious to the operations of the NGOs in Zambia and was obviously enacted in bad faith and with intent to make the operating environment of certain vocal and genuine NGOs difficult. We say this because the fact on the ground is that even before 2009 (when the NGO Act was hurriedly promulgated), NGOs had not been operating in a vacuum as they had always been registered under Zambian specific laws which imposed Certain specific obligations. It also ought to be stated from the onset that Zambian NGOs are not opposed to having a specific legislation for the regulation of NGOs, provided such legislation is aimed at creating an enabling environment for the growth of NGOs. It is because of this willingness that we decided to engage with government to look at the best way forward in terms of legislation for



regulating NGOs... The arguments advanced for the enactment of this act include the need to protect public interest by ensuring that NGOs in Zambia operate in an accountable and transparent manner. We as NGOs welcome this rationale, but ... the act contains a number of problematic provisions whose net-effect would seriously limit the scope of NGOs' operations in Zambia.

**Zambia Analysis (November 2011 Edition) p21:** "Post Election Analysis: A New Start: The Election in Charts - Women in Parliament



**Ministry of Community Development and Mother & Child Health – Department of Registrar for Non Governmental Organisations (2011); Interview 09 December 2011:**

- On statistics on CSOs: No data on CSOs available.
- Definition of CSO is still a contentious issue.
- Are presently excluded in accordance with the NGO Act provisions concerned: churches, church organisations, professional organisations, trade unions, employers organisations, amongst others.
- Main overall /generic criterion for recognition and registration as CSO at present: provision of services to the general public (and thus not to own membership and/or affiliates only)
- A classification of CSOs requires a mapping exercise first.
- Two other registration processes for other types of Non-State Actors: (i) The registrar of societies is the Ministry of Home Affairs, (ii) PACRA, the Patents and Companies Registration Authority is located in the Ministry of Commerce
- MCDM&CH Department of Registrar has the LT objective / ambition of becoming a one-stop-shop for all CSO related issues as far as the GRZ is concerned

**Scanteam (2007) pp. 4-5; Chapter 2 Civil Society in the National Context – 2.1. National CSO Policy and Regulation:** To date<sup>71</sup>, Zambia has no comprehensive legislation that addresses the role of civil society. It is widely felt that the disparate pieces of legislation with a bearing on the operations of civil society are archaic and out of step with the needs of a democratic society. Although the right of association is guaranteed in Part III of the republican constitution, it is felt that several pieces of enabling legislation serve to undermine the enjoyment of this right. Cap 119 (1958), for example, is the principal legislation providing for the registration of societies. The same legislation also regulates the operations of political parties, which many activists do not consider to belong to civil society proper. The main objection to this law is that it accords excessive powers to the Minister of Home Affairs and the Registrar of Societies that are detrimental to the smooth operations of civil society. The minister, for example, can unilaterally decide to deregister an organisation without proffering any reasons.

Section 4(1) of Cap 116 (1966) is of particular relevance to this study. This law requires that any organisation receiving assistance from a foreign government or agency must first get written approval from the President. In practice, this requirement has not been enforced, but it cannot be taken for granted that this will always be the case. The Public Order Act (1955), enacted to, among other things, regulate public processions, meetings and demonstrations, is widely considered retrogressive and incompatible with existence of a democratic society.

<sup>71</sup> Attention: This is the status as of early 2007. The excerpt nevertheless is quoted in extensu here in view of its historic relevance for the current evaluation covering the 10 year period 2001-2010 and also as illustration for the fact that issues tabled earlier in the period (and even before that in the nineties) are still valid / not addressed as of the present day.

In view of the above, there have been calls for comprehensive legislation addressing the role of civil society. In 1997 government tabled a draft NGO national policy and invited NGOs to contribute to drafting an NGO bill. But when government published the draft NGO bill, NGOs objected on the grounds that it did not reflect what was discussed, and that it was more tilted towards control rather than creating an enabling environment. As a result the process stalled and only resumed in 2005 when government again invited NGOs to contribute to a draft NGO bill. The NGOs responded to this challenge by drafting their own code of conduct to promote self regulation. The Ministry of Community Development and Social Services as host ministry for civil society has been working with the Ministry of Justice to spearhead this process, but so far nothing conclusive has been accomplished.

As indicated above, all organisations should be registered with the Registrar for Societies and there are formal requirements for registration and also for reporting and accounting to be followed. The Registrar cannot be said to have a good and updated overview of the CSO universe and it struggles to keep up to date with the formal requirements. It was said that the Registrar has more than 20,000 organisations registered, which is a considerable over- estimate of the currently active CSOs in Zambia. Legally some CSOs should be registered with relevant Councils or statutory bodies: youth organisations need to register with the National Youth Development Council, organisations for the disabled with the Zambia Agency for Persons with Disabilities, and others with the Zambia Council for Social Development, though this is often not observed.

All organisations wanting to register need a “letter of recommendation” from the relevant line ministry under which they would want to operate. This, and the fact that they have to report on annual returns, ensure accountability to a certain degree. In addition, CSOs also have to register with provincial sub-offices of the Ministry of Community Development and Social Services in the regions in which they intend to conduct work.

**STEM-VCR Sri (2006) p57; Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 7: Conclusions and Critical Issues:** A prerequisite for the ability of civil society organisations to play a role as an active and critical voice or development partner is that legislation and its enforcement secure the rights of organisations to exist and to conduct their activities, whether in the social or the advocacy/governance sphere. This implies not only securing freedom of expression and assembly, the right to organise (even to demonstrate), etc. but also the appropriate formulation of a registration policy of voluntary organisations. Given its strategic importance, CSO should take a proactive role, with the support of the donor community, to influence the shape of the NGO bill. In addition, they need to build up a consensus on the necessary governance and self-regulation mechanisms (mainly a Code of Conduct and a self regulatory council) in order to be in a position to guide the discussion vis-à-vis the government and donors.

#### **JC 6.1: The legal and regulatory framework for civil society is conducive to CSOs involvement in policy processes**

At present there is no conducive legal and regulatory enabling environment to maximize the potentials of Civil Society Organisations as development actors. CSOs are still governed under rules and regulations which are not suitable for their needs and characteristics. The NGO Act No. 16 enacted into Law on 26 August 2009 is contested as it mainly concentrates on the obligation for CSO to register with the public authorities (MCDSW, now MCDMCH) and thus perceived by the CSOs as threatening their independence, rather than effectively bringing about the intended enhanced transparency, accountability and performance. The restricted coverage of CSO types by the law (e.g. professional groups or organisations, trade unions, churches, clubs and religious organisations are excluded) are another issue of contention, as is the composition of the Board and the Working Groups in charge of drafting the implementing rules and regulations. An EU commissioned institutional analysis of Non-State Actors in Zambia of February 2006 argued that given its strategic importance, CSOs not only should take a proactive role, with the support of the donor community, to influence the shape of the NGO bill, but also for them to build up a consensus on the necessary governance and self-regulation mechanisms (mainly a Code of Conduct and a self regulatory council) in order to be in a position to guide the discussion vis-à-vis the government and donors. (I-6.1.1) It should come as no surprise that in this context no or hardly any data are available on amounts, let alone trends, in public subsidies for CSOs, as was further verified during the field phase.

In the context of this evaluation a portfolio analysis has been made of EUs support to CSOs in the 10 year period 2002-2010. . A total of 85 grant contracts have been awarded to CSOs in Zambia in this period with a total value of 68 million Euro (a total of 129 grant contracts were approved but of these 44 have been cancelled for one reason or another, representing 34.1% of total committed resources cancelled in the process). There generally is a growing annual trend in EU CSOs funding over the ten

year period both in number and total value of grant contracts, with a stabilisation (slight decrease) in the later years. One third (33.3%) of CSO's financing comes from EDF resources but the largest CSOs funding comes from the EU vertical thematic programmes / budget lines (65.5% of the total – particularly from the NSA-LG programme and the food security programme) with one contract financed from the sugar protocol. All contracts awarded up to the end of 2004 have been fully paid and are closed. From 2005 onwards, increasing amounts are still due for payment and contracts still ongoing, not yet closed. The largest sectors / thematic areas of EU support to CSOs are agriculture and food security (13m Euro or 19.3% of the total), relatively closely followed by health (incl. HIV/AIDS and nutrition – 17.0%) and governance with 14.5%. Emergency / humanitarian aid (11.1%), water and sanitation (8.6%), education and training (6.0%) and livelihood, poverty alleviation and IGPs (5.1%) take intermediate positions.

Under the Access to Justice Project, the Governance Secretariat (under the Ministry of Justice) initially was a conduit for CSOs financing (both institutional and project-related) based on a call for proposals modality. A 2010 study identified core funding as the most popular funding modality amongst CSOs in Zambia. Also, direct support is preferred to support via intermediaries, and only donors favour joint support models. CSOs and particularly national CSOs prefer unilateral funding. (I-6.1.2) Relations between the Government (GRZ) and CSOs are not always easy, with GRZ recognizing the added value of CSO engagement mainly in providing services in line with the National Development Plans, away from advocacy work. To date, no legislation for state funding to CSOs is existent. In accordance with the prescribed EU procedures concerned, CSOs are routinely invited to EDF programming events including those related to the CSP/NIP, and thus in principle also are, directly or indirectly, involved in aid modalities decision making processes, including those related to General Budget Support (GBS). However, the quality, added value and impact of this CSOs involvement is mixed at best. (I-6.1.3)

#### **JC 6.2: The presence and interface of CSOs with the population and the government is ensured**

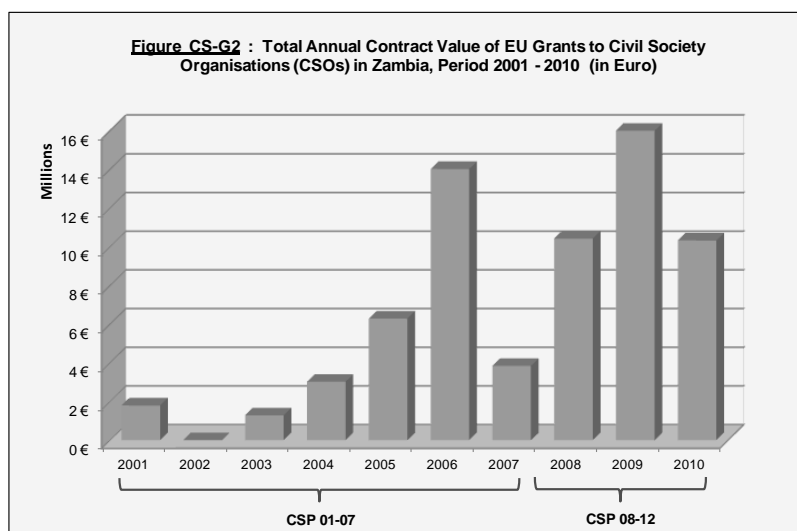
- **Indicator 6.2.1: Number of dialogue processes/mechanisms between CSOs and Government on various sectors at central and district levels**

The 2010 EUD - GRZ Joint Annual Review (JAR) flatly indicated that the dialogue with Non-State Actors has remained limited. The Mid-Term Review (MTR) of the EDF10 CSP referred to a certain lack of continuity in the progress of Zambia-EU political dialogue since 2003 but gained momentum from 2009 onwards. A wide range of issues were addressed and concerns were raised in the various meetings, including with non-government stakeholders. The NSAs form part of Sector Advisory Groups (SAGs) which are formal government structures established under each sector. SAGs meetings should be held on a quarterly basis and discuss policy issues in the sectors, progress of implementation of relevant projects and programmes and they also provide a forum for the sharing of information between GRZ, NSA and CPs. This is working well in some sectors (health, education, macro-economics, but less in others as Private Sector Development (PSD), transport and agriculture. NSAs are also involved in the reviews of the Poverty Reduction Budget Support (PRBS), which is the framework for general budget support in Zambia. The programming phase of the EDF10 has also included a process of consultation with civil society representatives and NSAs. A number of meetings were organised in 2006 and beginning 2007 to discuss the main EDF10 programming documents, including the Governance Profile. The EU commissioned institutional analysis of Non-State Actors in Zambia concluded to very substantive contribution made by the CSOs to the Sixth National Development Plan (SNDP) following a broad based and inclusive internal consultation process organised by the CSOs themselves drawing from over 230 organisations and hundreds of people from various communities at both national (through 12 thematic groups) and provincial level (through poverty assessments and consensus building workshops). The study also asserted that like before for the PRSP, the donor community showed high levels of support and included funding towards civil society's NDP activities. Furthermore, the CPs proved to be an important ally in the form of a channel for critical information, i.e. government timeliness, policy directions, and taking back civil society concerns to government and other donors.

Non-State Actors have also been consulted for the planning and implementation of a number of projects involving their participation. During the in-country CSP Mid-Term Review (MTR) process, a total of eight consultative meetings were organised in Lusaka. NSAs participated in five of these. The MoU signed between GRZ and Cooperating Partners on development and aid effectiveness in Zambia foresees for a dialogue architecture which sets out the complementary fora where GRZ, CPs and Non-State Actors interact in policy dialogue to improve the effectiveness of development assistance in Zambia (Sector dialogues, dialogues on cross-cutting issues, reforms and aid effectiveness, High Level Policy Dialogue. The Annual Poverty / SAG conference allows for sectoral (line Ministries) and regional (Provincial Permanent Secretaries) discussion of development achievements, reforms and plans. This

as far as the formal provisions for dialogue processes / mechanisms between CSOs and Government and a limited quantitative presentation are concerned. Another matter of course is an appreciation of the quality of these dialogue events and their outcomes, as was learned from the CSOs focus group discussion conducted during the evaluation field visit and also from the interviews with different other stakeholders concerned, including GRZ and CPs.

**Figure 4: Total annual contract value of EU grants to Civil Society Organisations in Zambia, period 2001-2010 (in Euro)**



Source: CRIS database search of 09 Dec 2011.

**Extracts:**

- **JAR 2010, p4;** *In-country dialogue: Dialogue with Non State Actors remained limited.*
- **MTR EDF10 CSP Conclusions, p1:** *Political dialogue: A certain lack of continuity has been noted in the progress of Zambia-EU political dialogue since 2003. Several Article 8 dialogues were held in 2007 mostly relating to issues of relevance to the Ministries of Home Affairs and Justice, i.e. the death penalty and prison conditions. Article 8 dialogues were also held with the Minister of Foreign Affairs on the Zimbabwe question. The dialogue gained momentum from 2009 with an ambitious plan including line ministries as well as other stakeholders in Zambian political life. Article 8 Dialogues were held with the Minister of Foreign Affairs, Minister of Industry, Trade and Commerce, the Vice President/Minister of Justice, the Human Rights Commissioner, the Chairperson of the Electoral Commission of Zambia, the Chairman of the Parliamentary Accounts Committee and the Chairman of the National Constitutional Conference. A visit to Lusaka prison also took place as a preparation for the meeting with the Minister of Home Affairs. The dialogue has generally been open and characterised by a positive attitude on both sides. A wide range of issues were addressed and concerns raised in the various meetings, including with non-government stakeholders.*
- **MTR EDF10 CSP Conclusions, p16:** *NSA/LA involvement in policy dialogue? Frequency of dialogue: "NSA form part of Sector Advisory Groups (SAGs), which are formal government structures established under each sector. SAGs meetings should be held on a quarterly basis and discuss policy issues in the sectors, progress on implementation of relevant projects and programmes and they also provide a forum for the sharing of information between GRZ, NSA and CPs. This is working well in some sectors (health, education, macro-economic, but less in others (PSD, agriculture). In addition, NSAs are involved in the reviews of the Poverty Reduction Budget Support (PRBS), which is the framework for general budget support in Zambia. In particular Civil society has been given capacity building support to engage on the monitoring of budget support in Zambia at national, provincial and district levels. The Delegation regularly involves NSA in its programming and implementation processes, notably in focal sector 2: Health, where NSAs are consulted on the assessment of sector budget support. Dialogue with NSAs is also particularly intense around the Economic Partnership Agreements, where the EC Delegation regularly interacts at workshops and seminars."*
- **MTR EDF10 CSP Conclusions, p17:** *During the in-country MTR process, the Delegation organised a total of eight consultative meetings in Lusaka. NSAs participated in five of these. Of these five, one meeting was organised solely for NSAs input into the whole process; one were focused on the focal sectors supported by the Delegation; one focused on the poverty and social situation*

of the country; one on the economic situation and one on the update of the governance action plan. Inputs into the process were also solicited through email communication with NSAs.

- **EAMR, July 2007, p2:** NSA. The programming phase of the EDF10 has also included a process of consultation with civil society representatives and NSAs. A number of meetings were organized in 2006 and beginning 2007 to discuss the main EDF10 programming documents, including the Governance Profile. Moreover, Non-State Actors have been also consulted for the planning and implementation of a number of projects involving their participation. Some NSA representatives are also members of the steering committees of EDF funded projects. After too long a process of approval at HQ, the implementation of the EDF9 project to support NSA could start during the second half of 2007.
- **GOZ and Cooperating Partners - MoU (2011) p7 ;** Memorandum of Understanding between the Government of the Republic of Zambia and its Cooperating Partners on Development and Aid Effectiveness in Zambia; Draft Version of 20 August 2011. Section 5.3: The Dialogue Architecture in Annex 5 sets out the complementary fora where GRZ, CPs and Non-state actors interact in policy dialogue to improve the effectiveness of development assistance in Zambia. The signatories will work together to strengthen these fora during the course of the SNDP:
  - **Sector Dialogue:** Sector Advisory Groups (SAGs) provide a forum through which Government, CPs and non-state actors engage in sector planning, budgeting, and monitoring processes, and sector-level policy and technical discussions on a quarterly basis. SAGs are expected to rationalise intra-sectoral allocation of resources and related expenditures, and to ensure that annual sector budgets presented to MoFNP reflect sector priorities and are in line with the Vision 2030, the goals and objectives of the SNDP and are linked to district plans. Joint annual sector reviews shall become a standard procedure and will enhance sector coordination, alignment and transparency as well as joint learning. Generic ToR for Joint Sector Reviews will be developed and agreed upon. Reviews of large sector programmes will be shared with the stakeholders in the respective sectors. SAGs will prepare short summaries of progress and challenges to feed into discussions at the High-level Policy Dialogue. CPs are committed to support the SAGs. Their participation in SAGs is determined through the DOL process. Furthermore:
  - **Dialogue on Cross-Cutting Issues, Reforms and Aid Effectiveness** takes place in another set of fora.
  - **High Level Policy Dialogue** is held on a regular basis in the monthly ST – CPG-Troika meetings, comprising of the ST and the CP-Troika, to discuss development and aid effectiveness issues.
  - **The Annual Poverty/SAG Conference** allows for sectoral (line Ministries) and regional (Provincial Permanent Secretaries) discussion of development achievements, reforms and plans.
- **Democratisation, State and Civil Society – Good Governance Programme (2011), p3:** Government on occasions recognises and comments CSOs, e.g. the CSO SNDP report is recommended by the Secretary to the Treasury to government institutions; CSPR and other CSOs are commended by Parliamentary Sub-Committees for their contributions; CSOs' contributions are acknowledged in the National Anti-Corruption Policy. Yet the argumentation of CSOs against the mid-term gratuity of MPS in 2009 and the broad coalition against corruption scandals saw state institutions hitting out at CSOs. This situation ultimately may have lead government to bring the NGO Bill to Parliament and Parliament to pass the act in August 2009.

#### Field Visit Additional Information on I-6.2.1 :

**STEM-VCR Srl (2006) p11;** Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 4: Practices of Different Levels of Government regarding Non-State Actors Participation - Participation at National Level: ..., apart from the space on the Sector Advisory Groups (SAGs) and in a similar way to the Poverty Reduction Strategy Paper (PRSP) formulation process, civil society prepared an independent NDP civil society input drawn from over 230 organisations and hundreds of people from various communities at both national (through approximately 12 thematic groups) and provincial level (through poverty assessments and consensus building workshops). After a national consensus building workshop, this input has been collated in a report entitled “A National Development Plan for Zambia: A Civil Society Perspective”. The independent input of civil society was forwarded to the Ministry of Finance and National Planning, as well as to the various Sector Advisory Groups (SAGs) for inclusion in the NDP. The outcomes of the PRSP and NDP activities of civil society cannot be ignored. Government is increasingly recognising the importance of civil society in Zambia's development agenda. Like the PRSP, the donor community, especially GTZ, showed high levels of

support and included funding towards civil society’s NDP activities. Furthermore, the donors proved to be an important ally in the form of a channel for critical information, i.e., government timeliness, policy directions, and taking back civil society concerns to government and other donors.

▪ **Indicator 6.2.2: Nature of changes attributable to CSOs’ dialogue processes on sectoral strategies**

Achievements on this indicator are rather difficult to ascertain not only because of the limited availability of documentation and aggregate analysis on this issue, but also for methodological reasons of attribution. Nevertheless, the Mid-Term Review of the EDF10 CSP concluded to have benefited greatly from the inputs of the NSA during the in-country consultations, the drafting of the JAR and governance action plan update. For HIV/AIDS for instance, such collaboration with HIV/NGOs was established and more than half of the health infrastructures are reported to have a relationship with such organisations. These suggestions, although not directly affecting the setup of the CSP could make its implementation in the different sectors more successful for the remainder of the EDF10. A 2011 case study by ZCSD and CIVICUS of civil society impact on the national budgeting process in Zambia, showed both the opportunities and challenges CSOs face in their endeavour to influence important national programmes such as the national budgeting process. CSOs’ contributions are acknowledged by Government in the National Anti-Corruption Policy, but particularly in relation to the Poverty Reduction Strategy and related sectoral strategy documents. There is less inclination to acknowledge CSOs’ effects and impact on governance and accountability issues, apart from some relatively substantive budget tracking and monitoring. These preliminary desk findings based on piecemeal evidence were more or less confirmed during the different interviews on the occasion of the evaluation field visit...

Data, figures, tables:

**CSO Global fund evaluation health facilities (2008)**

**Table 5.10: 356. Connection between HIV services and community prevention services [PDAC ONLY]**

Percentage of all facilities and those offering HIV services with a working relationship with any NGO or CBO for HIV prevention activities, by district, Zambia 2008

Type of district	Percentage of all facilities with HIV-NGO relationship	Total number of facilities with HIV-NGO relationship	Percentage of facilities offering any HIV services	Total number of facilities offering any HIV services
<b>Type of District</b>				
High	52.4	152.0	81.0	235.0
..Lusaka	39.3	59.0	74.7	112.0
..Kitwe	52.6	30.0	87.7	50.0
..Livingstone	63.0	17.0	100.0	27.0
..Sesheke	83.3	15.0	77.8	14.0
..Nchelenge	75.0	9.0	91.7	11.0
..Katete	84.6	22.0	80.8	21.0
Medium	84.0	21.0	80.0	20.0
..Kapiri Mposhi	84.0	21.0	80.0	20.0
Low	52.2	12.0	56.5	13.0
..Mpulungu	33.3	1.0	66.7	2.0
..Mwinilunga	55.0	11.0	55.0	11.0
Total	54.7	185.0	79.3	268.0

Extracts:

- **MTR EDF10 CSP Conclusions, p19:** *Conclusions: overall value/impact of NSA/LA participation in the MTR process and next steps: “The MTR process benefited greatly from the input of NSA during the in-country consultations and drafting of the JAR and governance action plan update. NSA made a number of proposals during the meetings including the provision of extra capacity building for monitoring of budget implementation and the increased lobbying by the EC for a more inclusive role for civil society in policy processes. These suggestions, although not directly affecting the setup of the CSP, could make its implementation more successful for the remainder of the EDF10. The EC Delegation for its part should make a greater effort in future to involve Local Authorities in dialogue.”*
- **ZCSD and CIVICUS (2011) pp. 74-76:** *Civil Society Index Analytical Country Report for Zambia – Chapter 3 – Mapping Civil Society Case study 3 : An Assessment of Civil Society Impact on the National Budgeting Process in Zambia*  
*The aim of the study was to assess the impact of civil society on the national budgeting process in Zambia. It examined the potential influence of CSOs in all stages of the budgeting process, from the drafting stage through to the implementation stage, and it also examined whether govern-*

*ments actually take these interventions and influences seriously. At this point, it suffices to mention that the Zambian government policy is said to be ambiguous on the role of the civil society in the budgetary process. Mudenda, Ndulo and Wakumelo, (2005) pointed out that government does provide an opportunity to civil society to submit proposals to the budget, but it is not obliged to take CSOs submissions into account. CSOs also lack information on the processes and capacity to effectively interact with the public institutions, in order for them to make meaningful submissions. The study highlighted both the opportunities and challenges CSOs face in their endeavour to influence important national programmes such as the budget. The findings of the study will therefore enable the stakeholders in issues of public policy to see the need for the development of a legal and policy framework for civil society participation in the budget process and other national programmes. This will help to clarify the extent of civil society's role in the in the national programmes budget process inclusive and how they can participate meaningfully.*

▪ **Indicator 6.2.3: Degree of institutionalisation and mainstreaming of civil society consultation**

In the dialogue on national policies and strategies, civil society plays a rather weak role only. While this may be partly due to Government's hesitation to see CSOs as a partner for dialogue on macro issues, capacity constraints may also play an important role. Under the capacity building component of the PRBS2 project local civil society organisations' ability to monitor budget execution and service delivery in urban and rural areas is strengthened and also their ability to engage in policy dialogue on these issues.

Overall, the institutionalisation and mainstreaming of civil society consultation process experienced a major setback because of the non-approval and closure of the comprehensive programme of support to NSAs under EDF9 (CRIS 19-150 – budget 5.5m €). The reasons to a certain extent are symptomatic for the state-of-play of civil society in Zambia: Difficult cooperation with the Government of Zambia who delayed the signing of the FA, the tender failure, the changed overall CSO environment since the beginning of the programming of the EDF9, and the appearance of a new major actor (the Zambian Governance Foundation - ZGF), supported through basket funding by a number of EU Member Countries and with the EU involved under observer status. These factors finally led to close the FA after a process which lasted more than 2.5 years, with the intention to start anew under the EDF10 (after more than 2.5 years of negotiations and procedural battles). In the transport sector, private sector CSO stakeholders reportedly are closely involved in policy formulation and implementation. Consultation is institutionalised through representation of stakeholders in most decision-making bodies. For example in the National Roads Board the private sector is in a majority position.

Generally however the degree of institutionalisation and mainstreaming of civil society consultation in the dialogue on national policies remains weak. At the same time, as also asserted in the 211 ROM mission report, the EU support to Zambian NSAs has the potential of high impact in that it can really "make the difference". An important tool is the reinforcement of existing structures (such as the Sectoral Advisory Groups and the Governance Secretariat as support mechanism and capacity strengthening facilitator) in order to strengthen citizen participation in policy-making processes. This also covers the need to strengthen networking and coordination between CSOs and Government to avoid duplication and non-alignment of development interventions. From the numerous consultations with CPs and national stakeholders during the field visit strong signals were received for a capacity strengthening of CSOs to become capacitated partners in the political dialogue process particularly regarding democratic and economic governance issues in their broad variety and especially in relation to transparency and accountability issues. Evaluation and research studies as the EU commissioned institutional analysis of non-state actor in Zambia, the 2007 report on support models for CSOs and the 2011 mid-term review of the Zambia Governance Foundation all point out the necessity of a necessary conducive enabling environment for CSOs in order to be able to effectively fulfil such role. They elaborate on the concrete measures necessary for this as well as on the concrete modalities of capacity strengthening support to CSOs in this respect, both organisationally and institutionally and in terms of human resources.

Extracts:

- *EAMR, Jan 2011, p5: The implementation of the civil society project under the capacity building component of PRBS2 was initiated; the project will develop communities' and local civil society organisations' ability to monitor budget execution and service delivery in urban and rural areas and to engage in policy dialogue on these issues. A number of civil society organisations at different levels through the NGO umbrella organisation CSPR (Civil Society for Poverty Reduction) will be involved in the implementation of this pilot project.*
- *JAR 2007, p25: 2.4. Utilisation of resources for NSAs: After a lengthy process of approval at*

headquarters the Financing Agreement for the EDF9 project (€5 million) to strengthen NSA capacities was ready for National Authorising Officer's (NAO) signature by the end of the year. However, the Zambian Government was reluctant to sign the FA in the absence of a legal framework for creating a mutual accountability relationship between the government and civil society that was part of the stalled NGO Act. The problem has been raised in all the meetings held with the NAO since November 2007. The Delegation has already sent two letters to the NAO, explaining the importance of this type of project under Cotonou, giving assurances of NAO involvement in its implementation, and asking for a final formal position. The Delegation pointed out that the project is in line with the provisions of Cotonou Agreement for the involvement of Civil Society in development policies and strategies in ACP countries. Accordingly, it will be implemented under the legal and financial regulations that apply to the EDF9. An official reply is currently expected.

- **EDF10 – CSP/NIP 2008-2013, Annexes p xxi:** CSOs referred to the need of capacity building for NGOs, not only in the more classic areas, but also in new areas like trade. The current negotiation of EPAs should involve NSAs, but for that sufficient training and capacities are required. The Delegation replied that there is a provision under the EDF9 private sector project to support NSAs and intermediary organisations.
- **EDF9 – CSP-NIP, Annex 8 p16 :** Transport sector regarding stakeholder involvement and donor co-ordination. Relatively short (very short) chapter only with no mentioning of CSOs, as follows: "As part of Government's philosophy regarding the role of the private sector in the economy, stakeholders in the transport sector are closely involved in policy formulation, and implementation. Consultation is institutionalised through representation of stakeholders on most decision-making bodies. In the National Roads Board the private sector is in a majority position. ROADSIP has provided a well-established focal point for policy formulation, implementation and evaluation. Its annual reviews involving all stakeholders are a forum where the entire sector, including high level representation of the Government, meets, exchanges views and contributes to the way forward. Since early 2000, the donors consult regularly on transport matters in the Transport Sector Donor Forum. The group has monthly meetings with the Permanent Secretary of Communications and Transport.
- **EUD Document: Note for the file dtd. 5 May 2010** on the Decision to Close the FA CRIS 19-150 on support to NSAs

"For history please also refer to note for the file of 24th November 2009 prepared by F&C. After the tender failure, and considering the difficult cooperation with the Government of Zambia (GRZ) who delayed the signing of the FA then the constitution of the evaluation committee, we have decided to opt for a Centralized Management. We had also realized that the scene for support to local NGOs had changed since the beginning of the programming of the EDF9 Non State Actors support. A new actor had appeared, the Zambian Governance Foundation (ZGF), a private Sector body with a non profit status which is a basket fund supported by DK, UK, IRL, SE, DE, FL. Together with F&C and after consultation with HQ in Brussels, we considered five possible scenarios as a way forward to manage the programme in cooperation with this new entity in the best possible way. The most feasible way forward proved to be a Delegation Agreement with one of the CPs who contributes to the pool fund of ZGF. We therefore contacted DANIDA, and started a discussion with them on a Delegation agreement. In the meantime, we have been in consultation with HQ to assess the possibility of approving a rider to the FA.

Current situation: The reply from Brussels, especially on the timeline to get the rider approved, discouraged us from starting the procedure for the rider, as the time for approval would go beyond the deadline of 2nd July 2010. Furthermore, we have been advised by F&C colleagues in Brussels that the possibility to get such a rider approved would be very uncertain.

Proposal by Section 3: We therefore propose to close the current FA and start on new basis with the foreseen envelope for support to NSAs under the EDF10. Furthermore we suggest opting for a Centralized Management with a Delegation Agreement with one of the CPs contributing to the pool fund of ZGF, possibly DANIDA or DIFID.

- **EUD Document: Rationale for EDF10 NSAs capacity building project in Zambia pp 1-2:** (3) In the dialogue on national policies, strategies NSAs play a weak role only. While this situation may partly be due to Government's hesitation on seeing NSA as a partner for dialogue on macro issues, capacity constraints may also play an important role... (4) Several Cooperation Partners (CPs), as the international Donors are named in the Zambian context, in recent years attempted to build capacity of NSA. On the part of the EU an EDF9-project has been developed but became a non-starter after GRZ signed the FA with a major delay only. (5) In spite of the above constraints, the 2011 Results Oriented Monitoring (ROM) Mission in Zambia has shown that EU sup-



port to *Zambian NSAs* has the potential of high impact, in that it can really "make the difference". *Zambian NSAs* can play a key role in the area of social protection and generally the EU supported projects they manage have good design, are based on demand for actions and have good chances of positive impact and sustainability. (6) The main lessons to be learned from other CPs experience relate to the fact that donor responses have not focused on supporting the role of NSAs to hold government accountable by entering into constructive engagement. The focus has been more on the NSA's role in 'demand-side accountability' and less on the need to strengthen the capacity of GRZ ('supply-side') Budget as included in ID Fiche: 5.5m €

- **ZCSD and CIVICUS (2011) p33:** *Civil Society Index Analytical Country Report for Zambia – Chapter 5 – Recommendations: This section contains recommendations which synthesise from the various consultations held during the CSI process in Zambia, including Regional Consultative Meetings held in four provinces (Copperbelt, Southern, Luapula and Lusaka provinces), the NAG and the National Consultative workshop that was held on 24 November 2010. These recommendations are not only directed to CSOs, but its partners in the government and the business sector. One of the features of the recommendations is the weakness of civil society, and how to strengthen it.*
  - *Currently the NGO Act No. 16 of 2009 does not apply to churches, clubs, professional groups or organisations, trade unions and religious organisations. As such there is need for further revision of the Act in order to accommodate the types of CSOs which are not covered.*
  - *Civil society should lobby government to reinforce existing structures (such as Sectoral Advisory Groups) in order to strengthen citizen participation in policy-making processes.*
  - *There is need for further inquiry on how dialogue between government and civil society should be strengthened, particularly on issues of governance, participation, human rights and the rule of law.*
  - *It was felt that CSOs are highly dependent on donor funding and usually have no say on how funds should be used. Therefore, there is need for them to develop income generating activities in order to have more independence in their development interventions.*
  - *Since rural communities seem to be underserved by CSOs, it was felt that there was need for CSOs to spread their activities to rural areas and help in mobilising self-help groups and networking.*
  - *There is need for networking and coordination between CSOs and the Government to avoid duplication and contradiction in development interventions.*
  - *In addition to the guidelines provided in the NGO Act on how CSOs should carry their operations, there was a felt need that CSOs should institute a code of conduct to address matters pertaining to their accountability.*
- **Democratisation, State and Civil Society – Good Governance Programme (2011), p3 :** *“Government on occasions recognises and comments CSOs, e.g. the CSO SNDP report is recommended by the Secretary to the Treasury to government institutions; CSPR and other CSOs are commended by Parliamentary Sub-Committees for their contributions; CSOs’ contributions are acknowledged in the National Anti-Corruption Policy. Yet the argumentation of CSOs against the mid-term gratuity of MPS in 2009 and the broad coalition against corruption scandals saw state institutions hitting out at CSOs. This situation ultimately may have led government to bring the NGO Bill to Parliament and Parliament to pass the act in August 2009.”*

Field Visit Additional Information on JC 6.2:

- **Governance Secretariat (2008) p140;** *Governance Data Mapping – Assessing the Quality and Availability of Governance Data: Chapter 5 Conclusion: The governance data quality assessment comprises some recommendations that emerge from a larger process of data mapping. These recommendations are as follows:*
  - *Governance data and information should be acknowledged as assets and used for effective programme implementation and service delivery;*
  - *Governance institutions should value websites as valuable productive “office space” as they can be the entry point for researchers and clients and also for data dissemination;*
  - *Institutionalise the concept and practice of Monitoring and Evaluation in the governance insti-*

tutions;

- Invest in data management systems and competencies to facilitate monitoring and evaluation of national governance processes and programmes;
  - The Monitoring and Evaluation Framework for governance should detail the boundaries of what is called “governance data”;
  - The data generated and reported by civil society should be assessed for its potential to inform not only the outputs but also outcomes monitoring in the governance sector;
  - Relate the annual SAG Conference reporting to the targets embedded in the Fifth National Development Plan.
- **Scanteam (2007) p24; Support Models for CSOs at Country Level – Zambia Country Report: Chapter 7 Findings and Conclusions:** The cooperation between the Government and the civil society functions relatively well, but there is still some suspicion between the actors. This is especially true when CSOs take on the role as advocates and monitors of public spending, and President Mwanawasa has stated his suspicion on several occasions. The line between political activity as conducted by civil society and partisan politics is less clear than in more mature democracies, and so suspicion on behalf of the ruling party is sometimes unavoidable, but nevertheless problematic.
  - **STEM-VCR Srl (2006) p30; Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 4.1.1 CSOs Participation at National Level – Main Challenges:** There are various challenges that civil society has faced in terms of participating in policy development at the *national level*:
    - There is no framework for institutionalised participation of civil society in national development policies in Zambia. One cannot but conclude that space largely depends on government “good will” and “donor pressure”. The latter poses a question around ‘genuine or forced’ space for civil society;
    - Despite the amount of input provided by civil society, the government does not provide any resources to non-state actor engagement in national development policy. Complete reliance on donor good will for resources to engage in the PRSP and NDP can be challenging and unpredictable;
    - A number of inefficiencies existed around the PRSP working groups and SAGs, e.g. inconsistency in meetings, late invitations or none at all, late documents, etc, thus undermining the effective participation of civil society;
    - Civil society engagement in policy dialogue is only at “consultative levels”, with government deliberately omitting non-state actors at the “higher decision-making levels”. Despite continuous lobbying, civil society was sidelined from the technical and drafting committees of the PRSP and now those of the NDP, an issue attributed to low levels of political will;
    - Other major national debates and civil society:
      - o Participation of NSA in political national debates like the constitution and electoral reform : No doubt, NSAs have become key players in the political processes in Zambia;
      - o Participation of NSA in the decentralisation debate: The decentralisation debate has not attracted as much interest from NSAs as constitution-making and poverty reduction;
      - o Participation of NSA in the fight against corruption and good governance issues: NSAs have played and continue to play an important role in raising awareness against the evils of corruption;
      - o NSAs have also played a leading role in the promotion of media law reforms in the country
  - **STEM-VCR Srl (2006) pp. 32-33; Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 4.1.1 CSOs Participation at Local Level – Challenges and lessons Learnt:** There are various challenges that civil society has faced in terms of participating in policy development at the *local level*:
    - National development policy formulation is still highly top down – lower levels tend to be the “forgotten levels”;
    - National decentralisation policy is not fully implemented, resulting in national policy planning being largely centralised;
    - Weak or no civil society coordination forums at the provincial level;

- Weak engagement capacities at provincial and district level, e.g. preparation for input to meetings;
  - There is no framework for institutionalised participation of civil society in national development policies in Zambia;
  - According to a survey conducted in the Copperbelt province, civil society organisations which sit on the Provincial Development Coordinating Committee (PDCC) and District Development Coordinating Committee (DDCC) are expected to submit reports on their activities, but the organisations tend to shy away from financial transparency. This makes it difficult for government to assess the impact of these organisations.
- **The IDL Group (2011) p11; Mid-term Review of the Zambia Governance Foundation, Final Draft; May 2011 – Chapter 3.5 Reviewing Progress Against the Logical Framework – Purpose: CSOs at national and sub-national levels engage effectively with the GRZ, influencing pro-poor policy processes and policy implementation monitoring.”**

Achieving ZGF's purpose will take time. Pro-poor social and political change is a long-term process, which is characterized by regular setbacks and circumstances well beyond the control of any single actor. It is an ambitious purpose, and most Zambian CSOs have a long way to go before they have significant and sustained impact on policy. Most of ZGF's founding CPs appreciate this reality. It will be an ongoing challenge, however, to ensure that all stakeholders share an understanding of what the ZGF can realistically achieve in the short, medium, and long term. The Board and CPs should reflect regularly on their collective expectations of the ZGF, including the refinement of specific milestones at purpose and outcome levels. Time will need to be invested in the 'indication' of new faces to the CP group, so that they fully appreciate why the ZGF is formed the way it is, what the Zambian CS landscape implies for the ZGF, and what levels of success can be expected at purpose level in the medium term. Results: The review team found encouraging evidence of ZGF impact at both the organisational level (within the GPs themselves) and on individual policies (sub-national and national levels).

#### **JC 6.2: The presence and interface of CSOs with the population and the government is ensured**

As asserted in different EUD-GRZ Joint Annual Reviews (JARs), the dialogue with Non-State Actors / Civil Society Organisations has remained limited. There is a certain lack of continuity in the progress of Zambia-EU political dialogue with involvement of the CSOs since 2003, but this dialogue gained momentum from 2009 onwards. Successful platforms include for example the Sector Advisory Groups (SAGs), but substantive differences are noted across the sectors: Successful in some sectors as health, education, macro-economics, but less in others as Private Sector Development (PSD), transport and agriculture. NSAs are also involved in the design and reviews of the Poverty Reduction Budget Support (PRBS), which is the framework for general budget support in Zambia. Non-State Actors have also been consulted for the planning and implementation of a number of projects involving their participation. The EU commissioned institutional analysis of Non-State Actors in Zambia concluded to very substantive contribution made by the CSOs to the Sixth National Development Plan (SNDP) following a broad based and inclusive internal consultation process organised by the CSOs themselves. The MoU signed between GRZ and Cooperating Partners on development and aid effectiveness in Zambia foresees for a dialogue architecture which sets out the complementary fora where GRZ, CPs and Non-State Actors interact in policy dialogue to improve the effectiveness of development assistance (e.g. Sector dialogues, dialogues on cross-cutting issues, reforms and aid effectiveness, High Level Policy Dialogue). (I-6.2.1) It thus appears that (the institutionalisation of) the interfacing of CSOs with government and with the population is something basically externally induced / facilitated by the Cooperating Partners, rather than an endogenous national process. This for example is evidenced by the cancellation of the comprehensive support programme to CSOs under EDF9 signifying a major setback for the institutionalisation and mainstreaming of the civil society consultation process. (I-6.2.2)

The reasons for this cancellation to a certain extent are symptomatic for the actual state-of-play of civil society in Zambia, with as main factor the generally difficult cooperation between CSOs and the Government of Zambia, having led the latter to keep delaying the signing of the Financing Agreement ultimately leading to its termination. However, with the new Government in place there are prudent indications of an improved relationship. Whereas a number of interfaces are established, another matter is the appreciation of the quality of these dialogue events and their outcomes, as was learned from the CSOs focus group discussion conducted during the evaluation field visit and also from the interviews with different other stakeholders concerned, including GRZ and CPs. (I-6.2.1) The extent and nature of changes attributable to CSOs' dialogue processes on sectoral strategies is difficult to ascertain not only

because of the limited availability of documentation and aggregate analysis on this issue, but also for methodological reasons of attribution (what is caused / triggered by what?). However, the positive acknowledgements for example in the MTR of the EDF10 CSP or by Government itself as emanating from documents study particularly in relation to the poverty reduction strategy were further validated during the desk phase. There is less inclination to acknowledge CSOs' effects and impact on governance and accountability issues, apart from some relatively substantive budget tracking and monitoring. These preliminary desk findings based on piecemeal evidence were more or less confirmed during the different interviews on the occasion of the evaluation field visit (I-6.2.2). Generally, the degree of institutionalisation and mainstreaming of civil society consultation in the dialogue on national policies remains weak. At the same time, as also asserted in the 211 ROM mission report, the EU support to Zambian NSAs has the potential of high impact in that it can really "make the difference". An important tool is the reinforcement of existing structures (such as the Sectoral Advisory Groups and the Governance Secretariat as support mechanism and capacity strengthening facilitator) in order to strengthen citizen participation in policy-making processes. This also covers the need to strengthen networking and coordination between CSOs and Government to avoid duplication and non-alignment of development interventions. One of the eight weaknesses of CSOs cited as constituting the rationale for a EDF10 NSAs capacity building project is weak vertical linkages with the grassroots level of society, thus limiting the pressure from below for accountability. Generally, CSOs are strongly dependent on aid flows, with limited (if any) constituencies, low transparency and accountability. From the numerous consultations with CPs and national stakeholders during the field visit strong signals were received for a capacity strengthening of CSOs to become capacitated partners in the political dialogue process particularly regarding democratic and economic governance issues in their broad variety and especially in relation to transparency and accountability issues. Evaluation and research studies as the EU commissioned institutional analysis of non-state actor in Zambia, the 2007 report on support models for CSOs and the 2011 mid-term review of the Zambia Governance Foundation all point out the necessity of a necessary conducive enabling environment for CSOs in order to be able to effectively fulfil such role. They elaborate on the concrete measures necessary for this as well as on the concrete modalities of capacity strengthening support to CSOs in this respect, both organisationally and institutionally and in terms of human resources. (I-6.2.3)

### **JC 6.3: CSOs become sustainable entities operating in all relevant policy areas and in complementarity with other NSAs**

- **Indicator 6.3.1: Level of skills of CSOs staff (professional background, experience and training)**

*Important introductory note:* Generally, in the literature a broad interpretation is given to the term Civil Society Organisation (CSO), in as much as CSOs also cover non-government entities often referred to as Non-State Actors (NSAs), for example those actors active in the economic sector (e.g. professional associations, business organisations, labour unions, etc.) or trade sector. This broad interpretation and ditto classification are also used in this evaluation report. (e.g. see the CSO classification under Data, Figures, Tables related to indicator 6.1.2). As transpired from the consultations during the field visit, most stakeholders adhere to this broad definition and classification, whereas the NGO Act of 2009 gives a more restrictive interpretation to the concept. This is one of the main areas of dispute and discontent with this legislation.

Generally, not sufficient / no substantive data are available in the documentation on this indicator, neither could precise data being obtained during the field visit from any party, since reliable base information and statistics appear to be lacking.

As per a recent report on the status of civil society in Zambia (CIVICUS, 2011), human resources is assessed as the weakest performance dimension of CSOs in Zambia. Only 30.7% of the surveyed CSOs claimed to have enough human resources. Most CSOs do not have a sustainable staff base; almost 70% of CSOs depend on volunteers to carry out activities. The voluntary nature of employment in CSOs brings about a high level of turnover, with people moving from small to bigger CSOs or international and donor agencies for more attractive conditions of service. CSOs referred to the need of capacity building, not only in the more classic areas, but also in new areas like trade (e.g. in connection with the negotiation of EPAs). Also cited amongst CSO weaknesses are lack in / weaknesses in institutional and management capacity. As reported in relation to JC 6.2 earlier, in spite of these and other constraints the 2011 ROM mission to Zambia concluded to the Zambian CSOs' potential of high impact (e.g. in the area of social protection).

These challenges regarding skills and capacity of CSO staff and at the organisational level are a reconfirmation of the findings of the 2006 EU commissioned institutional analysis of CSOs in Zambia, with such detailed analysis for the four main types of CSOs distinguished: (i) Grass roots organisations;

Second-level organisations with breakdown for (ii) public benefit organisations and (iii) mutual benefit organisations; (iv) Third and fourth level organisations, Below are some summary excerpts of this analysis in abridged version regarding main generic features of these four types of CBOs in Zambia. The most prominent characteristics of grassroots organisations / Community Based Organisations regarding their technical skills levels are identified as: Low preparation level of the leaders; Weaknesses in the setting up, follow-up and evaluation of projects, and: Low knowledge level of donors 'systems and procedures and high dependence on intermediary organisations (mainly NGOs) which often monopolise the dialogue with partners. For the NGOs as public benefit organisations, the technical skills level generally is characterized by: Weakness in the setting up of projects and their follow-up, and; Often structural problems regarding their human resources (in particular, the lack of qualified personnel lost to international NGOs) that undermine their capacity to fulfil their mission. The report concluded that often these problems cannot be dealt with by simple training or capacity building activities. NGO characteristics at the level of organisational operation include the following: Often evolving without a clear direction ("kite syndrome") and according to the opportunities of their surroundings, dictated by international NGOs and donor policies; Organisational culture often shaped by the dominance of individual leaders; Lack of "professional" management systems aimed at the efficiency and effectiveness of their actions; Low level of specialisation; Low innovation capacity; Often adoption of a supervisory rather than an accompanying approach with NGOs tending to cluster in intervention areas where there are a larger number of donors; Competition for funds hampering long-term solidarity among organisations; Lack of time and financial means for coordination purposes, and; Heterogeneity that characterises the various ideologies and values, the diversity of mandates, and working methodologies between organisations belonging to umbrella bodies. The reaffirmation of most of these characteristics in later studies is an indirect confirmation that capacity building efforts during the period have not been successful in achieving the capacity strengthening results aspired for.

A 2007 study on civil society participation in the Zambian development process<sup>72</sup> showed that society organisations are mainly divided into ones who provide services, and ones who advocate on behalf of particular stakeholder groups or issues. The ones who provide services have been doing so for a while and are generally accepted as the most mature of the CSOs. Advocacy groups generally have some way to go before they can actively contribute to and challenge government policies and implementation. There are some exceptions, where well developed networks and individual organisations are responding to the donor and Zambian need for civil society oversight of the government's usage of the budget and sector support given.

Another reported challenge is the emergence of CSOs that seem to have been set up more to tap into the availability of donor funds rather than based on a commitment to achieving real results on the ground. But people in these CSOs have skills that are appreciated by the donors, such as proposal writing, project management, and results based management. The EU commissioned 2006 Institutional Analysis of Non State Actors Study revealed monitoring and evaluation as strongest capacity building need, followed by policy analysis and strategic planning, and by communication and advocacy. CSO capacity constraints are amongst the main factors at the basis of CSOs playing a weak role in the dialogue on national politics and strategy. This also constitutes the main rationale for the still awaited NSAs capacity building project under the EDF10. An important macro factor regarding CSOs capacity is the poor regional distribution of civil society whereas most NSAs in Zambia are concentrated in urban areas, while the country continues to suffer from an urban-rural divide with poverty increasing in rural areas.

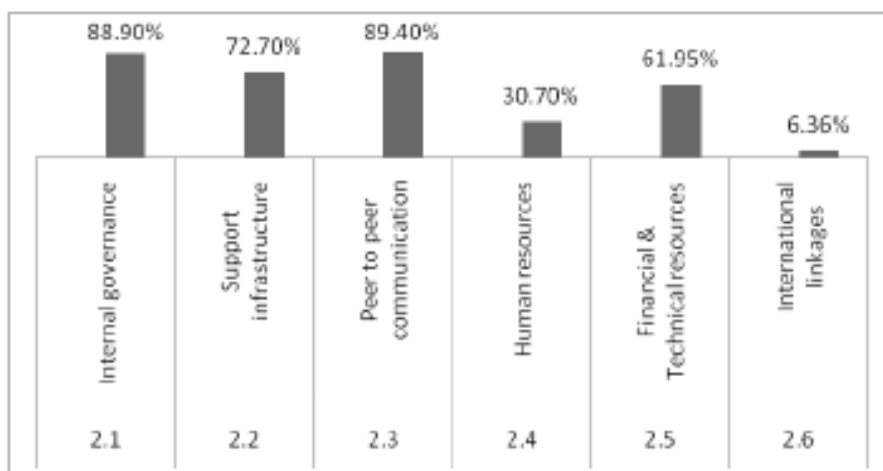
In this broader context, the rationale for establishing the Zambia Governance Foundation (ZGF), in which Board the EU is represented as observer and which is used by the Access to Justice Project as a conduit for channelling CSO capacity strengthening support on a call-for-proposals basis, was, amongst others, to lower transaction costs for both CPs and civil society organisations, broaden the base for funding requests as well as to facilitate networking between organisations. In addition, the aim was to strengthen the institutional capacity and autonomy of CSOs to engage actively in policy processes and undertake advocacy on behalf of the poor and socially excluded people in Zambian society.

Data, figures, tables:

**ZCSD and CIVICUS (2011) p. 44; Civil Society Index Analytical Country Report for Zambia - The Status of Civil Society in Zambia: Challenges and Future Prospects;**

<sup>72</sup> Scanteam (2007) pp 11-13

**Figure 5: Level of Organisation of CSOs in Zambia (human resources and international linkages as weakest performance dimensions)**



**Extracts:**

- **JAR 2007, ZCSD and CIVICUS (2011) p25;** *Civil Society Index Analytical Country Report for Zambia - The Status of Civil Society in Zambia: Challenges and Future Prospects; 2.4. Utilisation of resources for NSAs: The activities under the contract concluded with CSPR (Civil Society for Poverty Reduction) to assess the effectiveness of budget support for poverty reduction strategies from a civil society perspective suffered from the institutional problems that have affected the organisation in 2007. At the operational end of the contract in December 2007, the third component (civil society monitoring of national strategies) was only partially implemented. Once confirmed that CSPR's internal problems are now really solved it could be considered to shift those activities to the new contract foreseen under PRBS 2.*
- **EDF10 – CSP/NIP 2008-2013, Annexes p. xxi:** *CSOs referred to the need of capacity building for NGOs, not only in the more classic areas, but also in new areas like trade. The current negotiation of EPAs should involve NSAs, but for that sufficient training and capacities are required. The Delegation replied that there is a provision under the EDF9 private sector project to support NSAs and intermediary organisations.*
- **ZCSD and CIVICUS (2011) p33:** *Civil Society Index Analytical Country Report for Zambia – Chapter 2.4 – Human resources: “This sub-dimension reports on human resources available for CSOs and how adequate they are for achieving their objectives. Only 30.7% of the surveyed CSOs claimed to have enough human resources. Most CSOs do not have a sustainable staff base; almost 70% of CSOs depend on volunteers to carry out activities. The main reason is that most donor-funded projects exclude administrative costs such as salaries. The voluntary nature of employment in CSOs brings about a high level of turnover, with people moving from small to bigger CSOs or international and donor agencies for more attractive conditions of service.”*
- **EUD Lusaka (2011) p1;** *“Rationale for EDF10 NSAs capacity building project in Zambia”; Internal Note; 2011: In the dialogue on national policies, strategies NSAs play a weak role only. While this situation may partly be due to Government's hesitation on seeing NSA as a partner for dialogue on macro issues, capacity constraints may also play an important role. Some of the current weaknesses of NGOs in Zambia are summarized in the below listing*
  - *Lack in effective coordination and collaboration*
  - *Lack in institutional and management capacity*
  - *Weak vertical linkages with the grassroots level of society, thus limiting the pressure from below for accountability*
  - *Heavy reliance on donor funding leading to competition among NSAs for funding and a lack of autonomy in devising strategies for development*
  - *Poor regional distribution of civil society - most NSAs in Zambia are concentrated in urban areas, while the country continues to suffer from an urban-rural divide with poverty increasing in rural areas*
  - *Duplication and contradictions in activities due to a lack of effective coordination and collabora-*

tion within and between sectors of activity, regions and issues

- High dependence on volunteers and high staff turnover
- Absence of a code of conduct: some NSAs have abrogated their mandate to pursue their own interests

In spite of the above constraints, the 2011 Results Oriented Monitoring (ROM) Mission in Zambia has shown that EU support to Zambian NSAs has the potential of high impact, in that it can really "make the difference". Zambian NSAs can play a key role in the area of social protection and generally the EU supported projects they manage have good design, are based on demand for actions and have good chances of positive impact and sustainability.

- **ZCSD and CIVICUS (2011); Civil Society Index Analytical Country Report for Zambia - The Status of Civil Society in Zambia: Challenges and Future Prospects:**

Only 30.7% of the surveyed CSOs claimed to have enough human resources. Most CSOs do not have a sustainable staff base; almost 70% of CSOs depend on volunteers to carry out activities. The main reason is that most donor-funded projects exclude administrative costs as salaries. The voluntary nature of employment in CSOs brings about a high level of turnover, with people moving from small to bigger CSOs or international and donor agencies for more attractive conditions of service.

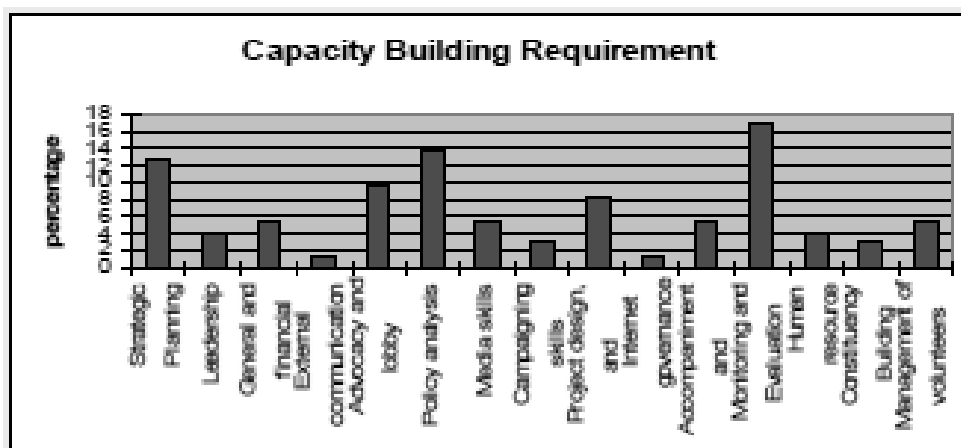
#### Field Visit Additional Information on I-6.3.1:

- **Scanteam (2007) p8;** Chapter 3: *Support to Civil Society in Zambia – 3.1 Strategic framework for civil society support: On orientation towards donors and its impact:* The competition among CSOs is seen to have led to improved organisational capacity and competence in important areas like accounting and financial management. But it also has some negative effects, as seen by donors and especially CSOs; organisations turn their focus, at least to a certain degree, to what they believe donors want at any certain point in time, often away from their core business. Another challenge, again according to informants from both civil society and the donor group, is the emergence of CSOs that seem to have been set up more to tap into the availability of donor funds rather than based on a commitment to achieving real results on the ground. But people in these CSOs have skills that are appreciated by the donors, such as proposal writing, project management, and results based management.

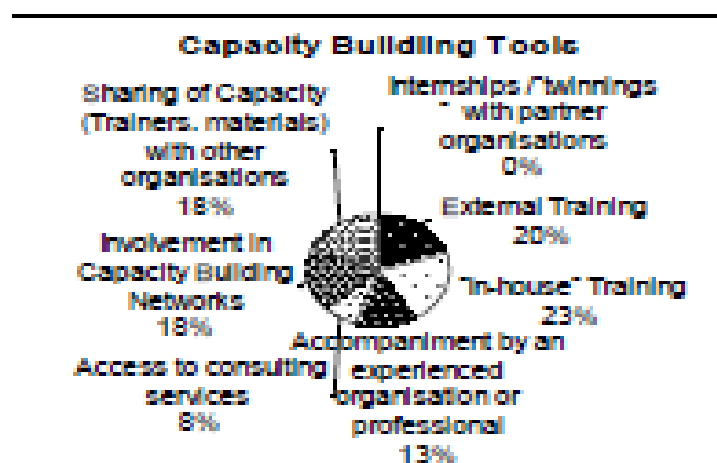
The general problem of how donor funding may distort the CSO community, both by moving CSO objectives in the direction that donor money flows, and attracting "rent seekers", puts new obligations on the donors, since it is their actions and resources that are contributing to these phenomena. While the issues are recognised, there has so far been little done in terms of practical dialogue and collaboration to find answers. One of the questions is thus if different support models may contribute more than others in tackling these distorting tendencies, since the pressures on the donors to down-scale their own staff and reduce administrative and other transaction costs are not likely to disappear.

- **STEM-VCR Srl (2006) pp. 39-52;** *Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 5. Institutional Analysis of Zambian Civil Society Organisations: Second-Level Organisations: (i) Public benefit organisations (NGOs) :* Characteristics regarding technical skills levels:
  - Weakness in the setting up of projects and their follow-up
  - Organisations often face structural problems regarding their human resources (in particular, the lack of qualified personnel lost to international NGOs) that undermine their capacity to fulfil their mission. Often these problems cannot be dealt with by simple training or capacity building activities
- **STEM-VCR Srl (2006) p44;** *Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 5. Institutional Analysis of Zambian Civil Society Organisations: Second-Level Organisations: (i) Public benefit organisations (NGOs) :* Capacity building in second-level organisations – Requirements and tools/instruments:

**Figure 6 Second Level Civil Society Organisations Capacity Building Requirements**



Source: STEM-VCR (2006) p44



Source: STEM-VCR (2006) p44

▪ **Indicator 6.3.2: Availability of methodological and technical documented expertise**

An important number of non-governmental organisations (NGOs), faith based organisations (FBOs) and community based organisations (CBOs) provide services to the population mainly in the fields of education and health. Their expertise is recognized among users, but is not systematically documented.

Generally, not sufficient / no substantive data are available in the documentation on this indicator. During the evaluation field phase further information and evidence was collected on this indicator confirming the need for more broad-based and intensified capacity strengthening of CSOs... The recently conducted mid-term review of the Zambia Governance Foundation (ZGF) which reportedly has been innovative and thorough in its approach to CSO capacity building concluded that there are only a handful of Zambian CSOs who currently qualify for core funding. Even these relatively well-established and institutionalised CSOs have proven to need significant improvements in key functions such as M&E, and most are not able to clearly articulate their policy achievements in a way that ZGF can immediately translate into data for its own M&E needs.<sup>73</sup> An earlier study<sup>74</sup> concluded that overall it is difficult to assess the quality of the broader civil society in Zambia, since a large part of the support from donors goes to Lusaka based networks or large organisations. For that reason it would be fair to say that in the new aid architecture established in Zambia, smaller organisations have to be part of networks to stand a chance of gaining support for their programmes. The same study reported on a number of risks which were identified regarding working with civil society and that the support models handle these risks differently. The most commonly noted risk is the financial or fiduciary risk of handing over donor funds to organisations that have weaker administrative and financial management capacities, and whose legal status may make it difficult to reclaim funds that are lost or misspent.

<sup>73</sup> The IDL Group (2011), p11

<sup>74</sup> Scanteam (2007), pp11-13



The EU supported institutional analysis of non state actors in Zambia of 2006 provided a concrete example of documented methodological and technical expertise in connection with the civil society stakeholders participation in the preparation for the Fifth National Development Plan (FNDP) as was done before in the preparation of the Poverty Reduction Strategy Paper (PRSP). Apart from the space thereon on the Sector Advisory Groups (SAGs), civil society prepared a broad based national and local consultation which resulted in a national consensus building workshop. The civil society contribution to the FNDP has been collated in a report entitled “A National Development Plan for Zambia: A Civil Society Perspective”. This independent input of civil society was forwarded to the Ministry of Finance and National Planning, as well as to the various Sector Advisory Groups (SAGs) for inclusion in the NDP. The donors proved to be an important ally in the form of a channel for critical information, i.e., government timeliness, policy directions, and taking back civil society concerns to government and other donors.

Extracts:

- **MTR EDF10 CSP Conclusions, p18:** *General awareness of Cotonou Agreement provisions on NSA and local authorities, including assessment of progress EDF9 → EDF10? - Awareness of the Cotonou Agreement in general is quite good amongst the NSA community in Zambia. The level of knowledge related to the provisions on NSA and local authorities is perhaps less so, however all are aware that NSA must be involved in the programming and review processes... NSAs have shown willingness to participate in the process and have a good understanding of the processes and issues involved. Their views on the monitoring of direct budget support were especially useful and the meetings with NSA provided a good forum also to share information on continuing NSA support by the EC.*

Field Visit Additional Information on I-6.3.2:

- **The IDL Group (2011) p11;** *Mid-term Review of the Zambia Governance Foundation, Final Draft; May 2011 – Chapter 3.2 Reviewing Progress Against the Logical Framework – Outcome One: CSO skills and capacities to influence policy :*

ZGF has, in its first years, been both innovative and thorough in its approach to capacity building. It has:

- Analyzed CSO applications to identify patterns of self-identified capacity building needs;
- Linked with partners such as GIZ to link local CD resources to ZGF GP needs;
- Refined the assessment process to ensure that applicants feel supported and learn from the application process;
- Supported ‘promising but not successful’ CSOs to improve their applications, e.g. by sharpening the policy focus of the proposal, shaping up financial systems, making budgets more realistic;
- Created demand-driven services such as the roster of pre-qualified service providers;
- Designed and delivered set training courses and materials on M&E, policy making, and gender;
- Undertaken monitoring visits in a spirit of shared learning and true partnership with GPs.

There is, however, a natural limit to the improvements in CSO capacity that a small Secretariat can deliver. There are only a handful of Zambian CSOs who currently qualify for core funding; even these relatively well-established and institutionalised CSOs have proven to need significant improvements in key functions such as M&E, and most are not able to clearly articulate their policy achievements in a way that ZGF can immediately translate into data for its own M&E needs.

- **Indicator 6.3.3: Level of involvement in advocacy/negotiation activities of CSOs supported by the EU**

Dialogue with CSOs, implying their involvement in advocacy and negotiation activities, occurs on a wide range of aspects, amongst others as part of their participation in Sectoral Advisory Groups (SAGs), in over twenty sectors. In the Government poverty reduction strategy documents NGOs are systematically listed among the key stakeholders. CSOs are particularly active on issues of governance, human rights, health service delivery, the fight against HIV/AIDs, education and gender mainstreaming. In the main, those CSOs that are active include civil society networks, well-established nationwide organisations and faith-based organisations. The participation of professional associations, trade unions, local gov-

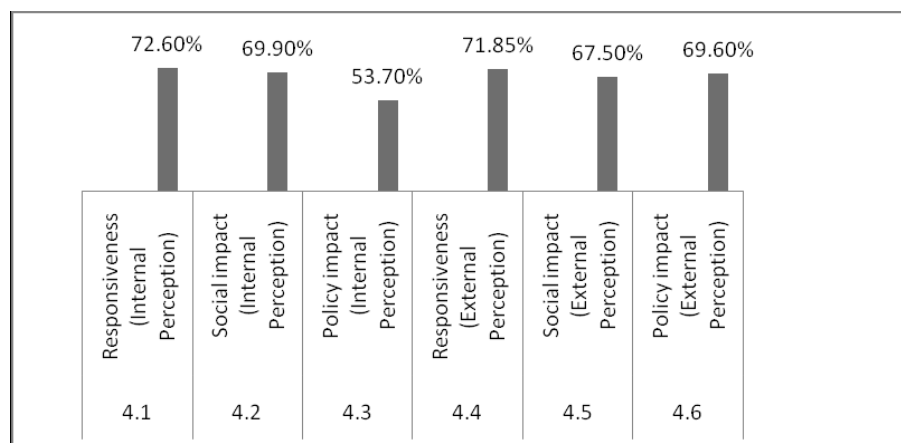
ernment and Community Based Organisations could be improved. One of the explicit objectives of the EDF9 institutional reform and capacity building focal sector was to build the capacities of non-state actors / CSOs and foresaw to define a special CSO capacity building programme. This was way back in 2003, and is still not realised as of now, 8 years later. A recent study (ZCSD and Civicus, 2011) revealed that civil society in Zambia has been quite active in intervention on social issues such as poverty and public expenditure management. However, success in pushing policy reforms has been limited. According to the organisational survey findings, slightly more than half (53.7%) of the CSOs surveyed have been pushing for policy reforms and these have had limited success. CSOs face substantive challenges in influencing policy processes, including a lack of institutionalized mechanisms and governmental mistrust and suspicion. CSOs focusing on advocacy work are finding it more difficult to have their contributions being recognized as useful towards achieving poverty reduction goals.

In a recent note by the EU Delegation on the rationale for the CSO capacity building project to be included in the EDF10 after the failure to do in the prior EDF9, it was stressed that generally in the dialogue on national policies and strategies CSOs play a weak role only. The note furthermore asserts that while this situation may partly be due to Government's hesitation on seeing CSOs as a partner for dialogue on macro issues, capacity constraints may also play an important role.

#### Extracts:

- **MTR EDF10 CSP Conclusions, p17:** *NSA/LA involvement in policy dialogue? (ii). Topics/ sectors discussed: Nature of NSAs participating - Dialogue with NSA occurs on a wide range of aspects, as part of their participation in SAGs, in over twenty sectors. NSAs are particularly active on issues of governance, human rights, health service delivery, the fight against HIV/AIDs, education and gender mainstreaming. In the main, those NSA that are active include civil society networks, well-established nationwide organisations and faith-based organisations. The participation of trade unions, local government and professional associations could be improved.*
- **JAR 2003, pp. 30-31:** *ii) Institutional reform and capacity building: The EDF9 Institutional Reform and capacity building focal sector has the following specific objectives: ... (iii) Build capacities of non-State actors. ... As regards the third objective, the discussions with non-State actors have just started. As part of the preparation of the Mid Term Review, the Delegation and the NAO will engage in a dialogue with the Non-State Actors in order to define a capacity building programme. Note: Way back in 2003 (still not realised 8 years later).*
- **EDFX, CSP-NIP 2008-2013, Annex 5:** *CSP Drafting Process Consultative Meetings: This overview matrix on page XIX shows a total of 4 consultative meetings with Civil Society of which 1 explicitly with CSOs and Local authorities (on 26 September 2006) with regard to the draft CSP/NIP. The other three meetings' main topics were: (i) Issues paper, draft governance profile; (ii) Support to EPAs, link with CSP and RSP, and; (iii) Draft CSP/NIP, EU GP profile.*
- **ZCSD and CIVICUS (2011) p33:** *Civil Society Index Analytical Country Report for Zambia – Chapter 4 – Perception of Impact: The perceived impact that civil society has on policy, social issues and social attitudes is analysed from the perspective of both observers within civil society and external stakeholders belonging to the state, private sector, media, academia, international governmental 51 CIVICUS Civil Society Index Analytical Country Report for Zambia organisations and donor organisations.<sup>18</sup> The perception of impact is assessed along the following sub-dimensions: responsiveness; social impact; policy impact; and impact on attitudes. The overall perception of impact from CSI findings in Zambia stood at 60.3%. Scores on individual sub-dimensions on the perception of impact are presented in Figure III.4.1 below.*  
*From the CSI findings, it is interesting to observe that CSOs themselves and external stakeholders perceive civil society to be highly responsive. The difference in the scores on responsiveness of 72.6% (internal perception) and 71.8% from external observers is very minimal. Civil society in Zambia has been quite active in intervention on social issues such as poverty and public expenditure management. However, success in pushing policy reforms has been limited. This is reflected by the relatively lower scores of 53.7% (internal perception) on CSOs impact on policy. Results from one of the CSI case studies show a lack of institutionalised mechanisms and government mistrust and suspicion as some of the main reasons for the limited impact.*

**Figure III 4.1: Dimension scores for Perception of Impact**



**4.2 Policy impact :** This sub-dimension looks at how active and successful civil society has been in influencing public policy. According to the Organisational Survey findings, only 53.7% of the CSOs surveyed have been pushing for policy reforms and these have had limited success<sup>20</sup>. Only 20% have had success in at least in one policy-related field. Much as the low success rate (20%) among those few CSOs that push for policy reforms should be a concern, the fact that almost half (46.3%) of surveyed CSOs reporting not advocating policy reforms is also worrisome. This is so particularly if we consider the many policy challenges that Zambia is facing (Matenga, 2010). CSOs and other relevant stakeholders in Zambia must pay particular attention to this area.

From the case study findings, government seems not to value much civil society input in policy processes. There are neither laws nor regulations obliging the Government to involve civil society in national policy processes or to take up CSO submissions. Even where the Government has provided space for civil society to engage in public policy decisions (A typical example is the formulation of the Poverty Reduction Strategy), it has not been able to provide civil society with all the information necessary for effective engagement. Other reasons leading to CSOs limited impact on policy include a lack of information and knowledge of policy processes, poor use of communication strategies, weak links with other actors, and the Government’s perception of CSOs as competitors for donor funding and influence.<sup>22</sup> However, contrary to how Government perceive civil society, findings from the Population survey showed that 63.1% of the Zambian population have trust in civil society.

**Conclusion:** CSO responsiveness in Zambia, as perceived by themselves and external stakeholders, has been quite high. However, their involvement in pushing for policy reforms has had a limited impact. To some extent, they have contributed to improved policy interventions, especially on poverty and public expenditure management. The scores from the organisational and external perception surveys at 71% and 68.2% respectively are very close. CSOs, however, face numerous challenges in influencing policy processes, including a lack of institutionalised mechanisms and government mistrust and suspicion. It is up to the Government, civil society and other stakeholders to provide a more conducive environment for influencing policy.

- **EUD Lusaka (2011); “Rationale for EDF10 NSAs capacity building project in Zambia”;** Internal Note; 2011:

(2) Relations between the Government (GRZ) and NSA are not always easy. GRZ sees an added value of NSA engagement mainly in providing services in line with the National Development Plans. NGOs focusing on Advocacy Work are finding it more difficult to have their contributions being recognised as useful towards achieving poverty reduction goals. In 2007 GRZ has issued an ‘NGO-Act’, which GRZ sees as a means to bring about urgently required improvements of transparency and accountability and many NGOs as a threat to their independence. To facilitate the implementation of the NGO act, GRZ had established a participatory board to oversee the process. For several months a window of improved cooperation between the Ministry in charge (MCDSS) and several NSAs seemed to have opened. However, in mid-2011 differences of views caused several NSAs to withdraw from the board.

In the dialogue on national policies, strategies NSAs play a weak role only. While this situation may partly be due to Government’s hesitation on seeing NSA as a partner for dialogue on macro issues, capacity constraints may also play an important role.

Field Visit Additional Information on JC 6.3:

- **Embassy of Sweden (2010) pp. 10-11; Implementation of the Nordic+ Conclusions on Civil Society Support – Chapter 3.3. Results – Direct and Indirect Support:** The answer to why NCSOs (National CSOs) prefer unilateral support may be found in the high scores this model gets for promoting results, dialogue, ownership and alignment. As pointed out by Scanteam and by many NCSOs since then, unilateral funding tends to create stronger, strategic and more equal partnerships between donors and NCSOs, which in turn gives better dialogue, enables alignment and creates stronger ownership. This is particularly true when unilateral and joint support is direct and the chain of actors the shortest possible, thus strengthening the position of the end recipient CSOs... Another support model that is recommended by the Nordic+ guidelines is indirect support i.e. funding via intermediaries... However, if there is one clear preference in the Zambia survey besides that for core funding, it is that for direct support

- **Scanteam (2007) pp. 11-13; Chapter 2.2 – Civil Society Participation in the Zambian Development Process:** The Zambian civil society organisations are mainly divided into ones who provide services, and ones who advocate on behalf of particular stakeholder groups or issues.

The ones who provide services have been doing so for a while and are generally accepted as the most mature of the CSOs. Advocacy groups generally have some way to go before they can actively contribute to and challenge government policies and implementation. There are some exceptions, where well developed networks and individual organisations are responding to the donor and Zambian need for civil society oversight of the government's usage of the budget and sector support given. These tend to among the donor favourites. It is nonetheless fair to say that civil society, at least in Lusaka, has become more influential after having cooperated in conducting some very useful campaigns since the election in 2001 where they played a pivotal role in ousting Mr Chiluba and supporting Mr Mwanawasa. During this first coordinated campaign, Oasis Forum – an alliance of the three biggest church bodies, the NGO Coordinating Committee (NGOCC), and the Law Association of Zambia – was founded. It has since become one of the strongest advocates for constitutional changes.

Network organisations, and in particular NGOCC, the Zambia National Aids Network (ZNAV) and the Civil Society for Poverty Reduction (CSPR), but also some individual organisations, have carved themselves a relatively large part of the support to civil society. Since both technical and administrative capacity among CSOs is quite variable, donors tend to flock around the large and seemingly capable ones. It is difficult to assess the quality of the broader civil society in Zambia, since a large part of the support from donors goes to Lusaka based networks or large organisations. It would be fair to say that in the new aid architecture established in Zambia, smaller organisations have to be part of networks to stand a chance of gaining support for their programs. This is an important challenge and one the report will return to.

- **Scanteam (2007) p22; Chapter 4.4 – Different Support Modalities - Risks:** A number of risks were mentioned by some of the informants regarding working with civil society in a developing country. The support models handle these risks differently. The most commonly noted risk is the financial or fiduciary risk of handing over donor funds to organisations that have weaker administrative and financial management capacities, and whose legal status may make it difficult to reclaim funds that are lost or misspent. This risk is higher in countries that are notorious for corruption, or where legal systems are poor and thus the ability to ensure redress through the courts are too expensive, too slow or too cumbersome to make this a viable avenue. The donor community has worked a lot on the issues of fiduciary risk in connection with budget and sector wide support to the public sector, so the issue is well known and a number of analytical tools have been developed to capture the risk.
- **STEM-VCR Srl (2006) p29; Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 4: Practices of Different Levels of Government regarding Non-State Actors Participation - Participation at National Level:** ..., apart from the space on the Sector Advisory Groups (SAGs) and in a similar way to the Poverty Reduction Strategy Paper (PRSP) formulation process, civil society prepared an independent NDP civil society input drawn from over 230 organisations and hundreds of people from various communities at both national (through approximately 12 thematic groups) and provincial level (through poverty assessments and consensus building workshops). After a national consensus building workshop, this input has been collated in a report entitled "A National Development Plan for Zambia: A Civil Society Perspective". The independent input of civil society was forwarded to the Ministry of Finance and National Planning, as well as to the var-

ious Sector Advisory Groups (SAGs) for inclusion in the NDP. The outcomes of the PRSP and NDP activities of civil society cannot be ignored. Government is increasingly recognising the importance of civil society in Zambia's development agenda. Like the PRSP, the donor community, especially GTZ, showed high levels of support and included funding towards civil society's NDP activities. Furthermore, the donors proved to be an important ally in the form of a channel for critical information, i.e., government timeliness, policy directions, and taking back civil society concerns to government and other donors.

- **STEM-VCR Srl (2006) p30; *Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 4.1.1 CSOs Participation at National Level – Main Challenges:*** There are various challenges that civil society has faced in terms of participating in policy development at the *national level*:
  - A number of inefficiencies existed around the PRSP working groups and SAGs, e.g. inconsistency in meetings, late invitations or none at all, late documents, etc, thus undermining the effective participation of civil society;
  - Civil society engagement in policy dialogue is only at “consultative levels”, with government deliberately omitting non-state actors at the “higher decision-making levels”. Despite continuous lobbying, civil society was sidelined from the technical and drafting committees of the PRSP and now those of the NDP, an issue attributed to low levels of political will;
- **STEM-VCR Srl (2006) pp. 39-52; *Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 5. Institutional Analysis of Zambian Civil Society Organisations:*** Under this chapter an institutional analysis is made by the authors of four distinguished types of CSOs: (i) Grass roots organisations; Second-level organisations with breakdown for (ii) public benefit organisations and (iii) mutual benefit organisations; (iv) Third and fourth level organisations, Below are some summary excerpts of this analysis in abridged version regarding main generic features of these four types of CBOs in Zambia:
  - **Grass Roots Organisations – Community Based Organisations (CBOs):**  
Characteristics regarding technical skills levels:
    - Low preparation level of the leaders.
    - Weaknesses in the setting up, follow-up and evaluation of projects.
    - Low knowledge level of donors ‘systems and procedures and high dependence on intermediary organisations (mainly NGOs) which often monopolise the dialogue with partners.At the level of organisational operation, CBOs are often characterised by:
    - Inadequacy of the structures and their procedures as regards donor requirements (legal status, bank account, etc.).
    - General lack of resources limits the development capacity of these organisations.
    - Unequal position vis-à-vis intermediary organisations which often adopt a top-down approach
    - Lack of resources to start new projects, to network with other organisations, etc.
    - Often isolation at the territorial level.
  - **Second-Level Organisations: (i) Public benefit organisations (NGOs) –** By November 2004 some twelve thousand organisations had been registered as NGOs:  
Characteristics regarding core values and mandates:
    - Without sufficient secured resources and being heavily dependent on external funding, national NGOs are increasingly focusing on providing professional development and capacity building services, sometimes neglecting the goals and visions that had given rise to their creation.
    - As a result, instead of roots in Zambian society NGOs seem to have built up their strongest links with donors.
    - Many NGOs are set up to channel donor funds and have a relatively small membership. However, despite their limited popular legitimacy they continue to play an important role in development cooperation as facilitators of cooperation with, for example, grassroots organisations and informal local organisations.
    - Such disaffection with the actions of development NGOs in relation to their mandates and missions often triggers a rupture with the actors that they should be accompanying.
    - Danger that the local and international NGOs become a complement or a substitute for the government.

Characteristics regarding technical skills levels:

- Weakness in the setting up of projects and their follow-up
- Organisations often face structural problems regarding their human resources (in particular, the lack of qualified personnel lost to international NGOs) that undermine their capacity to fulfil their mission. Often these problems cannot be dealt with by simple training or capacity building activities

Characteristics at the level of organisational operation:

- Often evolving without a clear direction (“kite syndrome”) and according to the opportunities of their surroundings, dictated by international NGOs and donor policies.
  - Organisational culture often shaped by the dominance of individual leaders. Lack of “professional” management systems aimed at the efficiency and effectiveness of their actions.
  - Low level of specialisation
  - Low innovation capacity. Often adoption of a supervisory rather than an accompanying approach.
  - NGOs tend to cluster in intervention areas where there are a larger number of donors.
  - Features regarding sectoral relations:
    - Competition for funds hampers long-term solidarity among organisations
    - Lack of time and financial means for coordination purposes
    - Heterogeneity that characterises the various ideologies and values, the diversity of mandates, and working methodologies between organisations belonging to umbrella bodies.
- *Second-Level Organisations: (ii) Mutual Benefit Organisations – The major features of two (Trade Unions and Professional Groupings) of the three major categories are summarized in the below boxes:*

**Features of Mutual Benefit Organisations in Zambia:**

**Trade Unions and Professional Grouping**

<b>TRADE UNIONS</b>	<ul style="list-style-type: none"> <li>▪ Long tradition of trade union activity which dates back to the 1940s.</li> <li>▪ Historically, trade unions have, in addition to their role of representing workers interests, been key players in bringing about political change in the country.</li> <li>▪ In recent years, they have suffered major setbacks as a result of the prolonged economic crisis which has reduced numbers of employees in the formal sector.</li> <li>▪ The change of legislation regarding formation of trade unions (ILO Convention 87) has further weakened the trade union movement in the country by giving rise to fragmentation of unions in each industry.</li> <li>▪ Growing risk of co-option and political manipulation.</li> <li>▪ Trade unions encounter difficulties in adjusting to the new environment, one marked by a shrinking membership, liberalised economy and the abolition of the “one industry one union” principle. They continue, however, to be key players in the governance debate in the country.</li> <li>▪ Some support from the trade union movement worldwide (trade union solidarity).</li> </ul>
<b>PROFESSIONAL GROUPINGS</b>	<ul style="list-style-type: none"> <li>▪ Membership based organisations, created to represent and defend the professional interests of their members.</li> <li>▪ Considerable potential to act as agents for change: through maintaining professional standards of competence and integrity + lead role in advocacy on wider issues (fight against corruption, governance, etc.).</li> <li>▪ Risk of political manipulation + co-option.</li> <li>▪ Private sector development programmes (US, Netherlands, future EC programme, etc.) often support intermediary organisations.</li> <li>▪ They are rarely involved in typical civil society initiatives. It may be the case, as some observers have suggested, that other CSOs, seeing themselves strictly as part of the non-profit sector, may actually nurture reservations about private sector involvement.</li> </ul>

- *Third and Fourth Level Organisations: Selective features of the selected Zambian umbrella CSOs (12 in total)*

**Institutional Dynamics (and Democratic Management)**

Positive features & trends / Opportunities	Shortcomings
<ul style="list-style-type: none"> <li>▪ Statutes and/or internal rules exist and revised when need arises</li> <li>▪ Regular meetings of governing bodies held according to the provisions constitution and internal rules</li> <li>▪ Renewal of governance bodies done according to the provisions of constitution</li> </ul>	<ul style="list-style-type: none"> <li>▪ Statutes and/or internal rules exist but outdated</li> <li>▪ Meetings of governing bodies not held as provided for in constitution and/or internal rules</li> <li>▪ Quality of meetings not in line with purpose</li> <li>▪ Renewal of governing bodies not done as provided for in constitution</li> <li>▪ Closed membership to governance bodies as qualification is restricted to members only, no room to open up to individuals who share the same vision</li> </ul>

#### Aptitude to Programme and Planning

Positive features & trends / Opportunities	Shortcomings
<ul style="list-style-type: none"> <li>▪ Relevant Capacity to plan strategically available</li> <li>▪ Effective Monitoring and evaluation systems in place in a number of organisations</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lack of strategic plan</li> <li>▪ Plans depend on initiatives</li> <li>▪ No performance or monitoring and evaluation systems</li> </ul>

#### Consistency of Structure (Organisation and Personnel)

Positive features & trends / Opportunities	Shortcomings
<ul style="list-style-type: none"> <li>▪ Registered within a given time</li> <li>▪ Have own sites</li> <li>▪ Number of member organizations exist</li> <li>▪ Clearly defined organizational structure with description of tasks for both full time paid and volunteer personnel</li> <li>▪ Different communication tools developed such as newsletters, bulletin and web site. However in certain instances these tools become outdated because of time lapse</li> <li>▪ Competent and qualified board and secretariat</li> <li>▪ Training and other capacity building initiatives in place for members and nothing for in-house</li> <li>▪ Reasonable geographical coverage though Lusaka is tops list of members</li> <li>▪ Geographical coverage compensated by presence of chapters and branches</li> <li>▪ Churches contribute highly to national coverage as they have constituencies everywhere</li> </ul>	<ul style="list-style-type: none"> <li>▪ Delays in formalising registration and operating as loose alliances for many years</li> <li>▪ Operating from rented sites</li> <li>▪ No limit as to how many members an umbrella can effectively and efficiently serve</li> <li>▪ Ineffective organisation structure due to unclear roles of responsibility by different organs</li> <li>▪ High staff turn over over due to unsustainable structures</li> <li>▪ Inadequate communication tools</li> <li>▪ Undeveloped ITC (still depending on traditional way of communicating)</li> <li>▪ Thinly spread on the ground with limited capacity to coordinate</li> <li>▪ Lack of ownership by members</li> </ul>

*The IDL Group (2011) pp 1-2; Mid-term Review of the Zambia Governance Foundation, Final Draft; May 2011 - Chapter 1: Background:*

In July 2009, the Zambian Governance Foundation was officially established and registered as a non-profit Company Limited by Guarantee. ZGF is being supported with financial contributions from DFID, SIDA, DANIDA, Irish Aid and GIZ (the Cooperating Partners). Netherlands, Finland and the European Union do not contribute to the basket fund, but have observer status. The Foundation has a Board of Governors, which is comprised of prominent Zambians with backgrounds that encompass civil society, business, and academia. The rationale for establishing ZGF was, amongst others, to lower transaction costs for both CPs and civil society organisations, broaden the base for funding requests as well as to facilitate networking between organisations. In addition, the aim was to strengthen the institutional capacity and autonomy of CSOs to engage actively in policy processes and undertake advocacy on behalf of the poor and socially excluded people in Zambian society. The ZGF offers multi-annual funding -- including core funding -- to well-established CSOs selected on a competitive basis. The ZGF also offers one-off grants and capacity-building to small and emerging CSOs. The vision of this multi-donor initiative is to contribute to a steady, measurable improvement in governance and accountability in Zambia by assisting civil society in strengthening their policy engagement work. The programme was designed to last for three years with the possibility of extension.

### **JC 6.3: CSOs become sustainable entities operating in all relevant policy areas and in complementarity with other NSAs**

Introductory remark: Generally, in the literature a broad based interpretation is given to the term Civil Society Organisation (CSO) in the Zambian context, in as much as CSOs also cover non-government entities often referred to as Non-State Actors (NSAs), for example those actors active in the economic sector (e.g. professional associations, business organisations, labour unions, etc.) or trade sector. This broad interpretation and ditto classification are also used in this evaluation report. (e.g. see the CSO classification under Data, Figures, Tables related to indicator 6.1.2) As transpired from the consultations during the field visit, most stakeholders adhere to this broad definition and classification, whereas the NGO Act of 2009 gives a more restrictive interpretation to the concept. This is one of the main areas of dispute and discontent with this legislation.

Detailed information, let alone quantitative data on the level of skills of CSOs staff (professional background, experience and training) are scarce. An institutional analysis of CSOs in Zambia commissioned by the EU in 2006 however provides such detailed analysis for the following four main types of CSOs distinguished: (i) Grass roots organisations; Second-level organisations with breakdown for (ii) public benefit organisations and (iii) mutual benefit organisations, and (iv) Third and fourth level organisations. The most prominent characteristics of grassroots organisations / Community Based Organisations regarding their technical skills levels are identified as: Low preparation level of the leaders; Weaknesses in the setting up, follow-up and evaluation of projects, and: Low knowledge level of donors 'systems and procedures and high dependence on intermediary organisations (mainly NGOs) which often monopolise the dialogue with partners. For the NGOs as public benefit organisations, the technical skills level generally is characterized by: Weakness in the setting up of projects and their follow-up, and; Often structural problems regarding their human resources (in particular, the lack of qualified personnel lost to international NGOs) that undermine their capacity to fulfil their mission. The report concluded that often these problems cannot be dealt with by simple training or capacity building activities. NGO characteristics at the level of organisational operation include the following: Often evolving without a clear direction ("kite syndrome") and according to the opportunities of their surroundings, dictated by international NGOs and donor policies; Organisational culture often shaped by the dominance of individual leaders; Lack of "professional" management systems aimed at the efficiency and effectiveness of their actions; Low level of specialisation; Low innovation capacity; Often adoption of a supervisory rather than an accompanying approach with NGOs tending to cluster in intervention areas where there are a larger number of donors; Competition for funds hampering long-term solidarity among organisations; Lack of time and financial means for coordination purposes, and; Heterogeneity that characterises the various ideologies and values, the diversity of man-dates, and working methodologies between organisations belonging to umbrella bodies. The reaffirmation of most of these characteristics in later studies is an indirect confirmation that capacity building efforts during the period have not been successful in achieving the capacity strengthening results aspired for.

In broad terms, human resources are assessed as the weakest performance dimension of CSOs in Zambia. Less than one third of the surveyed CSOs claimed to have enough human resources. More than two-thirds of the CSOs do not have a sustainable staff base as they depend on volunteers to carry out activities. The voluntary nature of employment in CSOs brings about a high level of turnover, with people moving from small to bigger CSOs or international and donor agencies for more attractive conditions of service. CSOs referred to the need of capacity building, not only in the more classic areas, but also in new governance areas as constitutionalism, human rights, accountability and transparency and sectoral areas like trade (e.g. in connection with the negotiation of EPAs). Lack of institutional and management capacities are other cited weakness. In spite of these and other constraints the 2011 ROM mission to Zambia remained optimistic regarding the Zambian CSOs' potential of high impact (e.g. in the area of social protection).

In this broader context, the rationale for establishing the Zambia Governance Foundation (ZGF), in which Board the EU is represented as observer and which is used by the Access to Justice Project as a conduit for channelling CSO capacity strengthening support on a call-for-proposals basis, was, amongst others, to lower transaction costs for both CPs and civil society organisations, broaden the base for funding requests as well as to facilitate networking between organisations. In addition, the aim was to strengthen the institutional capacity and autonomy of CSOs to engage actively in policy processes and undertake advocacy on behalf of the poor and socially excluded people in Zambian society. (I-6.3.1)

Also regarding the indicator (I-6.3.2) on availability of methodological and technical documented expertise, only limited information and few hard data are available. The above mentioned EU supported insti-



tutional analysis of Non State Actors in Zambia of 2006 however provided a solid example of documented methodological and technical expertise in connection with the civil society stakeholders participation in the preparation for the Fifth National Development Plan (FNDP) as was done before in the preparation of the Poverty Reduction Strategy Paper (PRSP). Apart from the space thereto on the Sector Advisory Groups (SAGs), civil society prepared a broad based national and local consultation which resulted in a national consensus building workshop. The civil society contribution to the FNDP has been collated in a report entitled “A National Development Plan for Zambia: A Civil Society Perspective”. This independent input of civil society was forwarded to the Ministry of Finance and National Planning, as well as to the various Sector Advisory Groups (SAGs) for inclusion in the NDP. The donors proved to be an important ally in the form of a channel for critical information, i.e., government timeliness, policy directions, and taking back civil society concerns to government and other donors.

Generally however, not sufficient / no substantive data are available in the documentation on this indicator. During the evaluation field phase further information and evidence was collected on this indicator confirming the need for more broad-based and intensified capacity strengthening of CSOs. The recently conducted mid-term review of the Zambia Governance Foundation (ZGF) concluded that there are only a handful of Zambian CSOs who currently qualify for core funding. Even these relatively well-established and institutionalised CSOs have proven to need significant improvements in key functions such as M&E, and most are not able to clearly articulate their policy achievements in a way that ZGF can immediately translate into data for its own M&E needs.<sup>75</sup> (I-6.3.2)

Civil society in Zambia has been quite active in intervention on social issues such as poverty and public expenditure management. However, success in pushing policy reforms has been limited. According to a recent organisational survey, only slightly more than half of the CSOs surveyed have been pushing for policy reforms and these have had limited success. CSOs face substantive challenges in influencing policy processes, including a lack of institutionalized mechanisms and governmental mistrust and suspicion. CSOs focusing on advocacy work are finding it more difficult to have their contributions being recognized as useful towards achieving poverty reduction goals. Dialogue with CSOs, implying their involvement in advocacy and negotiation activities, occurs on a wide range of aspects, as part of their participation in Sectoral Advisory Groups (SAGs), in over twenty sectors. CSOs are particularly active on issues of governance, human rights, health service delivery, the fight against HIV/AIDs, education and gender mainstreaming. In the main, those CSOs that are active include civil society networks, well-established nationwide organisations and faith-based organisations. The participation of professional associations, trade unions, local government and Community Based Organisations could be improved. In a recent note by the EU Delegation on the rationale for the CSO capacity building project to be included in the EDF10 after the failure to do so in the prior EDF9, it was stressed that generally in the dialogue on national policies and strategies CSOs play a weak role only. The note furthermore asserts that while this situation may partly be due to Government's hesitation on seeing CSOs as a partner for dialogue on macro issues, capacity constraints may also play an important role. (I-6.3.3)

#### **JC 6.4: The EU support has contributed to that the electoral process was transparent and well organised**

##### **Indicator 6.4.1: Degree of transparency of the election according to international observers**

The culminating point of the long term support to the electoral process provided through a EDF10 CSP A-envelope project were the recently held General Elections. The “Statement of Preliminary Findings” on the 20<sup>th</sup> September 2011 General Elections in Zambia by the EU Election Observation Mission to Zambia summarily concluded to “A generally well administered election day and a highly competitive campaign despite the absence of a level playing field”. The EO Mission statement furthermore reads that regional principles and international commitments for periodic and genuine elections have been mostly respected, but reform of key aspects of the electoral framework is required for future elections. It also stated that the Electoral Commission has acted with impartiality and transparency. Nationally, voting and counting of ballots was smooth, although there were a few glitches. Fundamental freedoms of expression and assembly were respected during a highly competitive campaign, although unequal access to resources meant there was not a level playing field for campaigning. Whilst commercial radio and television stations provided viewers and listeners with a range of information, the state-owned media failed to meet even their minimal obligations as public service media, as key programming such as news bulletins lacked any degree of balance in their coverage. It needs to be stressed that these September 2011 General Elections were only one highlight of EU support to electoral processes in Zambia

<sup>75</sup> The IDL Group (2011), p11

which spans over an extended period of time and includes longer term preparatory assistance to election events (e.g. voters education, voters registration, etc.) and post-elections process institutionalisation and after-care assistance. The EU inputs should also be seen as integral part of a multi-CP basket funded support programme spearheaded by UNDP consortium leader.

A large number of regional and international observer missions were also deployed from the African Union (AU), the Commonwealth, the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), the Electoral Institute for the Sustainability of Democracy in Africa (EISA) and the National Democratic Institute (NDI). Civil society organisations played an important role in providing increased transparency during election day and then during counting and aggregation processes. The Civil Society Election Coalition 2011 deployed over 9,000 monitors to all the 6,456 polling stations to observe the polling and results management process.

Data, figures, tables:

**EU Zambia Website:** EU long-term election observers deployed across Zambia (02/09/2011). Ahead of the 20th September general elections, the European Union Election Observation Mission (EU EOM) has deployed 24 Long -Term Observers, coming from 21 different EU countries as well as Norway. Each team of two observers was deployed on 30th August to all of Zambia's nine provinces, well ahead of polling day. In addition to the long term observers, 56 international Short -Term Observers will be mobilised as well as 30 local Short -Term Observers from EU Member States as well as Norwegian and Canadian diplomatic missions in Zambia. The early deployment of the Long-Term Observers will enable the team to get a clear understanding of the situation in the area and to meet with all the relevant stakeholders in the field. The Long-Term Observers will conduct a comprehensive assessment of all phases of the elections, focussing on the pre-election campaign, voting, counting and tabulation as well as the period immediately after the announcement of the results. EU EOM deputy chief observer, David Ward, said: "This is an important stage in our mission and it allows us to reach all corners of the country to observe developments. Having a field presence means that not only do we receive updated information from the field, but also it allows the mission to build a clear national overview."

Extracts:

- **EU; Handbook for European Union Election Observation; Feb 2008; Excerpt related to the methodology of European election observation:** "The assessment of the elections is based on seven key criteria that have been adopted by the European Union in assessing the quality of elections. These are:
  - The degree of impartiality shown by the election administration,
  - The degree of freedom of political parties and candidates to assemble and express their views,
  - The fairness of access to state resources made available for the election,
  - The degree of access for political parties and candidates to the media, in particular the state media,
  - The universal franchise afforded to voters,
  - Any other issue which concerns the democratic nature of the election, e.g. campaign violence, rule of law, legislative framework,
  - The conduct of polling and counting of votes.

Since 2000, the EU has organised 90 EOMs across the world in 54 countries.

- **EU Election Observation Mission to the Zambia; Press Release for the Presentation of the Preliminary Statement; 22 Sept 2011**

"A generally well administered election day and a highly competitive campaign, despite the absence of a level playing field. The preliminary findings of the European Union Election Observation Mission (EU EOM) conclude that presidential and parliamentary elections held on 20 September 2011 were conducted in a generally calm and well organised manner, despite isolated incidents. Regional principles and international commitments for periodic and genuine elections have been mostly respected, but reform of key aspects of the electoral framework is required for future elections. So far, the Electoral Commission has acted with impartiality and transparency. Nationally, voting and counting of ballots was smooth, although there were a few glitches. The enthusiasm shown by the Zambian public for the elections demonstrated their desire to further consolidate democracy. The European Union Election Observation Mission continues to observe the aggregation of results. This statement is preliminary and the EU EOM will not draw final conclusions until the results process, their certification and acceptance are completed in a manner that is in line with all the stakeholders' responsibilities. Fundamental freedoms of expression and assembly were respected during a highly competitive campaign, although unequal access to resources meant there

*was not a level playing field for campaigning. Whilst commercial radio and television stations provided viewers and listeners with a range of information, the state-owned media failed to meet even their minimal obligations as public service media, as key programming such as news bulletins lacked any degree of balance in their coverage.”*

- **EU Election Observation Mission to the Zambia; Statement of Preliminary Findings; 20 September 2011 – Selective excerpts:**

*A large number of regional and international observer missions were also deployed from the African Union (AU), the Commonwealth, the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), the Electoral Institute for the Sustainability of Democracy in Africa (EISA) and the National Democratic Institute (NDI).*

*Civil society organisations played an important role in providing increased transparency during election day and then during counting and aggregation processes. The Civil Society Election Coalition 2011 deployed over 9,000 monitors to all the 6,456 polling stations to observe the polling and results management process.*

- **Indicator 6.4.2: Degree of timeliness and appropriateness of the EU inputs in support to the electoral process**

The EU Election Observation Mission (EOM) for the 20 September 2011 general elections has been present in Zambia since 12 August 2011 following invitation from the President of the Republic of Zambia. The mission deployed 120 observers from 27 European Union member states, Canada and Norway across the country. A delegation of members of the European Parliament also joined the mission. On election day, observers visited 522 polling streams in 77 of the 150 constituencies throughout Zambia to observe voting and counting.

EU long term support to the electoral process (of which the recent general elections were just one event), which was originally formulated under the EDF9 already, has been provided through a EDF10 Zambia CSP-NIP A-envelope as a Support to the Zambian Electoral Cycle 2009-2012 project with a total budget of 7.4 million and with an operational implementation phase of 44 months. It is a “classical” project embedded in a trust fund setting with a total trust fund of €14.9m with 5 other CPs plus GRZ and with UNDP as trust lead agency. The Jan 2011 External Assistance Management Report (EAMR) mentioned that certain difficulties remained with information on this trust fund setting, which is not always complete and timely, to the extent that it hampers effective supervision. In the preceding year 2010 the project mainly focused on voter registration, on civil society organisations to carry out voter education activities, increase women’s participation and dialogue between the political parties. It was estimated that close to 80% of the eligible voters had been registered. On the other hand, it was also mentioned in the mid-term review report of the EDF10 CSP that the official launch of continuous voter registration in June 2010 marked a significant improvement but voter education activities and ECZ development plans have continued to be hampered by budgetary constraints. Interviews at the implementing agency, the Electoral Commission of Zambia indicated that there are still major outstanding challenges regarding the institutionalisation and mainstreaming of the project’s accomplishments in as much as many of the trained personnel under the project were hired on a contractual basis, with transfer of knowledge into the mainstream organisation now jeopardized with the pending end of these contracts. Other outstanding issues pertain to the solid anchoring of the ICT system and tools (a major contribution of the EU), electoral support capacity strengthening at the provincial level and the establishment of civil registration as necessary precondition for fully transparent voter registration.

In the EDF10 CSP Mid-Term Review of 2009, a series of notable successes in the democratic governance area are mentioned. But with respect to the electoral process, capacity and budgetary constraints are explicitly mentioned as having caused delayed progress. The official launch of continuous voter registration in June 2010 marked a significant improvement but voter education activities and ECZ (Electoral Commission of Zambia) development plans have continued to be hampered by budgetary constraints.

Data, figures, tables:

- **EC: FA Support to the Zambian Electoral Cycle 2009-2012; signed 19 August 2009 – Selective Excerpts:**

*EDF10 Zambia CSP (A-envelope)*

*Title: Supporting the electoral system in Zambia, FED/2008/20975*

*Total cost: 7.4 M€*

*Aid Method / Management Mode: Project approach – Centralised management-Joint Management with international organisation (UNDP)*

*Execution period of Agreement : 68 months (2 phases: Operational implementation phase of 44 months and closure phase of 24 months)*

**Technical and Administrative Provisions (TAPs) Chapter 2.2 on expected results**

Key expected results are:

- E1 *The Capacity of the Electoral Commission of Zambia is enhanced so that the 2011 Tripartite Elections (and subsequent elections) are planned and held in a transparent and credible manner in accordance with international standards (credible counting process and timely transmission and publications of results).*
- E2 *DNR can support the continuous voter registration in a sustainable manner, through the digitisation of the civil registry and national registration card*
- E3 *Continuous voter registration implemented*
- E4 *Legislative Framework for Elections Reviewed*
- E5 *Increased participation of women as voters, candidates, and staff.*
- E6 *Enhanced media capacity and monitoring mechanisms*
- E7 *Increased capacity of civil society organisations to conduct credible domestic observation and engage in civic and voter education*
- E8 *Enhanced Capacity of Political Parties.*

**The total of the trust fund at the time of signing is EUR 14,901,375, and the contributions of other CPs and GRZ are as follows:**

<i>The Netherlands</i>	<i>EUR 1,000,000</i>
<i>Canada</i>	<i>EUR 1,568,175</i>
<i>Finland</i>	<i>EUR 160,000</i>
<i>UK</i>	<i>EUR 484,335</i>
<i>UNDP core funds</i>	<i>EUR 574,582</i>
<i>GRZ funds Committed to ECZ</i>	<i>EUR 2,461,538</i>
<i>GRZ funds Committed to DNRPC</i>	<i>EUR 1,538,462</i>

*TAPS Chapter 5 on Monitoring and Evaluation :*

**5.1 Monitoring**

*Internal monitoring will be carried out by the UNDP Country Office in Zambia and the EC Delegation, while external ROM will be undertaken by external consultants. ... Independent consultants recruited directly by the Commission on specifically established terms of reference will carry out external monitoring ROM system, which in principle will start from the sixth month of project activities, and will be finalised at the latest 6 months before the end of the operational implementation phase.*

**5.2 Evaluation**

*The external audit carried out by the jointly implementing international organisation (UNDP). Nevertheless, the European Commission, OLAF and the Court of Auditors of the European Communities may still undertake checks, including on the spot, of the actions financed. External evaluations, during or after the operational implementation phase, will be specifically launched and funded unless a joint, country-led process will run such exercises from domestic or joint programme resources, in line with JASZ principles. In this case, however, the ToR of these exercises will also take into account EC requirements.*

**Extracts:**

**EAMR, Jan 2011, p30:** *At national level, certain difficulties remain in the cooperation agreement with UNDP in the project for supporting the electoral cycle. Information is not always complete and timely and hampers effective supervision. EUD and member states are intensifying their efforts to improve the access to information and some progress was noted in the second part of the year.*

**JAR 2010, p12:** *The EDF10 Support to the 2009-2012 Zambian Electoral Cycle (EU: €7.4 million) continued to be implemented by UNDP with a view to strengthening the electoral processes in Zambia. Ahead of the 2011 elections, the project in 2010 mainly focused on voter registration (with ECZ announcing the registration of 5,223,365 people). Support was also provided to civil society organisations to carry out voter education activities, increase women's participation and dialogue between political parties. As a result, the stakeholders reviewed the electoral Code of Conduct and the media were trained on ethical reporting. The voter registration process achieved satisfactory results. In 2011, it was estimated that close to 80% of the eligible voters had been registered. The updated voter register provides a sound basis for the subsequent steps of the election process and – on the part of the EU – for effective election monitoring.*

**MTR EDF10 CSP Conclusions, p1:** *On the Governance Action Plan – “Notable successes in the intervening period include: the launching of a national anti-corruption policy, concrete action on human trafficking, implementation of payroll management reforms, a long awaited change in the budget cycle and progress in the area of access to justice. Conversely, capacity and budgetary constraints delayed progress in other areas, notably with respect to the electoral process. The official launch of continuous voter registration in June 2010 marked a significant improvement but voter education activities and ECZ development plans have continued to be hampered by budgetary constraints.”*

#### **JC 6.4: The EU support has contributed to that the electoral process was transparent and well organised**

It may be averred that the EU support has contributed to it that the September 2011 national electoral process was transparent and well organised. The “Statement of Preliminary Findings” on the 20<sup>th</sup> September 2011 General Elections in Zambia by the EU Election Observation Mission to Zambia summarily concluded to “A generally well administered election day and a highly competitive campaign despite the absence of a level playing field”. Some critical aspects and challenges mentioned in the Mission’s statement refer to (i) reforms of key aspects of the electoral framework for future elections; (ii) A few glitches in voting and counting of ballots ; (iii) Unequal access to resources meant that there was not a level playing field for campaigning, and; (iv) The state-owned media failing to meet even their minimal obligations as public service media, as key programming such as news bulletins lacked any degree of balance in their coverage. (I-6.4.1)

It needs to be stressed that these September 2011 General Elections were only one highlight of EU support to electoral processes in Zambia which spans over an extended period of time and includes longer term preparatory assistance to election events (e.g. voters education, voters registration, etc.) and post-elections process institutionalisation and after-care assistance. This long term support to the electoral process has been provided through a EDF10 Zambia CSP (A-envelope) support to the Zambian Electoral Cycle 2009-2012 project with a CSP-NIP A-envelope totalling 7.4 million and with an operational implementation phase of 44 months. It is a “classical” project approach aid method project embedded in a trust fund setting with 5 other CPs and with UNDP as lead. The January 2011 External Assistance Management Report (EAMR) mentioned that certain difficulties remained with (especially monitoring) information, which is not always complete and timely, hampering effective supervision. In the preceding year 2010 the project mainly focused on voter registration, on civil society organisations to carry out voter education activities, increase women’s participation and dialogue between the political parties. It was estimated that close to 80% of the eligible voters had been registered. On the other hand, in was also mentioned in the mid-term review report of the EDF10 CSP that the official launch of continuous voter registration in June 2010 marked a significant improvement but voter education activities and ECZ development plans have continued to be hampered by budgetary constraints.

In the EDF10 CSP Mid-Term Review of 2009, a series of notable successes in the democratic governance area are mentioned. But with respect to the electoral process, capacity and budgetary constraints are explicitly mentioned as having caused delayed progress. The official launch of continuous voter registration in June 2010 marked a significant improvement but voter education activities and ECZ (Electoral Commission of Zambia) development plans have continued to be hampered by budgetary constraints. Evaluation field interviews at the project implementing agency, the Electoral Commission of Zambia, indicated that there are still major outstanding challenges regarding the institutionalisation and mainstreaming of the project’s accomplishments in as much as many of the trained personnel under the project were hired on a contractual basis, with transfer of knowledge into the mainstream organisation now jeopardized with the pending end of these contracts. Other outstanding issues pertain to the solid

anchoring of the ICT system and tools (a major contribution of the EU), electoral support capacity strengthening at the provincial level and the establishment of civil registration as precondition for transparent voter registration. (I-6.4.2)

**JC 6.5: The EU has ensured the overall coherence of its interventions for reinforcing civil society capacity in relation to governance processes**

▪ **Indicator 6.5.1: Existence of a logically arranged scheme between EU's political and development responses; Implementation of initially identified synergies**

The composition of the EDF10 CSP-NIP into focal sectors, general budget support and other non focal sectors and programmes aims at a logical and balanced structure for EU's political and development response strategies. Both focal sectors (regional integration / transport infrastructure and health) have integral policy dialogue components. One of the three main input clusters of general budget support is policy dialogue. The other programmes in the NIP A envelope in principle are also based on this general principle and architecture. For some programmes the capacity development, policy dialogue and political responses more explicit, if not pre-dominant e.g. for governance, for the support to initiatives of non-state actors and also capacity building for EPA/trade related support. Other programmes as food security and agriculture diversification are more geared towards the EU's development response. The assessment of the actual implementation of these initially identified synergies and its quality needed to be further investigated during the field visit based on the appreciation by the different key parties concerned. It was learned that basically all development interventions also have a political or at least of policy dialogue component, be it with different levels of pronouncement and intensity and also with different levels of success. Budget support theoretically has these explicit provisions for a balanced mix of policy dialogue / policy and development objectives as already transpires from the very selection of key performance indicators to measure programme results. For some the emphasis on political / policy issues (particularly on accountability and transparency) is too predominant to the detriment of the development objectives (development outcome and impact on the ground). It is in this light that also the two cases of misappropriations may be viewed leading to a (prolonged) stalemate in two of the most important sectors (health and transport). Also the protracted and ultimately non approval of the CSO capacity strengthening and institutional support programme under EDF9 is interpreted by some at the result of a not yet found balance between the political and development objectives and components of the country strategy and programme, despite the progress made and initial accomplishments achieved in this regard. It in this connection was also mentioned by key stakeholders at the EUD that the synergistic symbiosis of the political and development components of its country level response strategy with Zambia would need more proactive steering and coordination at the level of the EUD, especially also in the light of the Lisbon treaty placing strong emphasis on the political dimension of national and regional development and integration.

The European Union's lead in Governance issues amongst the Cooperating Partners has been confirmed in spring of last year 2011 when all CPs received the proposed Government-Oriented Division of Labour (GO-DOL) for JASZ II, to be applied under the Sixth National Development Programme (SNDP - 2011-2015). EU has been requested and meanwhile confirmed by GRZ to "lead" the Governance sector/thematic area, while in the CP proposal it originally was put up as "active" only. Pending further clarification on the scope covered by the Governance group EU would favour a focused approach looking mainly at performance strengthening and accountability, anti-corruption, elections and democratic governance.

Some basic principles for a better balanced political and development response strategy with links to the preferred choice / mix of aid modalities emanated from the implementation discussions of the NGO Act early this year, including as transpired from the talking notes: (i) EU should better link in its dialogue with Government the whole range of aid modalities: the final aim is to attain the MDGs and improve good governance / PFM, not to deliver aid through a specific modality as Budget Support; (ii) There is room to improve dialogue and interaction with the Government – however this requires thinking outside the box and identify how the existing fora (joint Sector Advisory Groups in particular) can be used better; (iii) Need also to review the own way of interacting as CPs (linkage PRBS Group to the wider CPG, DOL, Article 8); (iv) In a country such as Zambia where both GBS and SBS are made available, should be assessed which of the two modalities has been more effective in influencing PFM reforms and policy dialogue. There is a view that SBS may offer more of leverage as the focus is on specific sector targets; (v) EU should strengthen political economy analysis to identify resistances and drivers for change; (vi)

CPs should improve on the delivery of capacity building activities in order to reinforce the institutions and CSO that can enhance accountability and contribute to the fight against corruption, and; (vii) The local political agenda should be placed before EU's own when assessing the effectiveness of BS; (vii) The focus should be on poverty reduction and not simply on PFM (Public Finance Management) progress.

The EU commissioned institutional analysis of NSA in Zambia refers to the Cotonou Agreement which recognises the need to involve non-governmental actors throughout the whole country level planning and implementation process. This process comprises five well-established stages, namely: (i) Strategic programming; (ii) Identification of programmes and projects; (iii) Instruction of programmes and projects; (iv) Implementation of programmes and projects, and; (v) Evaluation and capitalisation. From the Non-State Actor perspective, in addition to being informed throughout the process, their involvement must be effective at both the level of dialogue, during the programme exercise and cooperation follow-up, and the level of programme execution. The involvement of non-state actors in the new context of EU-ACP relations, as defined in the Cotonou Agreement, thereto must be effective at three levels: (i) at the level of access to information; (ii) at the level of dialogue and consultation for the definition and follow-up of the implementation of the EC Country Strategy, the National Indicative Programme and the subsequent programmes, and (iii) at the level of the implementation of programmes and projects by providing added value in terms of skills, knowledge or legitimacy, or by delivering services (such as education and health). As such, one can conclude to the existence of a logically arranged scheme between EU's political and development responses. The extent and quality of the implementation of these initially identified synergies is another matter as also transpired from the different interviews with key stakeholders during the field visits, both government and non-government. What is sure is that the protracted approval process and ultimately non approval of the CSOs capacity strengthening project under EDF9 signified a major set-back in this mutually reinforcing balancing process between both core components of the EU response strategy as far as civil society is concerned.

EUD regularly involves CSOs/NSAs in its programming and implementation processes, notably in the focal sector 2 on health, where CSOs/NSAs are consulted on the assessment of sector budget support. Dialogue with NSAs is also particularly intense around the Economic Partnership Agreements, where the EC Delegation regularly interacts at workshops and seminars. The ZCSD and CIVICUS (2011) country report for Zambia concluded that civil society in Zambia has been quite active in intervention on social issues such as poverty and public expenditure management. However, success in pushing policy reforms has been limited. This is reflected by the relatively lower scores on CSOs impact on policy: Only 53.7% of the CSOs surveyed have been pushing for policy reforms and these have had limited success. Only 20% have had success in at least in one policy-related field. This low success rate (20%) among those few CSOs that push for policy reforms should be a concern, whereas the fact that almost half (46.3%) of the surveyed CSOs reporting not advocating policy reforms is also worrisome.

Data, figures, tables:

***EUD; EU response to the Government-Oriented DOL for JASZ II; March 2011; pp 1-3*** In early March all CPs received the proposed Government-Oriented Division of Labour (GO-DOL) to be applied under the SNDP. In parallel, CPs have put together what they consider should be the DOL among CPs under the JASZ II. While some of GRZ proposals are in line with CPs', this is not always the case for all sectors. This note aims at describing and explaining the EU position in the CP proposal, sector by sector (following GO-DOL document). The absence of the macro-economic sector as one of the core ones should be flagged to GRZ through the CPG troika, especially as the critical PFM sub-sector is part of it.

10. Governance - GO-DOL sees us as lead with UK, while we put ourselves as active.

STATUS	CP proposal	GO-DOL proposal for SNDP	
		JASZ CPs	Non-JASZ CPs
Lead	UK, UNDP	EU, UK	-
Active	WB, EU, Denmark, Germany, Ireland, Netherlands, Norway, USA	UNDP	-
Background/ Silent	Finland,	-	-
Phasing Out		-	-
New Entry	-	-	-
Sub-Total	-	3	0
Total	11	3	

**EAMR, Jan 2011, p17:** EDF9 Non State Actors CRIS number: FED/2007/019-150

Project title: Capacity Building for Non-State Actors

Committed: €5 million – Disbursed: €0 (xx %)

Results/Actions	Forecast at 31/12/09	Situation at 31/12/10
1) Procurement by NAO of Long Term TA	Jun	NA
2) Start up Programme Estimate	Aug	NA
3) Closure of programme	Not in AMP 2010	Dec

**Extracts:**

**EAMR Jan 2011, p17;** regarding the Civil Society Capacity Building Programme (FA 9ACP ZA 26) - Activities and major deviations: Evaluation of the Expressions of Interest for the TA component was delayed, as the NAO was slow in appointing the members of the Committee. When the tender was launched in September, it was unsuccessful as the available budget had decreased due to exchange rate fluctuations and eventually became insufficient for implementing the planned activities. Alternative implementation modalities were examined (especially the one of a delegation agreement with DANIDA) without success. The closure of the FA has therefore been undertaken. Major obstacles encountered: Late start of programme implementation due to extremely delayed signature of the FA by the NAO has jeopardize the project.

Major obstacles encountered in the period: difficulties in co-ordinating a programme managed by three ROs; the role of the Programme Co-ordinator who is also acting as Project Manager of Intergovernmental Authority on Development (IGAD) component was not clear and personalities' issues have not facilitated an effective co-ordination between components. There is little if any interlink between the three components, including COMESA's.

**EUD; EU response to the Government-Oriented DOL for JASZ II; March 2011 - 10.** Governance - GO-DOL sees us as lead with UK, while we put ourselves as active. The reduction of CPs to be engaged in the sector according to GRZ is dramatic, from 11 to 3, and possibly not tenable for such an important cross-cutting sector. Pending clarification on the scope covered by the Governance group (EU would favour a focused approach looking mainly at Anti-corruption, elections and democratic governance), EU would not object being designated as co-lead together with UK/DFID. To raise with CPG Troika.

**JAR 2007, p25;** regarding the Civil Society Capacity Building Programme (FA 9ACP ZA 26) - 2.4. Utilisation of resources for NSAs: After a lengthy process of approval at headquarters the Financing Agreement for the EDF9 project (€5 million) to strengthen NSA capacities was ready for NAO's signature by the end of the year. However, the Zambian Government was reluctant to sign the FA in the absence of a legal framework for creating a mutual accountability relationship between the government and civil society that was part of the stalled NGO Act. The problem has been raised in all the meetings held with the NAO since November 2007. The Delegation has already sent two letters to the NAO, explaining the importance of this type of project under Cotonou, giving assurances of NAO involvement



in its implementation, and asking for a final formal position. The Delegation pointed out that the project is in line with the provisions of Cotonou Agreement for the involvement of Civil Society in development policies and strategies in ACP countries. Accordingly, it will be implemented under the legal and financial regulations that apply to the EDF9. An official reply is currently expected.

**FA 9ACP ZA 26 – Civil Society Capacity Building Programme, pp 6-8;** Chapter 3.3. Stakeholders: The proposed support programme is directly aiming at Non-State Actors, excluding private sector organisations or their representatives, already supported through the EDF9 project “Capacity building for Private Sector Development”. In other words, it targets Zambian Civil Society organisations. All four levels of intervention (ranging from grass root organisations to national platforms) and all different sectors of intervention have been considered. The mapping study conducted in 2005 contributed to a better understanding of the positioning of various CS organisations, as well as the problems linked to each level and the solutions to be recommended in the framework of the present support and capacity building programme. Other primary stakeholders of the programme include the central and local Government institutions in Zambia, including the respective coordination mechanisms (such as the SAGs, PDCCs, and DDCCs), donors and donor agencies, international NGOs, the media, the legislative and the judiciary and related institutions, the private sector (mainly service providers of capacity building) and their representatives.

Chapter 3.1 programme purpose: It is the expected outcome of the programme’s endeavour to strengthen institutionally, organisationally, strategically and technically these structures in order to increase their capacity to represent the views of local populations, effectively engage with both the government and the donor community and/or provide collective services.

Chapter 3.2 Expected results and main activities: (1): Empowerment of local communities; (2) Institutional and organisational development of CSO (both 2<sup>nd</sup> level and umbrella); (3) An institutional environment conducive for an enhanced developmental role of CSOs, and (4) Improve information and enhance coordination efforts

Chapter 3.4 Risks and assumptions: A prerequisite for the ability of civil society organisations to play a role as an active and critical voice or development partner is that they are increasingly seen as credible institutions/ organisations by the local population. Legislation and its enforcement shall secure the rights of organisations to exist and to conduct their activities, whether in the social or the advocacy/governance sphere. This implies the appropriate formulation of a registration policy of voluntary organisations. The legislative framework for NGO activity in Zambia is currently under discussion, and the outcome of this discussion could have far reaching implications for the operations of NGOs. In addition, the programme could face a number of other risks:

- (i) there is considerable distrust and suspicion between the government and CSO, as well as among CSO themselves;
- (ii) fake NGOs might hinder the introduction of the tools aimed at the improvement of the transparency and accountability of CSO;
- (iii) lack of commitment to the decentralisation process that should transfer capacities and resources from the central towards the local levels;
- (iv) pressures from “deprived” local government structures to “share” the resources allocated to CSO;
- (v) donors not overcoming their often utilitarian focus and therefore, not being able to shift from efficient project management;
- (vi) absence of appropriate coordination mechanisms intended to avoid parallel financing and duplication of effort.

Chapter 3.5 Conditionalities: The following conditionalities are considered:

- (i) Zambia continues to enjoy relative political stability;
- (ii) Poverty eradication remains the priority of development policies;
- (iii) CSO/NGO regulatory environment is enabling CSO to operate freely and without restraint.
- (iv) CSO adopt regulatory framework
- (v) Government continues to implement the NDP;
- (vi) Government and donor agencies remain open to engage CSO in policy dialogue, programming and implementation;

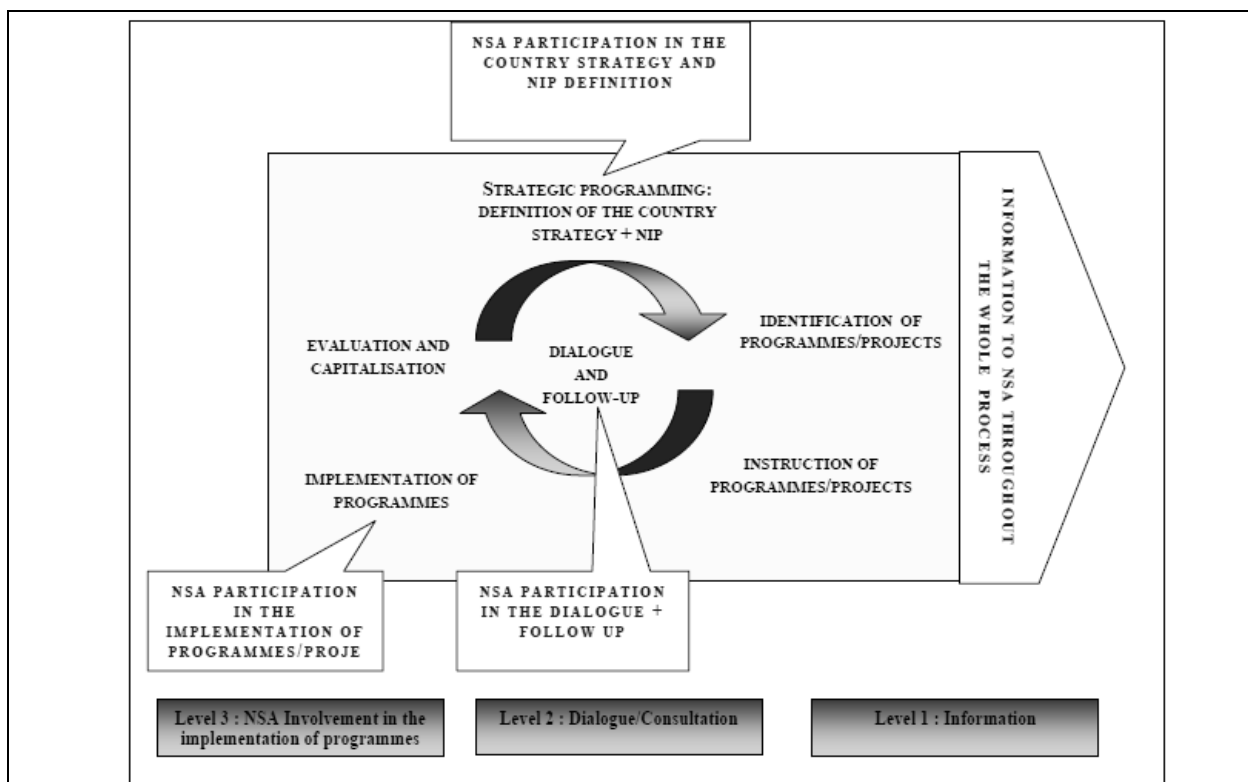
**EUD Internal Note (2011) – Some excerpts:**

- *EU should better link in its dialogue with Government the whole range of aid modalities (the final aim is to attain the MDGs and improve good governance / PFM, not to deliver aid through a specific modality as BS);*
- *There is room to improve dialogue and interaction with the Government – however we must think outside the box and identify how the existing fora (joint Sector Advisory Groups in particular) can be better used; need also to review our own way of interacting as CPs (linkage PRBS Group to the wider CPG, DOL, Article 8);*
- *In a country such as Zambia where both GBS and SBS are made available, we should assess which of the two modalities has been more effective in influencing PFM reforms and policy dialogue. There is a view that SBS may offer more of leverage as the focus is on specific sector targets.*
- *EU should strengthen political economy analysis to identify resistances and drivers for change;*
- *CPs should improve on the delivery of Capacity Building activities in order to reinforce the institutions and NSA that can enhance accountability and contribute to the fight against corruption.*
- *The local political agenda should be placed before our own when assessing the effectiveness of BS; the focus should be on poverty reduction and not simply on PFM progress.*

**Field Visit Additional Information on I 6.5.1:**

**STEM-VCR Srl (2006) pp. 34-36; Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 4.3.1 NSA Involvement in the European Cooperation in Zambia:** ... one of the innovative aspects of the Cotonou Agreement is its legal recognition of the participation of certain actors, other than the state, in the development and cooperation process... From a cooperation perspective, the Cotonou Agreement recognises the need to involve non-governmental actors throughout the whole planning and implementation process. This process comprises five well-established stages, namely: (i) Strategic programming; (ii) Identification of programmes and projects; (iii) Instruction of programmes and projects; (iv) Implementation of programmes and projects, and; (v) Evaluation and capitalisation.

From the non-state actor perspective, in addition to being informed throughout the process, their involvement must be effective at both the level of dialogue, during the programme exercise and cooperation follow-up, and the level of programme execution. The following diagram illustrates these stages. As shown in the diagram, the involvement of non-state actors in the new context of EU-ACP relations, as defined in the Cotonou Agreement, must be effective at three levels: (i) at the level of access to information; (ii) at the level of dialogue and consultation for the definition and follow-up of the implementation of the EC Country Strategy, the National Indicative Programme and the subsequent programmes, and (iii) at the level of the implementation of programmes and projects by providing added value in terms of skills, knowledge or legitimacy, or by delivering services (such as education and health).



### NSA Participation in European Cooperation

Source: STEM-VCR Srl (2006) p35

**STEM-VCR Srl (2006) p11; Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 1 Preface – Non-state actors in the National Indicative Programme EDF9 in Zambia:** The NIP (National Indicative Programme), whilst foreseeing direct support of non-state actors within support programmes or capacity building in the field, places particular emphasis on their role in the democratisation and modernisation processes in the country. In addition to the relevant budget lines specifically dedicated to civil society actors, the EDF9 has adopted an approach linked to both the involvement of non-state actors in programmes and projects and to their participation in the communitarian cooperation review. This study, which aims at gaining a better understanding of civil society actors, their dynamics and characteristics, plays a role in a framework where increasing attention is paid to their potential and role in the development of the country, not to mention the fight against poverty which remains the main objective of both the Zambian government and EU strategies.

- **Indicator 6.5.2: Existence of complementarity among the projects within EDF (agriculture, private sector interventions) and under the different (financial) instruments available for promoting civil society (e.g. EDF and EIDHR)**

It goes beyond the scope of the current macro evaluation at country level to in-depth examine the existence of complementarity among individual projects within EDF and under the different instruments available for promoting civil society. This moreover would require in-depth knowledge of the Zambia CSP/NIP portfolio of EU projects, not only of their design but also of their implementation features. This institutional memory cannot be taken for granted, especially with the high turnover of staff at the EUD<sup>76</sup>

In general terms, for the period 2007-2013, the EU aims at supporting development actions, to be implemented by CSOs (including NSAs and Local Authorities - LAs) to the benefit of the most vulnerable population groups and strengthening their capacity to become key actors of democratic governance processes and poverty reduction strategies. This support is financed through two different instruments: (1) EDF allocations, including under the EDF10 CSP-NIP where an indicative amount of €5.5 million has been made available to support initiatives of NSAs in the areas of capacity-building, advocacy, research, awareness-raising, monitoring and delivery of services to the population (and which ultimately did not push through for reasons indicated earlier and has been re-programmed under EDF10), and; (2)

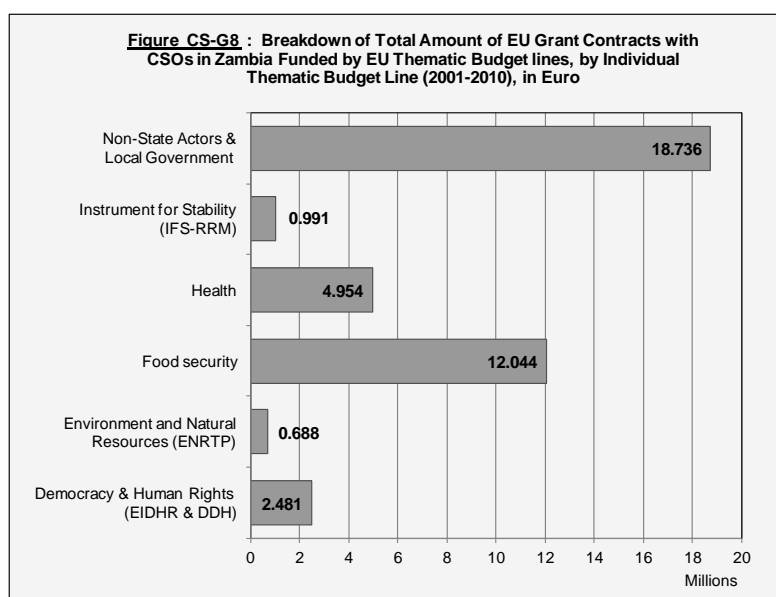
<sup>76</sup> Just by way of illustration, at the moment of the evaluation preparatory field visit in September 2011, the incumbents of some 5 senior professional positions changed.

Through specific thematic programmes, including: (i) The thematic programme " Non-state Actors and Local Authorities in development" which aims at encouraging non-state actors and local authorities, both from the EU and Zambia, to get more involved in development issues, and; (ii) The European Instrument for Democracy and Human Rights (EIDHR) which provides support for the promotion of democracy and human rights in Zambia. Outside the EDF, numerous grants have been provided to NSA in Zambia. In 2010, 40 projects were in implementation. In addition, 15 new grants were awarded under the Non State Actors / Local Authorities budget line, 5 under the Food Security budget line and 2 under the European Initiative for Democracy and Human Rights budget line. The projects mainly focus on advocacy related activities, service delivery and empowerment of vulnerable groups, in the thematic areas of nutrition and food security, education (community schools), good governance, decentralisation, human and civil rights.

A more detailed portfolio analysis of EU support to CSOs in Zambia in the period 2001-2010 based on a CRIS database filtering of contracts awarded to these CSOs in this period is presented at the end of this information matrix on EQ 6 Democratic Governance. For the analysis of the main sources of EU funding of CSOs in Zambia, the EuropeAid classification of sources of funding related to the EU Development Cooperation Instrument (DCI) since 2007 has been used. This same thematic/sectoral classification is applied to the grant contracts awarded before 2007. In accordance with this classification, the three main EU sources of funding / cooperation instruments are: (i) the European Development Fund (EDF); (ii) The vertical thematic programmes, and; (iii) the sugar protocol with accompanying measures for 18 ACP countries. Of the 84 awarded contracts to CSOs in the 2001-2010 period, 28 or one third (33.3%) have been financed under the EDF representing a total value of 24 million Euro (or 36.1% of total foreseen grants contracts amount). The largest CSO funding however comes from EU vertical thematic programmes / budget lines, both in number of grants (55 or 65.5% of the total) and in contract money value (59.4% of the total). One grant contract representing 4.5% of the total CSO funding originated from the sugar protocol. Of the EU vertical thematic programmes / budget lines, the largest CSO funding originates from the Non-State Actors and Local Government programme (31 contracts representing more than a quarter (27.9%) of the total CSO funding, followed by food security (18 contracts representing 17.9% of total CSOs contract value). A distant third source is the health programme (especially HIV/Aids) (one programme, but 7.4% of the total resources). The democracy and human rights programme (EIDHR and DDH) provided 3.7% of the total CSO funding in the ten year period 2001-2010 via three grants. The Environment and Natural Resources (ENRTP) budget line and the Instrument for Stability (IFS-RRM) provided relatively minor funding (resp. 1.0% and 1.5% of the total).

Data:

**Figure 7: Breakdown of total amount of EU grant contracts with CSOs in Zambia funded by EU thematic budget lines, by individual thematic budget line (2001-2010), in Euro**



Source: CRIS database search of 09 Dec 2011.

Extracts:

**JAR 2010, p13:** Outside the EDF, numerous grants have been granted to NSA in Zambia. In 2010, 40 projects were in implementation. In addition, 15 new grants were awarded (5 with non state actors

and 3 with local authorities) under the Non State Actors / Local Authorities budget line, 5 under the Food Security budget line and 2 under the European Initiative for Democracy and Human Rights budget line bringing the total of EU funded grants in Zambia to €36.209 million. The projects mainly focus on advocacy related activities, service delivery and empowerment of vulnerable groups, in the thematic areas of nutrition and food security, education (community schools), good governance, decentralisation, human and civil rights.

**EUD Website** – Webpage on Governance and Civil Society Organisations; For the period 2007-2013, the EU aims at supporting development actions, to be implemented by Non-State-Actors (NSA) or Local Authorities (LA), in close cooperation with the local communities and to the benefit of the most vulnerable population groups, aiming at promoting an inclusive and empowered society in Zambia and strengthening their capacity to become key actors of democratic governance processes and poverty reduction strategies. This support is financed through two different instruments:

- EDF allocations, including under the EDF10 CSP-NIP (link to page 023-01) where an indicative amount of €5.5 million has been made available to support initiatives of NSAs in the areas of capacity-building, advocacy, research, awareness-raising, monitoring and delivery of services to the population.
- Through specific thematic programmes : (i) the thematic programme " Non-state Actors and Local Authorities in development" which aims at encouraging non-state actors and local authorities, both from the EU and Zambia, to get more involved in development issues, and (ii) the European Instrument for Democracy and Human Rights (EIDHR) which provides support for the promotion of democracy and human rights in Zambia.

**EUD Lusaka; “Rationale for EDF10 NSAs capacity building project in Zambia”; Internal Note; 2011: p2 (6)** The main lessons to be learned from other CPs experience relate to the fact that donor responses have not focused on supporting the role of NSAs to hold government accountable by entering into constructive engagement. The focus has been more on the NSA's role in 'demand-side accountability' and less on the need to strengthen the capacity of GRZ ('supply-side')

▪ **Indicator 6.5.3: Level of comprehensiveness of the EU responses to the different actors in the governance arena (governments, parliaments, electoral process, CSOs, others)**

The design of the EU response to the different actors in the governance arena has been quite comprehensive indeed as it targets the main stakeholder clusters and different actors, including government, parliament, electoral processes, police, civil society organisations, etc. either explicitly and/or exclusively through special project approach type of interventions, or in the broader framework of an encompassing programme (PRSP, PEMFA, PRBS, ...). It however is not clear if and how these different components of the governance response strategy targeting the different stakeholder groups are related to each other, how they are complementary and mutually reinforcing. This particularly pertains to the different components of the Access to Justice Programme. Moreover a crucial component of the comprehensive response package in the governance arena (CSOs capacity building programme) was cancelled and transferred to the following EDF10 programming cycle.

The 2010 extensive review of Budget Support to Zambia since 2006, discussed in the 2010 JAR by the EU and GRZ is outspoken in its assessment of EU-GRZ cooperation when mentioning that the main criticisms to the Poverty Reduction Budget Support (PRBS) process in Zambia relates to the insufficient attention to the demand-side, be it for domestic accountability (active participation of NSAs, Parliament, etc.) or for capacity-building. At the same time it is recognized that needs are not always clearly spelled out. In short, the PRBS as flagship programme absorbing about half (48.9%) of the total budget of the EDF10 CSP-NIP lacks demand-driven focus and ownership. The Mid-Term Review of the EDF10 CSP-NIP comes to about a similar conclusion about the NSA/LA involvement in the policy dialogue: The NSAs have been actively consulted with by the EC Delegation during the EDF10 MTR process and good intentions have been made to strengthen the support and dialogue with NSA's, but no roadmap has been developed for strategizing the actual interaction between the EU and NSAs in Zambia.

Component 10 of the Public Expenditure Management and Financial Accountability (PEMFA) programme (12m Euro financing by the EU through general budget support with a total programme cost of 57.6m Euro) aims at developing the capacity of the Parliament to play its oversight role in public resources management in order to promote the culture of democratic governance, transparency and accountability. The 2010 PEMFA evaluation concluded to no change of all relevant indicators for component 10 as at June 2010 in comparison to the 2005 and 2008 assessments. The overwhelming contribution of PEMFA to Component 10, however, has been the provision of the buildings, with very little

ongoing capacity building of staff and parliamentarians. The majority of the capacity building support, particularly in respect of the effective operation of general purpose committees (PAC and Estimates Committee), has come from the wider Parliamentary Reform Project (PRPIII).

The approval process of the Civil Society Capacity Building Programme (FA 9ACP ZA 26) followed a rocky road. After a lengthy process of approval at headquarters the Financing Agreement for the EDF9 project (€5 million) to strengthen NSA capacities was ready for NAO's signature by the end of 2007. However, the Zambian Government was reluctant to sign the FA in the absence of a legal framework for creating a mutual accountability relationship between the government and civil society that was part of the stalled NGO Act. The Act finally got approved and the FA signed but then the tender failed, the CSO scene had so drastically changed since the project's design phase that it ultimately was decided to close the current FA and to start on a new basis with the foreseen envelope for support to NSAs under the EDF10 (Centralized Management with a Delegation Agreement with one of the CPs contributing to the pool fund of the Zambia Governance Foundations (ZGF), possibly DANIDA or DIFID).

Long term support to the electoral process has been provided through a EDF10 Zambia CSP (A-envelope), which was originally formulated under the EDF9 already. Support to the Zambian Electoral Cycle 2009-2012 project with a CSP-NIP A-envelope totalling 7.4 million and with an operational implementation phase of 44 months. It is a "classical" project approach aid method embedded in a trust fund setting with a total trust fund of 14.9 million € with 5 other CPs plus GRZ, and with UNDP as lead. It may be confidently averred that the EU support has contribute to it that the electoral process was transparent and well organised. However, as transpired from the field interviews, important challenges still remain regarding the mainstreaming and institutionalisation of the project as the bulk of expertise to the project has been provided by contractual whose contracts are about to end. Other important remaining challenges remain to electoral processes capacity building at Provincial level and to civil registration as precondition to transparent and genuine voter registration.

The "Support to the Strengthening of the Justice Sector in Zambia: Access to Justice" intervention (FED/2010/021-651/1) is a 6m Euro project indirectly centralised managed through the signing of a Delegation Agreement with GTZ. The AtoJ project aims at easier access to justice for all, including the poor and vulnerable, women and children. The specific objective is to improve performance of their mandates by justice agencies and institutions. The AtoJ in itself is a governance and human rights programme. The fulfilment of citizens' rights (including that of access to justice) is core and underlying principle of this project. In addition, it will partially address the linked issues of gender and child rights, which will be addressed through training and strengthening of new law enforcement mechanisms, like new penal code dispositions on sexual crimes and community service sentences. From the field interviews it was learned that the achievement of the above objectives and delivery of results is rather limited in as much as project activities so far have mainly concentrated on infrastructure and equipment (especially ICT), thus laying the basis for actual results production in the next phase as aspired for. Another reported challenge is overcoming the relative isolation of the different programme components and converting these into an integrated programme approach and dito network. This particularly pertains to the different types of courts covered by the programme.

The 2008 Governance Secretariat mid-term review chapter on accountability and transparency as one of the main weaknesses in the system was observed the fact that there still is a two year lag between the time the Office of the Auditor General (OAG) presents its report to the PAC and the release of the PACs report. The report asserts that during this long lag, the officers responsible for any misappropriation if any, could easily have tampered with evidence, been transferred, retired, left the country or even died, and that this is a governance issue which should be addressed. With regard to the effectiveness of the Governance Programme, the review observed that the overall assessment of sector performance against the identified Key Performance Indicators (KPIs) shows that out of a total of seven indicators, only one has been met, another one has been partly met while a third does not have a target... On the basis of the table, is concluded that during the period under review, despite the valiant efforts of the sector, most of the KPIs were not met. The review concluded that the Governance Secretariat (GS) could do much more besides the primary coordinating role. Also, the current positioning of the GS, at a level which is below that of a government department, and also housed within the Ministry of Justice, could be interpreted by some as a weak institution which is under the control of the Ministry of Justice.

Extracts:

**JAR 2010, p8:** *On the 2010 extensive review of Budget Support to Zambia since 2006: "The main criticisms to the PRBS process in Zambia relate to the insufficient attention to the demand-side, be it for domestic accountability (active participation of NSAs, Parliament) or for capacity-building (though it recognises that needs are not always clearly spelled out)."*

**MTR EDF10 CSP Conclusions, p17:** NSA/LA involvement in policy dialogue? (iii) Following the Report elaborated by DG DEV on the consultation of NSA and LA in the EDF10 programming process, has a roadmap been developed and shared with the stakeholders? If yes, outcomes? Is it available from the EC Delegation website? No roadmap has been developed for interaction between the EC and NSA in Zambia. However, the EC Delegation has actively consulted NSA during the EDF10 MTR process and intends to strengthen its support to and dialogue with NSAs going forward, particularly surrounding their monitoring of budget support.

**MTR EDF10 CSP Conclusions, p18:** Level of involvement of other government bodies such as Parliaments? Parliament was involved in a very busy period with an early introduction of the budget for debate during the three weeks of the in-country MTR exercise, and so was largely unavailable for consultation during this period. One MP did however attend the discussion on social and poverty situation in Zambia.

**Ministry of Finance and National Planning (2011), p x -** To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships (process and intermediate outcomes) – Core Question 2. “There is also increased openness by government and development partners to include civil society in development planning processes with formal representation as evidenced in the health sector by CHAZ in aid coordination, although the extent of civil society participation and engagement is perceived differently across stakeholder groups.

**REPIM & Oxford Policy Management (2010); PEMFA Evaluation pp B65-B68; B10.** Component 10: Enhanced Parliamentary Oversight

The longer term improvement focus for this component is to develop the capacity of the Parliament to play its oversight role in public resources management in order to promote the culture of democratic governance, transparency and accountability. This will be measured by:

- Increased meaningful participation of MP’s in the oversight of budget preparation, budget implementation and the Auditor General’s report.
- Increased response by the Executive to the reports of the PAC, the Estimates Committee and departmentally related committees.
- Increased public participation and awareness.

All relevant indicators for Component 10 are assessed as no change with reference to the 2005 and 2008 assessments as at June 2010 which is reflected in the table below. PI-27 has shown improvement in the first two dimensions (from ‘C’ to ‘B’ in each case), however, as noted in the following table. Whilst this improvement is welcome, it has been driven largely by the reform measures supported outside of the PEMFA

<b>PEMFA Component Relevant Indicators</b>	<b>2005</b>	<b>2008</b>	<b>2010</b>
<b>PI-27 Legislative scrutiny of the annual budget law.</b>	<b>C+</b>	<b>C+</b>	<b>C+</b>
<b>PI-28 Legislative scrutiny of external audit reports</b>	C+	C+	C+

The overwhelming contribution of PEMFA to Component 10, however, has been the provision of the buildings, with very little ongoing capacity building of staff and parliamentarians. The majority of the capacity building support, particularly in respect of the effective operation of general purpose committees (PAC and Estimates Committee), has come from the wider Parliamentary Reform Project (PRPIII). The Parliamentary Reform Programme also supported study visits, website development and is providing funding for a number of pilot constituency office in different provinces and districts. Project reports and interviews with Assembly staff indicate that there has been some learning from the PEMFA “know how” support although it is difficult to quantify. As indicated by the detailed analysis of work plans it was not always clear as to which training and placement activities were provided by PEMFA or outside of PEMFA.

- **Indicator 6.5.4: Level of internalisation of CSOs issues in other relevant EU policies with Zambia (regional integration, trade, food security)**

In connection with the EDF8, from the very onset in the 2001-2010 period under review, explicit references to CSOs as partners in development are made explicitly in both strategy and programming

documents. The EDF8 Export Development Programme II for example financed the functioning of the National Working Group on Trade (NWGT), a committee of government, private sector and civil society representatives responsible for examining Zambia's international trade relations including EPA and regional agreements. In the successor EDF9 and 10 CSP-NIPs, references to non-state actors get more prominent and broader. But in general, by 2006 the EU commissioned institutional analysis of Non State Actors in Zambia still was to conclude that Non-State Actor involvement in EC cooperation in Zambia was at an early stage of development

In the EDF10 CSP-NIP, CSOs are explicitly referred to as special paragraph under the section on other non-focal sectors. The strategic document sees support to Non-State Actors in a holistic context covering (i) human development (transfer of knowledge, experience, skills, values, etc.), (ii) organisation strengthening (establishment of management systems, development of an organisational culture, improvement of work processes, etc.) and (iii) institutions and policies (improvement of the legal and administrative framework, promotion of cooperation between state, private sector and civil society). This 2008-2013 CSP/NIP moreover sees capacity building for NGOs not only in the more classic areas of support, but also in new areas like trade. It for example is mentioned that the negotiation of EPAs (Economic Partnership Agreements) should involve NSAs, but that for that also sufficient training and capacities are required. In this connection under the EDF9 private sector project a special project to support NSAs and intermediary organisations was foreseen originally.

On the other hand, no evidence was found of explicit provisions or references to CSOs or CSO related issues in the Regional Strategy Paper / Regional Indicative Programme (RSP/RIP) technical and administrative provisions for the Eastern and Southern Africa and the Indian Ocean. (ESA-IO) Region. Also in the EDF10 CSP-NIP section on food security and agricultural diversification no explicit provisions for or references to CSOs or CSO related issues were found, whereas in the EC accompanying measures for ACP Sugar Protocol countries as far as the Zambia strategy component is concerned only reference is made to the expansion of sugar production through outgrower schemes. From the field interviews with different stakeholders concerned and from the advance portfolio analysis<sup>77</sup> it however was learned that food security related support was mainly provided through the food security special vertical programme and budget line outside the EDF and that these funds had a major CSO support component and to a large extent even have been channelled through CSO (farmers organisations and associations). It was also argued that the links between the vertical budget lines and the EDF need to be further strengthened. The Mid-Term Review of the EDF10 learned that generally NSAs form part of Sector Advisory Groups (SAGs), which are formal government structures established under each sector. SAGs meetings should be held on a quarterly basis and discuss policy issues in the sectors, progress on implementation of relevant projects and programmes and they also provide a forum for the sharing of information between GRZ, NSA and CPs. The MTR concluded that this is working well in some sectors (health, education, macro-economic), but less in others (Private Sector Development, agriculture). The review furthermore indicated that the Delegation regularly involves NSAs in its programming and implementation processes, notably in the focal sector 2 on health, where NSAs are consulted on the assessment of sector budget support. Dialogue with NSAs is also particularly intense around the Economic Partnership Agreements (EPAs), where the EC Delegation regularly interacts at workshops and seminars.”

The recent Mid-Term Review of the Zambia Governance Foundation concluded that it is too soon to judge whether the accomplishments achieved with the help of ZGF support are enough to bring the changes required to achieve the ambitious purpose of the ZGF. The review team concluded that the groundwork for a high quality grant-making facility is in place, but considerable additional investment will be needed to realise ZGF's purpose.

Extracts:

*EAMR Jan 2011, p3.: The ToR of the IRCC [Inter-Regional Coordinating Committee] have been extended to include aid for trade and wider co-ordination issues.*

*RSP & RIP 2008-2013; p20 -.EU; Annual Action Programme 2007 Accompanying Measures for Sugar Protocol Countries – Allocation 2007 Zambia – Financing Agreement; December 2007: There are no explicit provisions for or references to CSOs or CSO related issues in the TAPs*

*EDF10 CSP-NIP 2008-2013, Annexes p. xxi: CSOs referred to the need of capacity building for*

<sup>77</sup> See the summary results of the portfolio analysis at the end of this section on EQ-6 under this information matrix.



NGOs, not only in the more classic areas, but also in new areas like trade. The current negotiation of EPAs should involve NSAs, but for that sufficient training and capacities are required. The Delegation replied that there is a provision under the EDF9 private sector project to support NSAs and intermediary organisations.

**EDF10 CSP-NIP 2008-2013 p33:** Section IV.5 on Other non-focal sectors: Non-state actors are included as special paragraph under 86. Other non-focal sectors as follows: “Non-State Actors: support in a holistic context i.e. including human development (transfer of knowledge, experience, skills, values, etc.), organisation strengthening (establishment of management systems, development of an organisational culture, improvement of work processes, etc.) and institutions and policies (improvement of the legal and administrative framework, promotion of cooperation between state, private sector and civil society)

**EDF10 CSP-NIP 2008-2013; .33 -** Section IV.4 on Main non-focal sectors – Food security and agriculture diversification: There are no explicit provisions for or references to CSOs or CSO related issues in the section on food security and agriculture diversification in the EDF10 CSP-NIP 2008-2013. In relation to the EC accompanying measures for ACP Sugar Protocol countries makes as far as the Zambia strategy component is concerned reference to the expansion of sugar production through out-grower schemes.

**10 CSP-NIP 2008-2013; p33 -** Section IV.5 on Other non-focal sectors – EPA / Trade related support (capacity building): There are no explicit provisions for or references to CSOs or CSO related issues in the in this section as far as 10<sup>th</sup> and EDF9 are concerned. Only in connection with the EDF8 references to CSOs are mentioned explicitly; “Regarding institutional support, the EDF8 Export Development Programme II is already financing the functioning of the National Working Group on Trade (NWGT), a committee of government, private sector and civil society representatives responsible for examining Zambia’s international trade relations including EPA and regional agreements. EDF10 funding could continue to provide such support during the early implementation phases of EPAs.

**MTR EDF10 CSP Conclusions, p16:** NSA/LA involvement in policy dialogue? Frequency of dialogue: “NSA form part of Sector Advisory Groups (SAGs), which are formal government structures established under each sector. SAGs meetings should be held on a quarterly basis and discuss policy issues in the sectors, progress on implementation of relevant projects and programmes and they also provide a forum for the sharing of information between GRZ, NSA and CPs. This is working well in some sectors (health, education, macro-economic, but less in others (PSD, agriculture). In addition, NSAs are involved in the reviews of the Poverty Reduction Budget Support (PRBS), which is the framework for general budget support in Zambia. In particular Civil society has been given capacity building support to engage on the monitoring of budget support in Zambia at national, provincial and district levels. The Delegation regularly involves NSA in its programming and implementation processes, notably in focal sector 2: Health, where NSAs are consulted on the assessment of sector budget support. Dialogue with NSAs is also particularly intense around the Economic Partnership Agreements, where the EC Delegation regularly interacts at workshops and seminars.”

#### Field Visit Additional Information on JC 6.5:

**Governance Secretariat (2008) pp 15-17;** Governance Mid-Term Review (2006-2008) – Chapter 6 on Efficiency of Implementation of Governance Programme – 6.3 Accountability and Transparency: One obvious weakness ... is the fact that there still is a two year lag between the time the Office of the Auditor General (OAG) presents its report to the PAC and the release of the 4 PACs report. Responses on the matters raised by the Auditor General (AG) to controlling officers also take long to be addressed by Cabinet Office. During this long lag, the officers responsible for any misappropriation if any, could easily have tampered with evidence, been transferred, retired, left the country or even died. There is no immediate formal action in the form of investigations launched on the OAG’s findings as soon as the report is released. This is a governance issue which should be addressed. Other than that, overall, the limited number of indicators on the programme right from the start was a serious omission considering the importance of this component of governance. Indicators could have been developed to measure specific areas such as the level of corruption, quality of service delivery and actions taken on corruption (such as domestication of international conventions and protocols as well as convictions of high profile corrupt officials).

**Governance Secretariat (2008) pp. 18-19;** Governance Mid-Term Review (2006-2008) – Chapter 7 on Effectiveness of Governance Programme: Overall assessment of sector performance against KPIs

(as presented in the table) shows that out of a total of seven indicators, only one has been met, another one has been partly met while a third does not have a target... On the basis of the table, one can see that during the period under review, despite the valiant efforts of the sector, most of the KPIs were not met... One also needs to take into account that the governance sector is still a fairly new phenomenon (and the number of new governance institutions is testimony to the fact). It therefore requires time to sip through the entire Government system... Nonetheless, the Governance Secretariat (GS) could do much more besides the primary coordinating role. The secretariat should be mandated to advise other governance institutions, work alongside these institutions to design tools and methodologies of enhancing governance and make recommendations to higher authorities on policy related matters. The current positioning of the GS, at a level which is below that of a government department – thus minus its own Permanent Secretary, and also housed within the Ministry of Justice, could be interpreted by some as a weak institution which is under the control of the Ministry of Justice.

Level 1: information Level 2: Dialogue Consultation	Level 3: Involvement in the implementation of programmes and projects
<ul style="list-style-type: none"> <li>▪ NSA have been consulted during the <b>preparation of a number of projects</b> involving their participation (private sector, food security, etc.);</li> <li>▪ NSA are regularly consulted for the <b>planning and implementation of activities in social sectors</b> (e.g., health) and in the area of governance.</li> <li>▪ A special conference was organised in July 2004 (with the support of the Friedrich Ebert Stiftung Foundation) regarding the <b>Mid-Term Review of the Zambia-EC 9th EDF Cooperation</b>. The conference was held in July 2004 and regrouped some 30 organisations from civil society. Four thematic groups produced recommendations: a) Budget process and financial management; b) PRSP process and budget expenditures related to the poverty reduction programme (PRP); c) Social services (health and education); and d) Private sector support.</li> <li>▪ NSA are members (together with government and EU representatives) of some of the <b>Steering Committees set up for the follow-up of projects</b>.</li> </ul>	<p>Different approaches are being considered:</p> <ul style="list-style-type: none"> <li>▪ The <b>private sector programme</b> includes a component in support of NSA and private sector intermediaries.</li> <li>▪ The <b>future food security programme</b> will also involve NSAs.</li> <li>▪ A coherent link must be established between the EDF and EU budget lines (in particular for food security, social sectors, democracy/human rights, etc.) in the support to NSAs</li> <li>▪ A <b>mapping study of the NSAs in Zambia</b> is currently underway. On the basis of the mapping study, the Delegation will discuss with the NAO how to progress towards NSA capacity building in Zambia.</li> </ul>

**STEM-VCR Srl (2006) pp 36-37; Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 4.3. NSA Involvement in the European Cooperation in Zambia :** Non-state actor involvement in EC cooperation in Zambia is at an early stage of development. Some ad hoc initiatives have hitherto been taken, both at the level of dialogue/consultation (i.e. the involvement of NSA in the mid-term review under the coordination of the Friedrich Ebert Stiftung; the inclusion of NSA members on the steering committees of EDF funded projects) and at the level of implementation, with some programmes (mainly in the agricultural and private sector development) addressing the capacity building needs of a group of NSA and a number of budget lines available for local CSO... The above table summarizes the initiatives taken so far by the Delegation of the European Commission in Zambia in favour of non-state actors:

... it can be concluded that while Zambian civil society has moved forward, and is strong in comparison with some neighbouring countries, it would be a mistake to overestimate the strength or impact that could be expected from its engagement with government.

**STEM-VCR Srl (2006) pp 36-37; Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 4.3. NSA knowledge and familiarity with Cotonou and with EC policies and strategy instruments:** ..., as interviewed CSOs reported in the team of consultants, information on Cotonou and, more specifically, on EC strategy and its programmes remains insufficient. In this sense, it is important to highlight that access to information is a key and sine qua non condition to promote empowerment and effective participation, which in turn contributes to better governance and public accountability. In general, CSOs recognize that the EU has made important progress in expanding disclosure but further efforts need to be made. In general, CSOs view greater disclosure as a key step forward operationalising the civic engagement framework put forward by the Cotonou Agreement, so that all non-state stakeholders have the background and information they need to engage effectively in dialogue with both the government and the EU.

*The IDL Group (2011)*<sup>78</sup> pp 23-24; *Mid-term Review of the Zambia Governance Foundation, Final Draft; May 2011 – Chapter 8*: The midterm review spent three weeks assessing the Zambia Governance Foundation's progress between its launch in July 2009 and March 2011, when the MTR field work was undertaken. The review team concluded that the concept of a pooled multi-annual civil society fund offering core funding and smaller grants was sound. This structure offers clear advantages for both CSOs and donors, including but not limited to: reduced transaction costs, better quality screening and monitoring processes, and (while limited) better quality support to partners in the lifetime of the grant. Despite these advantages over more 'traditional' funding arrangements, ZGF will always need to be complemented by other funding CS sources.

The review team found convincing evidence of results in the field. ZGF funds have supported a wide variety of activities (in its initiative and institutional GPs) and institution strengthening efforts (particularly in its partners receiving institutional funding, but also through the assessment process of its initiative GPs). Noteworthy accomplishments include the strengthening of financial and human resource practices in larger CSOs, and marked improvements in the M&E skills and policy awareness in smaller grant partners. Issues in which ZGF funds have helped GPs make a contribution to policy include: land disputes, prisoners' rights, education policy, and mental health policy.

It is too soon, however, to judge whether these and other accomplishments achieved with the help of ZGF support are enough to bring the changes required to achieve the ambitious purpose of the ZGF. The review team concluded that the groundwork for a high quality grant-making facility is in place, but considerable additional investment will be needed to realise ZGF's purpose. The review team recommends that the analytic and lesson-learning capacities of the Foundation be strengthened considerably, in order to develop and refine 'theories of change' that explain how ZGF's funds and capacity building efforts are (or are not) contributing to substantive policy change and CSO capacity in Zambia. In addition, the review team recommends that size of the Secretariat be increased. Current staff levels are not sufficient to provide grant partners the ongoing support they need to 'transform' as individual organisations, nor are resources sufficient to create innovative platforms for lesson-learning across CSOs.

**JC 6.5: The EU has ensured the overall coherence of its interventions for reinforcing civil society capacity in relation to governance processes**

The composition of the EDF10 CSP-NIP into focal sectors, general budget support and other non focal sectors and programmes aims at a logical and balanced structure for EU's political and development responses. Both focal sectors (regional integration / transport infrastructure and health) have integral policy dialogue components. One of the three main input clusters of general budget support is policy dialogue. The other programmes in the NIP A-envelope in principle are also based on this general principle and architecture, with for some the capacity development, policy dialogue and political responses more explicit, if not pre-dominant (e.g. governance, and support to initiatives of non-state actors and also capacity building for EPA/trade related support), whereas food security and agriculture diversification is more geared towards the EU's development response.<sup>79</sup>

The assessment of the actual implementation of these initially identified synergies and its quality needed to be further investigated during the field visit based on the appreciation by the different key parties concerned. It was learned that basically all development interventions also have a political or at least of policy dialogue component, be it with different levels of pronouncement and intensity and also with different levels of success. Budget support theoretically has these explicit provisions for a balanced mix of policy dialogue / policy and development objectives as already transpires from the very selection of key performance indicators to measure programme results. For some the emphasis on political / policy issues (particularly on accountability and transparency) is too predominant to the detriment of the development objectives (development outcome and impact on the ground). It is in this light that also the two cases of misappropriations may be viewed leading to a (prolonged) stalemate in two of the most important sectors (health and transport). Also the protracted and ultimately non approval of the CSO capacity strengthening and institutional support programme under EDF9 is interpreted by some as the result of a not yet found balance between the political and development objectives and components of

<sup>78</sup> In view of the non approval of the originally foreseen EU supported CSOs capacity building project under EDF IX and its successor programme under EDF X still under preparation, some findings are presented here in relation to the CSO related JCs and Indicators under this EQ-6 as a kind of proxy indication, originating from the Mid-Term Review of the Zambia Governance Foundation which is supported by a number of European Union Member States and with the EU as observer.

<sup>79</sup> See Figure 7: Breakdown of total amount of EU grant contracts with CSOs in Zambia funded by EU thematic budget lines, by individual thematic budget line (2001-2010), in Euro

the country strategy and programme, despite the progress made and initial accomplishments achieved in this regard. It in this connection was also mentioned by key stakeholders at the EUD that the synergistic symbiosis of the political and development components of its country level response strategy with Zambia would need more proactive steering and coordination at the level of the EUD, especially also in the light of the Lisbon treaty placing strong emphasis on the political dimension of national and regional development and integration.

The European Union's lead in Governance issues amongst the Cooperating Partners has been confirmed in spring of last year 2011 when all CPs received the proposed Government-Oriented Division of Labour (GO-DOL) for JASZ II, to be applied under the Sixth National Development Programme (SNDP - 2011-2015). EU has been requested and meanwhile confirmed by GRZ to "lead" the Governance sector/thematic area, while in the CP proposal it originally was put up as "active" only. Pending further clarification on the scope covered by the Governance group EU would favour a focused approach looking mainly at performance strengthening and accountability, anti-corruption, elections and democratic governance.

The EU commissioned institutional analysis of NSA in Zambia refers to the Cotonou Agreement which recognises the need to involve non-governmental actors throughout the whole country level planning and implementation process. Based on this analysis, the existence of a logically arranged scheme between EU's political and development responses can be concluded to. The extent and quality of the implementation of these initially identified synergies is another matter as also transpired from the different interviews with key stakeholders during the field visits, both government and non-government. What is sure is that the protracted approval process and ultimately non approval of the CSOs capacity strengthening project under EDF9 signified a major set-back in this mutually reinforcing balancing process between both core components of the EU response strategy as far as civil society is concerned. (I-6.5.1)

Under EDF9 and especially EDF10, the promotion of civil society has been facilitated through a series of projects within different sectors of the EDF and under different (financial) instruments. However, the complementarity and/or mutually reinforcing character of these different projects within the EDF is not always obvious or clear. In general terms, for the period 2007-2013, the EU aimed at supporting development actions to be implemented by CSOs (including NSAs and Local Authorities - LAs) to the benefit of the most vulnerable population groups and strengthening their capacity to become key actors of democratic governance processes and poverty reduction strategies. This support is financed through two different instruments: (1) EDF allocations, including under the EDF10 CSP-NIP where an indicative amount of €5.5 million has been made available to support initiatives of NSAs in the areas of capacity-building, advocacy, research, awareness-raising, monitoring and delivery of services to the population (and which ultimately did not push through for reasons indicated earlier and has been re-programmed under EDF10), and; (2) Through specific thematic programmes, including: (i) The thematic programme "Non-State Actors and Local Authorities in Development" which aims at encouraging non-state actors and local authorities, both from the EU and Zambia, to get more involved in development issues, and; (ii) The European Instrument for Democracy and Human Rights (EIDHR) which provides support for the promotion of democracy and human rights in Zambia. Outside the EDF, numerous grants have been provided to NSAs in Zambia. In 2010, 40 projects were in implementation. In addition, 15 new grants were awarded under the Non State Actors / Local Authorities budget line, 5 under the Food Security budget line and 2 under the European Initiative for Democracy and Human Rights budget line. The projects mainly focus on advocacy related activities, service delivery and empowerment of vulnerable groups, in the thematic areas of nutrition and food security, education (community schools), good governance, decentralisation, human and civil rights.

A more detailed portfolio analysis of EU support to CSOs in Zambia in the period 2001-2010 based on a CRIS database filtering of contracts awarded to these CSOs in this period is presented at the end of this information matrix on EQ 6 Democratic Governance. For the analysis of the main sources of EU funding of CSOs in Zambia, the EuropeAid classification of sources of funding related to the EU Development Cooperation Instrument (DCI) since 2007 has been used. This same thematic/sectoral classification is applied to the grant contracts awarded before 2007. In accordance with this classification, the three main EU sources of funding / cooperation instruments are: (i) the European Development Fund (EDF); (ii) The vertical thematic programmes, and; (iii) the sugar protocol with accompanying measures for 18 ACP countries. Of the 84 awarded contracts to CSOs in the 2001-2010 period, 28 or one third (33.3%) have been financed under the EDF representing a total value of 24 million Euro (or 36.1% of total foreseen grants contracts amount). The largest CSO funding however comes from EU vertical thematic programmes / budget lines, both in number of grants (55 or 65.5% of the total) and in contract money value (59.4% of the total). One grant contract representing 4.5% of the total CSO funding origi-

nated from the sugar protocol. Of the EU vertical thematic programmes / budget lines, the largest CSO funding originates from the Non-State Actors and Local Government programme (31 contracts representing more than a quarter (27.9%) of the total CSO funding, followed by food security (18 contracts representing 17.9% of total CSOs contract value). A distant third source is the health programme (especially HIV/Aids) (one programme, but 7.4% of the total resources). The democracy and human rights programme (EIDHR and DDH) provided 3.7% of the total CSO funding in the ten year period 2001-2010 via three grants. The Environment and Natural Resources (ENRTP) budget line and the Instrument for Stability (IFS-RRM) provided relatively minor funding (resp. 1.0% and 1.5% of the total). (I-6.5.2)

The design of the EU response to the different actors in the governance arena has been quite comprehensive indeed as it targets the main stakeholder clusters and different actors, including government, parliament, electoral processes, justice and police, civil society organisations, etc. either explicitly and/or exclusively through special project approach type of interventions, or in the broader framework of an encompassing programme (PRSP, PEMFA, PRBS, ...). It however is not clear if and how these different components of the governance response strategy targeting the different stakeholder groups are related to each other, how they are complementary and mutually reinforcing. This particularly pertains to the different components of the Access to Justice Programme. Moreover a crucial component of the comprehensive response package in the governance arena (the civil society capacity building programme) was cancelled and transferred to the following EDF10 programming cycle.

The main criticism to the Poverty Reduction Budget Support (PRBS) process and general budget support as main aid modality in Zambia relates to the insufficient attention to the demand-side, be it for domestic accountability (active participation of NSAs, Parliament, local government, etc.) or for capacity-building. At the same time it is recognized that needs are not always clearly spelled out. In short, the PRBS as flagship programme absorbing about half of the total budget of the EDF10 CSP-NIP lacks demand-driven focus and ownership. The Mid-Term Review of the EDF10 CSP-NIP comes to about a similar conclusion about the NSA/LA involvement in the policy dialogue: Yes, the NSAs have been actively consulted with by the EC Delegation during the EDF10 MTR process and good intentions have been made to strengthen the support and dialogue with NSA's, but no roadmap has been developed for strategizing the actual interaction between the EU and NSAs in Zambia.

The mid-term review of the Governance Secretariat support programme concluded with regard to its effectiveness that, based on the assessment of sector performance against the identified Key Performance Indicators (KPIs), out of a total of seven indicators only one has been met despite the valiant efforts of the sector. The review concluded that the Governance Secretariat (GS) could do much more besides the primary coordinating role, but that such would require far more substantive resources. Also, the current positioning of the GS, at a level which is below that of a government department, and also housed within the Ministry of Justice, could be interpreted by some as a weak institution which is under the control of the Ministry of Justice. (I-6.5.3)

From the very onset in the 2001-2010 period under review, explicit references to CSOs as partners in development are made explicitly in both EDF8 strategy and programming documents. The EDF8 Export Development Programme II for example financed the functioning of the National Working Group on Trade (NWGT), a committee of government, private sector and civil society representatives responsible for examining Zambia's international trade relations including EPA and regional agreements. In the successor EDF9 and 10 CSP-NIPs, references to non-state actors gradually get more systematic, prominent and broader. But in general, by 2006 the EU commissioned institutional analysis of Non State Actors in Zambia still was to conclude that Non-State Actor involvement in EC cooperation in Zambia was at an early stage of development still. In the EDF 10 CSP-NIP, CSOs are explicitly referred to as special paragraph under the section on other non-focal sectors. The strategic document sees support to Non-State Actors in a holistic context covering (i) human development (transfer of knowledge, experience, skills, values, etc.), (ii) organisation strengthening (establishment of management systems, development of an organisational culture, improvement of work processes, etc.) and (iii) institutions and policies (improvement of the legal and administrative framework, promotion of cooperation between state, private sector and civil society). This 2008-2013 CSP/NIP moreover sees capacity building for NGOs not only in the more classic areas of support, but also in new areas like trade. It for example is mentioned that the negotiation of EPAs (Economic Partnership Agreements) should involve NSAs, but that for that also sufficient training and capacities are required. In this connection under the EDF9 private sector project a special project to support NSAs and intermediary organisations was foreseen originally.

On the other hand, no evidence was found of explicit provisions or references to CSOs or CSO related issues in the Regional Strategy Paper / Regional Indicative Programme (RSP/RIP) technical and ad-

ministrative provisions for the Eastern and Southern Africa and the Indian Ocean. (ESA-IO) Region. Also in the EDF10 CSP-NIP section on food security and agricultural diversification no such references were found, whereas in the EC accompanying measures for ACP Sugar Protocol countries as far as the Zambia strategy component is concerned only reference is made to the expansion of sugar production through outgrower schemes. From the field interviews with different stakeholders concerned and from the advanced portfolio analysis<sup>80</sup> it however was learned that food security related support was mainly provided through the food security special vertical programme and budget line outside the EDF and that these funds had a major CSO support component and to a large extent even have been channelled through CSOs (farmers organisations and associations). It was also argued that, overall, the links between the vertical budget lines and the EDF need to be further strengthened. The Mid-Term Review of the EDF10 learned that generally NSAs form part of Sector Advisory Groups (SAGs), which are formal government structures established under each sector. SAGs meetings should be held on a quarterly basis and discuss policy issues in the sectors, progress on implementation of relevant projects and programmes and they also provide a forum for the sharing of information between GRZ, NSA and CPs. The MTR concluded that this is working well in some sectors (health, education, macro-economic), but less in others (Private Sector Development, agriculture). The review furthermore indicated that the Delegation regularly involves NSAs in its programming and implementation processes, notably in the focal sector 2 on health, where NSAs are consulted on the assessment of sector budget support. Dialogue with NSAs is particularly intense around the Economic Partnership Agreements (EPAs), where the EC Delegation regularly interacts at workshops and seminars.

The recent Mid-Term Review of the Zambia Governance Foundation concluded that it is too soon to judge whether the accomplishments achieved with the help of ZGF support are enough to bring the changes required to achieve the ambitious purpose of the ZGF. The review team concluded that the groundwork for a high quality grant-making facility is in place, but considerable additional investment will be needed to realise ZGF's purpose. (I-6.5.4)

#### **JC 6.6: Cross-cutting issues advocacy and implementation are supported by CSOs supported by the EU**

##### **Indicator 6.6.1: Existence of CSOs background documents on CCIs**

Only limited hard data and information on this indicator are available in the documentation. Moreover, purpose and relevance of this indicator in the context of a country level evaluation are not evident.

The availability of background documents on Cross-Cutting Issues (CCIs) as gender, environment, governance, human rights, social protection, etc. has been confirmed by the participants in the evaluation focus group discussion with CSOs, however without further specifications on the types, contents, quality and quantity of such documents. This general observation on the existence and ready availability of background documents on CCIs with the CSOs was also confirmed in umbrella programmes on CSOs capacity strengthening as for example of the Zambia Governance Foundation (ZGF), as transpired for example from its recent mid-term review. Moreover, the availability of documentation on development issues in general is not considered an issue in as much as most information is readily available on the internet, including reports etc.

By way of illustration, the Foundation's CSOs' capacity development strategy is a two-pronged approach which aims at creating a balance between supply-led and demand-driven interventions. By providing ZGF commissioned training on cross-cutting thematic topics such as M&E, gender, and policy influencing, the Foundation is attempting to ensure all of its GPs have a basic level of capacity in core areas. Some interviewed grant partners felt that the supply-led trainings were a catalyst for self-focused, longer term training – though the training courses were still in process during the MTR, so it is too soon to judge whether grant partners (GPs) will successfully internalize what they learned at the ZGF-supplied courses. Some of the more established CSOs reported that the courses were too basic for their senior staff, but a useful cost-effective introduction to core concepts for junior staff. Addressing the complex capacity building needs of the ZGF's GPs is likely to require more a bespoke and time-intensive approach than the current design provides for.

More directly related to the EU strategy and programmes, the EU commissioned institutional analysis of Non State Actors in Zambia of 2006 indicated that NSA knowledge and familiarity with Cotonou and with EC policies, strategy instruments and its programmes remains insufficient. In general, CSOs recognize that the EU has made important progress in expanding disclosure but further efforts need to be made. CSOs generally view greater disclosure as a key step forward operationalising the civil engage-

<sup>80</sup> See the summary results of the portfolio analysis at the end of this section on EQ-6 under this information matrix.

ment framework put forward by the Cotonou Agreement, so that all non-state stakeholders have the background and information they need to engage effectively in dialogue with both the government and the EU.

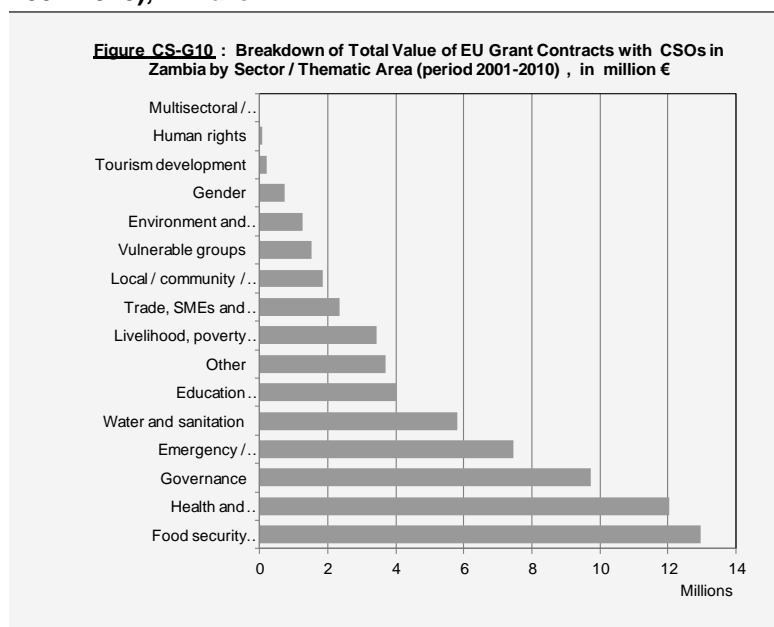
Field Visit Additional Information on I-6.6.1:

***This Country Level Evaluation Portfolio Analysis of EU Grants to CSOs (December 2011):*** The December 2011 portfolio analysis of EU grants to CSOs in the period 2001-2010 conducted under the present Country Level Evaluation in December 2011 with regard to the sectoral distribution of EU grants to CSOs both in number and total volume of grants shows that these grants are still basically allocated to “traditional” development sectors as agriculture and food security, and health and nutrition. Governance comes third. Other cross-cutting themes as gender, human rights, and environment are less prominently present in the EU portfolio of CSO projects in Zambia. However a gradually increasing focus on these cross-cutting themes is noted over time.<sup>81</sup>

***Sectoral / Thematic Areas of Support to CSOs:*** The largest EU support to Civil Society Organisations in the ten year period 2001-2010 has been in the sector of agriculture and food security (17 grants or 20.7% of the total) with a total of 13 million Euro (or 19.3% of the total). This is relatively closely followed by the health (incl. HIV/AIDS) and nutrition sector (17% of CSO funding resources) and governance

with 14.5% of the total CSO grant contracts value. Intermediate positions are taken by emergency / humanitarian aid (11.1%), water and sanitation (8.6%), education and training (6.0%) and livelihood, poverty alleviation and IGPs (5.1%). At the lower end of thematic / sectoral funding of CSO funding are: trade, SMEs and business development (3.5%), local, community and rural development (2.8%), Vulnerable groups (2.3%), Environment and natural resources (1.9%), gender (1.1%), tourism development (0.3%) and human rights (0.1%). It should be noted that some concerns are also mainstreamed in other sectors / thematic areas (e.g. human rights under governance, environment under agriculture and food security, etc.).

**Figure 8: Breakdown of total value of EU grant contracts with CSOs in Zambia by sector / thematic area (period 2001-2010), in Euro**



Source: CRIS database search of 09 Dec 2011.

***The IDL Group (2011) p11; Mid-term Review of the Zambia Governance Foundation, Final Draft; May 2011 – Chapter 3.1 Reviewing Progress Against the Logical Framework – Outcome One: CSO skills adn capacities to influence policy :*** ZGF set courses: M&E, gender, policy making: The Foundation’s capacity development strategy is a two-pronged approach which aims at creating a balance between supply-led and demand-driven interventions. By providing ZGF commissioned training on topics such as M&E, gender, and policy influencing, the Foundation is attempting to ensure all of its GPs have a basic level of capacity in core areas. Some grant partners interviewed felt that the supply-led trainings were a catalyst for self-focused, longer term training – though the training courses were still in process during the MTR, so it is too soon to judge whether GPs will successfully internalize what they learned at the ZGF-supplied courses. Some of the more established CSOs reported that the courses were too basic for their senior staff, but a useful cost-effective introduction to core concepts for junior staff. Addressing the complex capacity building needs of the ZGF’s GPs is likely to require more a bespoke and time-intensive approach than the current design provides for.

<sup>81</sup> It must be acknowledged that the sectoral / thematic area classification of grants in the database is not uniform and completed, with also some overlaps between different categories (e.g. governance and human rights) or that some sectors/thematic areas also cover (part of) other sectors / thematic areas (e.g. HIV/AIDS included under health and nutrition). The figures and statistics therefore need to be treated with the necessary caution.

**STEM-VCR Srl (2006) pp. 36-37; Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 4.3. NSA knowledge and familiarity with Cotonou and with EC policies and strategy instruments: ...**, as interviewed CSOs reported in the team of consultants, information on Cotonou and, more specifically, on EC strategy and its programmes remains insufficient. In this sense, it is important to highlight that access to information is a key and sine qua non condition to promote empowerment and effective participation, which in turn contributes to better governance and public accountability... In general, CSOs recognize that the EU has made important progress in expanding disclosure but further efforts need to be made. In general, CSOs view greater disclosure as a key step forward operationalising the civic engagement framework put forward by the Cotonou Agreement, so that all non-state stakeholders have the background and information they need to engage effectively in dialogue with both the government and the EU.

▪ **Indicator 6.6.2: Increase of the number of CSOs and Apex involved in CCIs**

Among the CSO actors, the Churches Health Association of Zambia (CHAZ) has long established a working relation with Government in the health sector. In 2007, 8.0% of all health facilities belonged to CHAZ, whereas private facilities represented 5.6% of all health facilities (2007 Health Facility Census, in MTR FNDP (2009) p83 ). With the proliferation of HIV and AIDS, HIV NGOs are playing a growing, and increasingly important role. An estimated 600 NGOs reportedly are operating in Zambia, among which 150 focus exclusively on HIV/AIDS. However, estimates of the total number of CSOs in Zambia go as high as 20,000.

But no further hard figures or data are available in the documentation, neither from the evaluation field interviews with key stakeholders concerned, also not from the Department of Registrar for Non Governmental Organisations under the Ministry of Community Development and Mother and Child Health. With the NGO Act still not operationalized through implementing rules and regulations, also CSO registration is not yet formalised / officialised. Hence the number of CSOs is difficult to determine. Moreover the definition of a CSO is not uniformly determined, with different key stakeholders using different names comprising different categories of CSOs/NSAs. If it already is very difficult to get a statistic on the number of CSOs, this a fortiori pertains to the number of CSOs and Apex organisations involved in cross-cutting issues and their increase over the years.

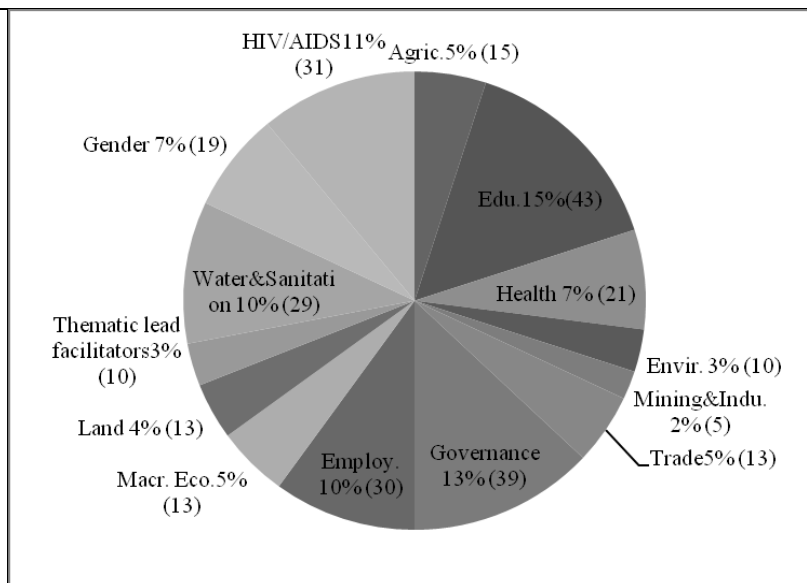
In terms of sectoral distribution of CSOs, a recent ZCSD-Civicus (2011) study revealed that education, youth and child development organisations have the highest number of CSOs standing at 43%. These seem to be among current donor funding priority areas as they relate to Millennium Development Goals. The Governance thematic Group had 13% and this can be attributed to the importance placed on issues of Governance. Additionally, the HIV/Aids thematic group stands at 11%. Generally, what is clear from research is that the number of CSOs is strongly related to the availability of (international) funding. For example, since the early 1990s, with the increased availability of funding, there has been a ten-fold increase in the number of civil society organisations working in HIV/Aids in Zambia – involved in a wide range of roles. One of the leading CSO support programmes in the country (Democratisation, State and Civil Society – Good Governance Programme) indicates to be particularly addressing gender, HIV/Aids and anti-corruption through civil society and to encourage innovative civil society responses in this regard. The mainstreaming strategy of these cross-cutting issues is illustrated by for example mobile legal aid clinics, a campaign for enhanced political participation of women or training for key government partners and donor representatives on the National Anti-Corruption Policy.

Data, figures, tables:

**ZCSD and CIVICUS (2011) p33; Civil Society Index Analytical Country Report for Zambia – Appendix 4 – Summaries for Case Studies**

*In terms of sectoral distribution of CSOs, the study has revealed that education, youth and child development organisations have the highest number of CSOs standing at 43%. These seem to be among current donor funding priority areas as they relate to Millennium Development Goals. The Governance thematic Group had 13% and this can be attributed to the importance placed on issues of Governance. Additionally, the HIV/Aids thematic group stands at 11% (Figure 2 below shows the sectoral distribution of CSOs in the country).*





**Figure 9 Sectoral Distribution of CSOs in Zambia**

Source: ZCSF and Civicus (2011); p33

According to NAC (2008), since the early 1990s, with the increased availability of funding, there has been a ten-fold increase in the number of civil society organisations (CSOs) working in HIV in Zambia – involved in a wide range of roles. The case study created a good starting point for identifying CSOs distribution in different sectors as well as their regional distribution in Zambia.

**Extracts:**

**JAR 2003, p24; 4.2.3.3 Integration of crosscutting themes -** The EC macroeconomic support will, through its support to the PRSP, indirectly affect the main cross-cutting issues recognised in the PRSP: HIV/AIDS, environment and gender. The EC macro-economic support will single out indicators related to HIV/AIDS and gender equality to create further focus in these two cross-cutting issues for reducing poverty in Zambia.

**JAR 2003, p26; 4.3.3 Human Rights -** The Women in Active Life Programme of Rights Education was funded in 2000, under the EC-budget line for promotion of human rights, democracy and good governance. The project aims at enhancing the recognition of women’s rights and the rule of law through innovative educational campaigns. The project is a follow up to the regional programme funded by the European Commission in neighbouring countries and aimed at raising awareness of the rights of the children and women. The project has so far been successful in engaging communities in project activities and discussions, acknowledging concerns related to women and children’s rights. The three year project is now in its final stage.

**CSO Global Fund Evaluation Health Facilities (2008), p25:** In the high burden intervention districts 87 per cent of facilities providing ART are in urban areas. In medium and low intervention districts smaller proportions of clinics providing ART are in urban areas (14% and 25% respectively) In terms of administration, 44% of the sites in high intervention districts are public government facilities and 40% are parastatal or private facilities. Non public government facilities comprise 3% and NGO facilities 7% of all facilities.

**Democratisation, State and Civil Society – Good Governance Programme (2011), p2;** Addressing Gender, HIV/AIDS and Anti-corruption through Civil Society: In a situation, in which the misappropriation of public funds, the accelerated spread of HIV/Aids and unequal gender relations are regarded as pressing social problems, the Good Governance Programme encourages innovative civil society responses. Mobile legal aid clinics, a campaign for enhanced political participation of women or training for key government partners and donor representatives on the National Anti-Corruption Policy represent examples, which illustrate the mainstreaming approach of the programme.”

Field Visit Additional Information on I-6.6.2:

**STEM-VCR Srl (2006) pp 57-58; Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 7 : Conclusions and Critical Issues:** As a number of observers have reported, the copious number of Lusaka-based CSOs, even when they are operational NGOs mainly serving rural communities, might be a reflection of Zambia's centralist government structures, where all decision-making is done, top-down, from the capital. The decentralisation debate has yet to attract as much interest from CSO as have constitution-making or poverty reduction issues. Considering the opportunity that decentralisation entails as a devolution process, which places local structures at the centre of the decision making and planning process, CSO should become more actively engaged. One idea would be for intermediary organisations to refocus their outlook and structures bottom-up and to integrate local governance and local citizenship promotion in their work, while umbrella Lusaka-based organisations include decentralisation in their priority advocacy and lobbying agenda.... Organisation development is also a priority for a number of civil society organisations. Organisations need to align their organisations and procedures to their respective mandates, and efforts need to be made and supported by the international community to develop effective management structures and systems, ranging from strategic planning exercises to fundraising strategies and volunteer management.

A detailed list of capacity building needs and tools/instruments are discussed in the report by main type of CSO.

**The IDL Group (2011) p11; Mid-term Review of the Zambia Governance Foundation, Final Draft; May 2011 – Chapter 4.2 Beyond the logical framework: Other Issues Arising in the ToR: Gender and HIV/AIDS:** The ZGF spent most of its first year establishing itself as a legal entity, recruiting staff, setting up offices and internal systems. Its second year has largely been occupied with establishing and refining grant making procedures. Thus, the Secretariat has not had the time nor personnel required to 'fully mainstream' gender into its working culture or its day-to-day operations. Despite these constraints, the ZGF Board includes prominent women as well as men; the Secretariat's staff include both men and women; a proportion of its grants are made to women's rights or gender-focused organisations such as the Girl Guides and NGOCC; and gender features in the GP assessment process. Gender training is mandatory for all GPs, gender content is encouraged in the human resources policies of GPs, and ZGF has developed gender toolkits for its GPs. It is not clear whether, because of the ZGF partnership, there is a larger volume of gender programming in the wider community of Zambian CSOs nor was the review team able to find evidence that GPs are engaging more effectively in their gender equity work. The Secretariat commissioned a major piece of analytical work on gender in 2010, undertaken by NCG Uganda. The study generated a large number of recommendations, which were presented at the Joint Annual Review in 2010.

▪ **Indicator 6.6.3: Increase of the number of projects and volume of funding mobilized by CSOs on CCI**

No direct numerical - statistical evidence is available regarding the number of projects and volume of funding mobilized by CSOs on CCI from the documents. For HIV related issues, NGOs are claimed to channel increasing funding from the donors, creating recurrent tensions as well as doubts over the efficiency of their actions (IPS-Health Zambia, 2011). But indirectly empirical evidence of such growth in the CSOs portfolio of CCI projects is provided by the prioritisation of CCI in the CPs country strategies. For example, EC macro-economic (general) budget support throughout the period under review whether related to the PRSP under the EDF9 or more to the MDGs under the EDF10 has HIV/AIDS and gender equality as cross-cutting issues for reducing poverty in Zambia. On the one hand, the EU Gender Action Plan 2010- 2015 requires all projects to contribute to the attainment of the MDGs, particularly MDG 3 and MDG 5 and other development goals related to gender equality. It foresees actions at the level of political and policy dialogue, programming and also the implementation of development cooperation. On the other hand, most actions on poverty reduction and for accelerating human capacity building – particularly in rural areas – include women as an important group of beneficiaries or as key actors or stakeholders. Maintaining a focus on actions with the ultimate goal of improving women's opportunities and choices will allow for effectively combining service delivery and advocacy activities. This is also the rationale behind the CSOs capacity building project in Zambia under the EDF10 (cancelled earlier under the EDF9 for a variety of reasons). Environmental considerations weigh heavily in the design of requested proposals called for under the Agriculture Diversification Programme, with the aim of encour-

aging a more innovative and effective use of land and natural resources in the selected areas covered by the programme.

The CRIS based portfolio analysis of EU grants to CSOs in the period 2001-2010 conducted under the present Country Level Evaluation in December 2011 with regard to the sectoral distribution of EU grants to CSOs both in number and total volume of grants shows that these grants are still basically allocated to “traditional” development sectors as agriculture and food security, and health and nutrition. Governance comes third. Other cross-cutting themes as gender, human rights, environment are less prominently present in the EU portfolio of CSO projects in Zambia. However a gradually increasing focus on these cross-cutting themes is noted over time.<sup>82</sup> A more detailed analysis of the sectoral / thematic areas of EU support to CSOs learns that the largest EU support to Civil Society Organisations in the ten year period 2001-2010 has been in the sector of agriculture and food security (17 grants or 20.7% of the total) with a total of 13 million Euro (or 19.3% of the total). This is relatively closely followed by the health (incl. HIV/AIDS) and nutrition sector (17% of CSO funding resources) and governance with 14.5% of the total CSO grant contracts value. Intermediate positions are taken by emergency / humanitarian aid (11.1%), water and sanitation (8.6%), education and training (6.0%) and livelihood, poverty alleviation and IGPs (5.1%). At the lower end of thematic / sectoral funding of CSO funding are: trade, SMEs and business development (3.5%), local, community and rural development (2.8%), Vulnerable groups (2.3%), Environment and natural resources (1.9%), gender (1.1%), tourism development (0.3%) and human rights (0.1%). It should be noted that some concerns are also mainstreamed in other sectors / thematic areas (e.g. human rights under governance, environment under agriculture and food security, etc.).<sup>83</sup>

The 2010 Joint Annual Review (JAR) by GRZ and CPs explicitly mentioned the mainstreaming of cross-cutting issues as priority area. In first instance, efforts are being stepped up for the promotion of gender equality to implement the 'EU Plan of Action 2010-2015 for Gender Equality Women's Empowerment in Development', notably through dialogue with Member States (November) and training at the EU Delegation. The EU Delegation is associated to the preparation of a Gender Sector Analysis and Mapping of Civil Society and Cooperatives Partners Initiatives to identify strategic issues, assess achievements in tackling gender inequalities, and propose a coordinated response to address gender inequality. With regard to the mainstreaming of Environment and Climate Change a seminar was organised in May in Lusaka to raise awareness and strengthen capacities on environment and climate change integration in development. This mainstreaming of crosscutting issues is a recurrent annual theme in the subsequent JARs. In the 2007 JAR for example is reported that HIV/AIDS and gender issues are being considered in all the EC activities. In particular, capacity building funds have specifically been earmarked for the gender analysis of the budget. HIV/AIDS threaten the country's capacity building efforts because it strikes the educated and skilled as well as the uneducated. Consequently, it impedes the country's capacity by shortening human productivity and life expectancy. The HIV/AIDS will be considered in most of EC projects in the sector. A 2011 EUD Lusaka internal note on the rationale for the EDF10 NSA capacity building project in Zambia puts gender up as central issue in accordance with the EU Gender Action Plan 2010- 2015 which requires all projects to contribute to the attainment of the MDGs, particularly MDG 3 and MDG 5 and other development goals related to gender equality.

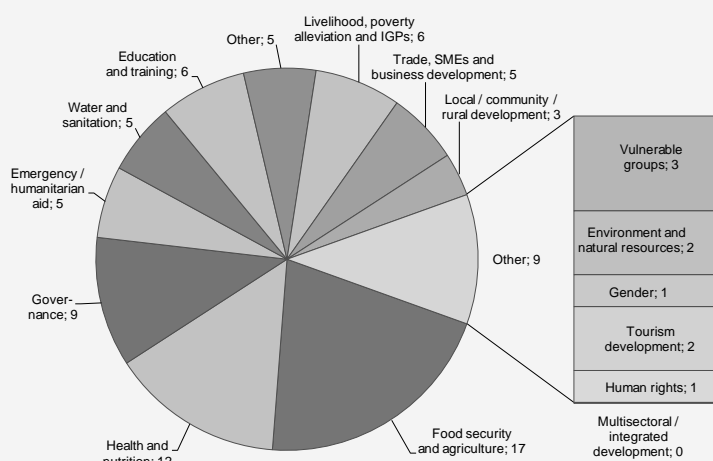
Data:

**Figure 10: Breakdown of total number of EU grant contracts with CSOs in Zambia by sector / thematic area (period 2001-2010), in Euro**

<sup>82</sup> It must be acknowledged that the sectoral / thematic area classification of grants in the database is not uniform and completed, with also some overlaps between different categories (e.g. governance and human rights) or that some sectors/thematic areas also cover (part of) other sectors / thematic areas (e.g. HIV/AIDS included under health and nutrition). The figures and statistics therefore need to be treated with the necessary caution.

<sup>83</sup> See Graph CS-G10 above under Field Visit Additional Information on I.6.6.2

**Figure CS-G9 : Breakdown of Total Number of EU Grant Contracts with CSOs in Zambia by Sector /Thematic Area (period 2001-2010) , in Number of Awarded Grant Contracts**



Source: CRIS database search of 09 Dec 2011.

### Extracts:

**JAR 2010, p4;** (1) Promoting Gender equality: Efforts stepped up to implement the 'EU Plan of Action 2010-2015 for Gender Equality Women's Empowerment in Development', notably through dialogue with Member States (November) and training at the EU Delegation. EU Delegation associated to the preparation of a Gender Sector Analysis and Mapping of Civil Society and Cooperatives Partners Initiatives to identify strategic issues, assess achievements in tackling gender inequalities, and propose a coordinated response to address gender inequality. (2) Mainstreaming the Environment and Climate Change: Seminar organised in May in Lusaka to raise awareness and strengthen capacities on environment and climate change integration in development.

**JAR 2007, p22;** 4.2.2.3 Integration of crosscutting issues - HIV/AIDS and gender issues are being considered in all the EC activities in this sector. In particular, capacity building funds have specifically been earmarked for the gender analysis of the budget. HIV/AIDS threaten the country's capacity building efforts because it strikes the educated and skilled as well as the uneducated. Consequently, it impedes the country's capacity by shortening human productivity and life expectancy. The HIV/AIDS will be considered in most of EC projects in the sector.

**EUD Lusaka (2011) p2;** "Rationale for EDF10 NSAs capacity building project in Zambia"; Internal Note; 2011: p2: (10) Gender issues are central. On one hand the EU Gender Action Plan 2010- 2015 requires all projects to contribute to the attainment of the MDGs, particularly MDG 3 and MDG 5 and other development goals related to gender equality. It foresees actions at the level of political and policy dialogue, programming and also the implementation of development cooperation. On the other, most actions on poverty reduction and for accelerating human capacity building – particularly in rural areas – will include women as an important group of beneficiaries or as key actors or stakeholders. Maintaining a focus on actions with the ultimate goal of improving women's opportunities and choices will allow for effectively combining service delivery and advocacy activities. As all political parties are supportive of gender issues at this point, a strong gender focus of the proposed EU project would allow focusing more sensitive actions – like e.g. the monitoring of performance of Government Services – on issues, which at this point are non-controversial in Zambia, as they find the support of the most important political stakeholders.

**JAR 2007, p28:** 3. Policy Coherence for Development (PCD): The Country Environmental profile was established in 2006, and has not been further adapted. Within Agricultural Diversification programme a call for proposals was launched for NGO-projects (seven projects were eventually selected). Environmental considerations weigh heavily in the design of the requested proposals, as they aim to encourage a more innovative and effective use of land and natural resources in the selected areas.

**ROADSIP II MTR 2008, draft final report, p.11 - "Stakeholder Participation:**

a) National Roads

It has been difficult to ascertain the basis of the selection or degree of participation of stakeholders in

the selection of the targeted roads. However, all of these projects have to fit into the process of establishing the Annual Works Programme which are considered by the Boards of NRFA and RDA. Consequently, it can be concluded that sufficient stakeholder participation has taken place.

#### b) Rural Roads

The District Councils were consulted during the design of the rural roads component with regard to identification of the priority roads during the feasibility study. Presently the first batch of road work contracts is being let by RDA. It is doubtful whether the RDA ever will have the capacity to secure proper management, including maintenance, of the unclassified network in the districts. The geographical distances are extensive and only the District Councils can manage that task. The involvement of the TA team in the preparation of works has been intensive: “During the reporting period the TA team assisted RDA to liaise with District Councils / Road Authorities to reconfirm the continued priority of the roads earmarked for rehabilitation in the first cycle; to re-survey the first cycle roads to validate or adjust the findings of the feasibility study as necessary; to review the draft tender documents prepared by the feasibility study and propose necessary changes, and to prepare detailed engineering cost estimates for the first cycle of roads.” TA Report Oct-Dec 2007 The capacity of the District Councils varies, but they do all have Public Works Departments. More emphasis on smaller contracts for spot improvement and for routine maintenance may lead to greater involvement of the District Councils.” SPS1 MTR, 2008, p.17

“Finally a system should be introduced, by the ROADSIP coordinating entity, to ensure that all stakeholders (including all levels within GRZ) are given timely information concerning the prioritisation and project preparation and design cycles. Furthermore, all stakeholders need to be given hard deadlines to provide input and comments (i.e., to speak now or forever hold their peace), so that time is not lost in backtracking and unnecessarily modifying projects when it is no longer timely to do so.”

#### Field Visit Additional Information on I-6.6.3:

**This Country Level Evaluation Portfolio Analysis of EU Grants to CSOs (December 2011):** The portfolio analysis of EU grants to CSOs in the period 2001-2010 conducted under the present Country Level Evaluation in December 2011 with regard to the sectoral distribution of EU grants to CSOs both in number and total volume of grants shows that these grants are still basically allocated to “traditional” development sectors as agriculture and food security, and health and nutrition (see graphs CS-G9 and G-10 above). Governance comes third. Other cross-cutting themes as gender, human rights, environment are less prominently present in the EU portfolio of CSO projects in Zambia. However a gradually increasing focus on these cross-cutting themes is noted over time.<sup>84</sup> A more detailed analysis of the sectoral / thematic areas of EU support to CSOs learns that the largest EU support to Civil Society Organisations in the ten year period 2001-2010 has been in the sector of agriculture and food security (17 grants or 20.7% of the total) with a total of 13 million Euro (or 19.3% of the total). This is relatively closely followed by the health (incl. HIV/AIDS) and nutrition sector (17% of CSO funding resources) and governance with 14.5% of the total CSO grant contracts value. Intermediate positions are taken by emergency / humanitarian aid (11. 1%), water and sanitation (8.6%), education and training (6.0%) and livelihood, poverty alleviation and IGP (5.1%). At the lower end of thematic / sectoral funding of CSO funding are: trade, SMEs and business development (3.5%), local, community and rural development (2.8%), Vulnerable groups (2.3%), Environment and natural resources (1.9%), gender (1.1%), tourism development (0.3%) and human rights (0.1%). It should be noted that some concerns are also mainstreamed in other sectors / thematic areas (e.g. human rights under governance, environment under agriculture and food security, etc.).

#### **JC 6.6: Cross-cutting issues advocacy and implementation are supported by CSOs supported by the EU**

Only limited hard data and information on this indicator are available in the documentation. Moreover, the purpose and relevance of this indicator in the context of a country level evaluation are not so evident directly.

The availability of background documents on Cross-Cutting Issues (CCIs) as gender, environment, governance, human rights, social protection, etc. has been confirmed by the participants in the evalua-

<sup>84</sup> It must be acknowledged that the sectoral / thematic area classification of grants in the database is not uniform and completed, with also some overlaps between different categories (e.g. governance and human rights) or that some sectors/thematic areas also cover (part of) other sectors / thematic areas (e.g. HIV/AIDS included under health and nutrition). The figures and statistics therefore need to be treated with the necessary caution.

tion focus group discussion with CSOs, however without further specifications on the types, contents, quality and quantity of such documents. This general observation on the existence and ready availability of background documents on CCI with the CSOs has also been confirmed in umbrella programmes on CSOs capacity strengthening as for example of the Zambia Governance Foundation (ZGF), as transpired for example from its recent mid-term review. Moreover, the availability of documentation on development issues in general is not considered an issue in as much as most information is readily available on the internet, including reports etc. By way of illustration, the Foundation's CSOs' capacity development strategy includes training on cross-cutting thematic topics such as M&E, gender, and policy influencing, the Foundation is attempting to ensure all of its GPs have a basic level of capacity in core areas. Some of the more established CSOs reported that the courses were too basic for their senior staff, but a useful cost-effective introduction to core concepts for junior staff. Addressing the complex capacity building needs of the ZGF's GPs is likely to require more a bespoke and time-intensive approach than the current design provides for.

More directly related to the EU strategy and programmes, the EU commissioned institutional analysis of Non State Actors in Zambia of 2006 indicated that NSA knowledge and familiarity with Cotonou and with EC policies, strategy instruments and its programmes remains insufficient. In general, CSOs recognize that the EU has made important progress in expanding disclosure but further efforts need to be made. CSOs generally view greater disclosure as a key step forward operationalising the civil engagement framework put forward by the Cotonou Agreement, so that all non-state stakeholders have the background and information they need to engage effectively in dialogue with both the government and the EU. (I-6.6.1)

With the proliferation of HIV and AIDS, HIV NGOs are playing a growing, and increasingly important role. An estimated 600 NGOs reportedly are operating in Zambia, among which 150 focus exclusively on HIV/AIDS. However, estimates of the total number of CSOs in Zambia go as high as 20,000. But other than this and on a few other instances, no further hard figures or data are available in the documentation, neither from the evaluation field interviews with key stakeholders concerned, thus also not from the Department of the Registrar for Non Governmental Organisations under the Ministry of Community Development and Mother and Child Health. With the NGO Act still not operationalized through implementing rules and regulations, also CSO registration is not yet formalised / officialised. Hence the number of CSOs in itself already is difficult to determine. Moreover the definition of a CSO is not uniformly determined, with different key stakeholders using different names comprising different categories of CSOs/NSAs. If it already is very difficult to get a statistic on the number of CSOs, this a fortiori pertains to the number of CSOs and Apex organisations involved in cross-cutting issues and their increase over the years.

In terms of sectoral distribution of CSOs, a recent ZCSD-Civicus (2011) study revealed that education, youth and child development organisations have the highest number of CSOs standing at 43% of the total. These seem to be among current donor funding priority areas as they relate to Millennium Development Goals. The Governance thematic Group had 13% and this can be attributed to the importance placed on issues of Governance. Additionally, the HIV/Aids thematic group stands at 11%. Generally, what is clear from research is that the number of CSOs is strongly related to the availability of (international) funding. For example, since the early 1990s, with the increased availability of funding, there has been a ten-fold increase in the number of civil society organisations working in HIV/Aids in Zambia – involved in a wide range of roles. One of the leading CSO support programmes in the country (Democratisation, State and Civil Society – Good Governance Programme) indicates to be particularly addressing gender, HIV/Aids and anti-corruption through civil society and to encourage innovative civil society responses in this regard. The mainstreaming strategy of these cross-cutting issues is illustrated by for example mobile legal aid clinics, a campaign for enhanced political participation of women or training for key government partners and donor representatives on the National Anti-Corruption Policy. (I-6.6.2)

No direct numerical - statistical evidence is available from the documents regarding the number of projects and volume of funding mobilized by CSOs on Cross Cutting Issues (CCIs). For HIV related issues, NGOs are claimed to channel increasing funding from the donors, creating recurrent tensions as well as doubts over the efficiency of their actions (IPS-Health Zambia, 2011). But indirectly empirical evidence of such growth in the CSOs portfolio of CCI projects is provided by the prioritisation of CCIs in the CPs country strategies. For example, EC macro-economic (general) budget support throughout the period under review whether related to the PRSP under the EDF9 or more to the MDGs under the EDF10 has HIV/AIDS and gender equality as cross-cutting issues for reducing poverty in Zambia. On the one hand, the EU Gender Action Plan 2010- 2015 requires all projects to contribute to the attainment of the MDGs, particularly MDG 3 and MDG 5 and other development goals related to gender equality. It foresees actions at the level of political and policy dialogue, programming and also the implementation of development cooperation. On the other hand, most actions on poverty reduction and for accelerating

human capacity building – particularly in rural areas – include women as an important group of beneficiaries or as key actors or stakeholders. Maintaining a focus on actions with the ultimate goal of improving women's opportunities and choices will allow for effectively combining service delivery and advocacy activities. This is also the rationale behind the CSOs capacity building project in Zambia under the EDF10 (cancelled earlier under the EDF9 for a variety of reasons). Environmental considerations weigh heavily in the design of requested proposals called for under for example the Agriculture Diversification Programme, with the aim of encouraging a more innovative and effective use of land and natural resources in the selected areas covered by the programme.

The CRIS based portfolio analysis of EU grants to CSOs in the period 2001-2010 conducted under the present Country Level Evaluation in December 2011 with regard to the sectoral distribution of EU grants to CSOs both in number and total volume of grants, shows that these grants are still basically allocated to “traditional” development sectors as agriculture and food security, and health and nutrition. Governance comes third. Other cross-cutting themes as gender, human rights, environment are less prominently present in the EU portfolio of CSO projects in Zambia. However a gradually increasing focus on these cross-cutting themes is noted over time. A more detailed analysis of the sectoral / thematic areas of EU support to CSOs learns that the largest EU support to Civil Society Organisations in the ten year period 2001-2010 has been in the sector of agriculture and food security (17 grants or 20.7% of the total) with a total of 13 million Euro (or 19.3% of the total). This is relatively closely followed by the health (incl. HIV/AIDS) and nutrition sector (17% of total CSO funding resources) and governance with 14.5% of the total CSO grant contracts value. Intermediate positions are taken by emergency / humanitarian aid (11.1%), water and sanitation (8.6%), education and training (6.0%) and livelihood, poverty alleviation and IGPs (5.1%). At the lower end of thematic / sectoral funding of CSO funding are: trade, SMEs and business development (3.5%), local, community and rural development (2.8%), Vulnerable groups (2.3%), Environment and natural resources (1.9%), gender (1.1%), tourism development (0.3%) and human rights (0.1%). It should be noted that some concerns are also mainstreamed in other sectors / thematic areas (e.g. human rights under governance, environment under agriculture and food security, etc.).

The 2010 Joint Annual Review (JAR) by GRZ and CPs explicitly mentioned the mainstreaming of cross-cutting issues as priority area. In first instance, efforts are being stepped up for the promotion of gender equality to implement the 'EU Plan of Action 2010-2015 for Gender Equality Women's Empowerment in Development', notably through dialogue with Member States (November) and training at the EU Delegation. The EU Delegation is associated to the preparation of a Gender Sector Analysis and Mapping of Civil Society and Cooperatives Partners Initiatives to identify strategic issues, assess achievements in tackling gender inequalities, and propose a coordinated response to address gender inequality. With regard to the mainstreaming of Environment and Climate Change a seminar was organised in May in Lusaka to raise awareness and strengthen capacities on environment and climate change integration in development. This mainstreaming of crosscutting issues is a recurrent annual theme in the subsequent JARs. In the 2007 JAR for example it is reported that HIV/AIDS and gender issues are being considered in all the EC activities. In particular, capacity building funds have specifically been earmarked for the gender analysis of the budget. HIV/AIDS threaten the country's capacity building efforts because it strikes the educated and skilled as well as the uneducated. Consequently, it impedes the country's capacity by shortening human productivity and life expectancy. The HIV/AIDS will be considered in most of EC projects in the sector. A 2011 EUD Lusaka internal note on the rationale for the EDF10 NSA capacity building project in Zambia puts gender up as central issue in accordance with the EU Gender Action Plan 2010- 2015 which requires all projects to contribute to the attainment of the MDGs, particularly MDG 3 and MDG 5 and other development goals related to gender equality. (I-6.6.3)

The Governance Secretariat routinely includes in its annual reports on Governance performance a section on lessons learnt and recommendations. Below is an overview table compiled for this country level evaluation of these lessons learnt and recommendations on governance over the period 2006 – 2010 which is self-explanatory and revealing with regard to the main recurrent themes, one of which is “The performance of the KPIs kept frustrating throughout the FNDP period.”

Field Visit Additional Information on EQ6:

*Governance Secretariat (2007 - 2011) – CLE Evaluation Team (January 2012), FNDP Annual Reports on Governance Performance for the years 2006 to 2010; Lessons Learnt and Recommendations*

**GS Annual Reports on Governance Performance: Summary Overview of Lesson Learnt and**

**Recommendations for the Years 2006 to 2010 (compiled by the Evaluation Team)**

Year	Lessons Learnt	Recommendations
2006	<ul style="list-style-type: none"> <li>• Because of the large number of institutions falling under the three arms of the state, the governance programme had to be developed in a way that ensures coordinated planning while honouring institutions' autonomy.</li> <li>• Further, donor coordination in the governance sector is not clear in terms of cooperation and prioritisation for the governance institutions. Civil society has limited engagement in most governance initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>• Government must own the funding mechanism under the Governance programme to ensure increased ownership of the program and predictable resource flows.</li> <li>• Civil society and cooperating partners should engage with governance initiatives more constructively. Specifically civil society should use the opportunity to discuss pertinent governance issues in the Governance Sector Advisory Group and committees established under the GSAG.</li> <li>• There is need to develop policy documents for key governance issues such as human rights and democratisation.</li> <li>• A recommendation made at the National SAG Conference in December 2007 for continuous voter registration, is not possible at this point in time due to financial constraints, as the exercise required huge financial resources.</li> <li>• Some indicators should be refined.</li> <li>• MoFNP should develop a schedule for reporting.</li> </ul>
2007	<ul style="list-style-type: none"> <li>• The performance of the KPIs kept frustrating throughout the FNDP period.</li> <li>• The tight schedule of meetings at Parliament for MPs throughout the year makes it difficult for them to visit their constituencies frequently.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase funding and human resource capacities during SNDP so as to fulfil the outstanding priorities.</li> <li>• Development of effective M&amp;E system at all levels (national, provincial and district) during SNDP in order to efficiently track the implementation of activities.</li> </ul>
2008	<ul style="list-style-type: none"> <li>• Without continuous voter registration opportunities for citizens to exercise their franchise are reduced.</li> <li>• Disaggregation of data by gender helps to identify the key areas of focus during decision making process.</li> <li>• Data on some KPIs cannot be collected annually but bi-annually because the activities take a long period of time to be undertaken e.g. Public Accounts Committee reports from Auditor General's Office and registration of eligible voters.</li> <li>• Inadequate understanding on the Monitoring and Evaluation linkages to the KPIs by some Institutions in the sector inhibits timely collection of data.</li> <li>• Survey on perception of data can easily be institutionalised if conducted in collaboration with Central Statistical Office.</li> </ul>	<ul style="list-style-type: none"> <li>• There is need to develop management information system that would facilitate adequate reporting on performance in the sector.</li> <li>• In order to reduce the length of time for disposing of cases, the decentralisation process should be speeded up.</li> <li>• Strengthening the capacity of the legal aid institutions to expedite the disposal of cases and reduce the backlog at all court levels.</li> <li>• Apart from focusing on Access to Justice efforts should be made to ensure that other components in the sector such as Human Rights, Auditor General, Office of the Vice President are addressed.</li> <li>• MPs should visit their constituencies at least once a month.</li> </ul>
2009	<ul style="list-style-type: none"> <li>• The constitutional making process requires broad consultations and acceptance of debated issues by all stakeholders to enhance ownership of the outcome.</li> <li>• Corruption is highly secretive and consensual between the parties involved. If any of the two parties involved does not report corruption to relevant authorities, then it will not be known by the public. Consequently, statistics on corruption always reflect a lower figure of incidences of corruption and can be misleading.</li> <li>• Involvement of various stakeholder during the validation workshops for the APRM thematic reports provided key additional information for the Country Self Assessment Report and subsequent National Plan of Action.</li> <li>• Limited collaboration amongst governance institutions limits synergies in the sharing of pertinent information.</li> </ul>	<ul style="list-style-type: none"> <li>• All stakeholders should be encouraged to be at liberty to contribute to the constitution making process in order to foster ownership of the final constitution.</li> <li>• There is need for continued sensitisation on the corruption issues to encourage the reporting of incidences of corruption to relevant authorities.</li> <li>• Focus on corruption should also be centred on corruption prevention as well as prosecution.</li> <li>• Establishment of effective mechanism for networking and collaboration.</li> <li>• In the Sixth National Development Plan, there will be need to double efforts so as to fulfil the outstanding priorities in the FNDP.</li> </ul>
2010	<ul style="list-style-type: none"> <li>• The performance of the KPIs kept frustrating throughout the FNDP period.</li> <li>• The tight schedule of meetings at Parliament for MPs throughout the year makes it difficult for them to visit their constituencies frequently.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase funding and human resource capacities during SNDP so as to fulfil the outstanding priorities.</li> <li>• Development of effective M &amp; E system at all levels (national, provincial and district) during SNDP in order to efficiently track the implementation of activities.</li> </ul>



**Governance Secretariat (2007) p6; FNDP annual report on governance performance for the year 2006; Illustration of the relative lack of base data (no data for 3 KPIs):**

**Overview of Governance Sector Performance by Key Performance Indicator**

INDICATOR	ASSESSMENT
Average time taken to dispose of cases (criminal and civil) at each stage of the administration of justice process	<b>No data</b>
Backlog of cases	<b>Not met</b>
Remand: Convict Ratio	<b>Not met but improving</b>
Number of verifiable interactions between MP's and their constituencies/citizens or civil society organisations	<b>No data</b>
Proportion between cases reported and investigated	<b>Not met</b>
Proportion of recommendations from the Public Accounts Committee based on OAG reports that have timely and adequate action taken by responsible government institution	<b>No report for 2007</b>
Proportion of Registered Voters compared to eligible	<b>Not met</b>

Source: Governance Secretariat (2007)

**Governance Secretariat (2011) p2; FNDP annual report on governance performance for the year 2010; Chapter 1.1.- Summary sector programme performance.** During the period under review the sector Programme Performance on the main governance strategy components was as follows:

<b>1. Access to Justice</b>	<ul style="list-style-type: none"> <li>Act No. 26 of 2009 was passed to increase the number of Judges from 9 to 11 under the Supreme Court and from 30 to 50 under the High Court.</li> <li>Under the Access to Justice Programme, sector established Communication, Cooperation and Coordination Committees in Kitwe, Ndola, Kabwe, Lusaka and Livingstone. The committees are aimed at strengthening communication, cooperation and coordination between the criminal justice institutions;</li> <li>Completed the construction of a modern VSU office in Lusaka –Lusaka Central Police;</li> <li>Completed the construction of a Parole Board Office at Lusaka Central Prisons;</li> <li>Acquisition of Forensic equipment for Zambia Police Service.</li> <li>A total of 320 prisoners were released on parole out of a targeted 1000, representing 32%</li> </ul>
<b>2. Human Rights</b>	<ul style="list-style-type: none"> <li>Under the Human Rights Commission the sector completed that preparation of the National Plan of Action for Human Rights (2010-2020).</li> </ul>
<b>3. Constitutionalism</b>	<ul style="list-style-type: none"> <li>The National Constitution Conference deliberated all the committee reports by 30th April, 2010. The plenary report was compiled and subjected to further interrogation by the members of the public before the final report was submitted for adoption in August, 2010.</li> </ul>
<b>4. Democratisation</b>	<ul style="list-style-type: none"> <li>The Electoral Commission of Zambia conducted registration of voters. A total of 1,045,820 voters out of 2,490,137, were registered representing 42%</li> </ul>
<b>5. Accountability and Transparency</b>	<ul style="list-style-type: none"> <li>Under the Anti Corruption Commission, Zambia enacted the ACC Act No. 24 and prepared a National Plan for implementation of the Act.</li> <li>The Parliamentary Business Division of the Office of the Vice President OVP (PBD) facilitated the handling of 602 parliamentary questions by the Members of Parliament against a total of 644 questions recorded. The OVP (PBD) also facilitated the consideration and enactment of 41 out of a target of 59 Bills submitted to Parliament by the line Ministries.</li> <li>The Office of the Auditor General audited a total of 140 out of a target of 48 MPSAs for the 2009 fiscal year. The percentage of the national budget audited was 79%.</li> </ul>
<b>6. Management and Facilitation of Governance Initiatives</b>	<ul style="list-style-type: none"> <li>The sector, through the National Governing Council, completed the preparation of Country Self Assessment Report and a National Programme of Action for the African Peer Review Mechanism (APRM) and carried out sensitisation of the general public on the APRM process.</li> </ul>

**JASZ-II (2011) p5; Zambia's changing development context requiring updating development cooperation strategy and tools:** Both Zambia and the global context for ODA have changed since the JASZ was developed in 2007. The JASZ II needs to reflect these changes if aid is to further increase its effectiveness and to contribute to poverty reduction, sustained growth and human development...

*Overall the quality of governance in Zambia has improved over the past decade albeit with slower*

progress in the last year. Zambia is one of the most stable democracies in Southern Africa. The process of holding multiparty elections over the past 20 years appears to be fostering democratic norms among citizens. According to most comparative governance indicators, the Zambian state is gradually becoming more capable (the state is increasingly able to set and enforce rules and regulations, manage finances, and deliver basic services), accountable (citizens, civil society and the private sector are increasingly able to scrutinise public institutions and government to hold them to account), and responsive (public policies and institutions respond to the needs of citizens and uphold their rights).

*Zambia however, continues to face some domestic governance challenges.* Despite the improvements further reduction of corruption and safeguarding freedom of press and a vocal civil society remain challenges and require continued attention. Political authority in Zambia remains relatively centralised. Parliament and other oversight institutions are still consolidating in the multi-party era, and the participation of non-state actors in the policy process has been limited. Poverty and the patrimonial character of politics have slowed the emergence of issues-based politics and hinder the effectiveness of formal institutions of government.

**DIE & IOB (2011) pp 15-16;** Regarding policy and governance reforms, budget support has performed below its expected potential. While achievements in the areas of reforming PFM and strengthening the office of the Auditor General (OAG) can be linked to the budget support process, the instrument was not effective in realizing broader objectives. The PRBS group was not able to set up a coherent incentive system using conditionality and alignment that could have compensated for the weaknesses of GRZ. Beyond bringing about some improvements, the PRBS group did not harmonize disbursements and conditionality to a satisfactory level, nor was it able to set up a joint knowledge management system that would have contributed to strategic consistency in the group's relationship with GRZ. The root causes of this lack of harmonisation relate to the disagreement among cooperating partners about the hierarchy of budget support objectives: some cooperating partners see the provision of funding to alleviate poverty as the main objective of budget support, while others give priority to institutional or governance reforms. Thus, cooperating partners were often unable to offer joint and consistent priorities to the GRZ through dialogue and incentives. Interference from headquarters, who responded more to domestic political situations than to Zambia's needs, hindered the harmonisation and alignment attempts being made by aid managers in Lusaka.

**JASZ-II (2011) pp 17-18; 3. Principles of Cooperation – 3.3. Domestic Accountability:** GRZ and CPs are actively improving their accountability to their taxpayers. As Zambia graduates from aid the role of institutions in accountability and transparency will be increasingly important. Domestic accountability is built on a strong parliamentary oversight, the engagement of non-state actors which include all organised citizens and civil society organisations, as well as the private sector and its intermediary organisations, and the (independent) media. Responsible, impartial non-state actors (NSAs) are key partners for Zambia's development and aid effectiveness dialogue. CPs would like to see NSAs increasingly assume functions which CPs have performed to some extent so far, in particular accountability and focusing on value for money for Government services. Hence, within the framework of the JASZ II and the SNDP:

- CPs will continue their support to parliamentary reform processes to enhance parliamentary oversight;
- CPs will encourage and support civil society organisations and private sector bodies to participate in relevant sector level dialogue and planning processes through the SAGs;
- CPs will engage NSAs to play a role in monitoring aid effectiveness and development outcomes on a topic related basis and through participation in the annual GRZ-CP High Level Policy Dialogue (HLPD);
- CPs will encourage NSAs to provide input and contributions in their areas of competence, which can be results of qualitative or quantitative research, and which will serve as points of discussion for planning or re-planning in respective sectors.
- CPs will support NSAs to provide and disseminate relevant information that allows an assessment of Government performance with respect to all aspects of good political and financial governance.
- The NSA-CP group will support thematic dialogue between NSAs and GRZ, coordinate support to civil society organisations and develop models for external and public financing modalities for services and advocacy.

**JASZ-II (2011) p14; 3. Principles of Cooperation – 4. Revised Dialogue Architecture:** Open and constructive dialogue between GRZ and its CPs is vital for aid effectiveness. The revised dialogue architecture of JASZ II will build on the existing structures and processes and will be aligned to the National

Economic Management Cycle. Figure 2 below sets out the complementary fora where GRZ, CPs, non-state actors interact in policy dialogue to improve the effectiveness of development assistance to

**Figure 11: Revised Dialogue Architecture on Development and Aid Effectiveness**



Source: JASZ II, November 2011, p.19

Zambia. This includes dialogue at the sectoral level and dialogue with central government on cross cutting. Both of these will inform higher level dialogue with central government on issues of national importance which cannot be resolved alone at the lower levels. GRZ and CPs will work to strengthen these fora during the course of an SNDP and JASZ II including a greater role for NSA. The three complementary levels of policy dialogue to wit (1) Sector dialogue, (2) Dialogue on cross-cutting issues, reforms and aid effectiveness, and n(3) High level dialogue are presented in the below figure 2.

**STEM-VCR Srl (2006) pp 57-58; Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 7 : Conclusions and Critical Issues :** As a number of observers have reported, the copious number of Lusaka-based CSOs, even when they are operational NGOs mainly serving rural communities, might be a reflection of Zambia’s centralist government structures, where all decision-making is done, top-down, from the capital. The decentralisation debate has yet to attract as much interest from CSO as have constitution-making or poverty reduction issues. Considering the opportunity that decentralisation entails as a devolution process, which places local structures at the centre of the decision making and planning process, CSO should become more actively engaged. One idea would be for intermediary organisations to refocus their outlook and structures bottom-up and to integrate local governance and local citizenship promotion in their work, while umbrella Lusaka-based organisations include decentralisation in their priority advocacy and lobbying agenda... Organisation development is also a priority for a number of civil society organisations. Organisations need to align their organisations and procedures to their respective mandates, and efforts need to be made and supported by the international community to develop effective management structures and systems, ranging from strategic planning exercises to fundraising strategies and volunteer management.

**STEM-VCR Srl (2006) pp 58-60; Institutional Analysis of Non State Actors in Zambia – Final Report; Chapter 7.2 : Conclusions and Critical Issues - Donors and International NGOs:** Donors should overcome their often utilitarian focus and search for and find strategic ways of supporting the development and strengthening of civil society as an autonomous institution, which implies supporting CSOs as social and political actors rather than turning them into mere project administrators and/or government supplementers and/or substitutes. Two spheres appear particularly relevant for donor support: (i) Government – civil society dialogue and civil society involvement in the formulation, implementation and follow-up of the National Development Plan (both at a national and local level) through the existing mechanisms and platforms (which should nevertheless be concerned with their constituencies; and (ii) civil society’s advocacy and monitoring role, acting as analyst, watchdog, networker and/or mobilise on political, governance and social issues as a means of strengthening scrutiny over the government.

Relevant and appropriate coordination mechanisms should, however, be supported in order to avoid parallel financing and duplication of effort – and also to promote synergy, cost-effectiveness and information exchange. As such, we strongly recommend that before co-operating partners decide to embark on such an ambitious project as harmonisation, efforts are made on information flows (transparent and comprehensive information should exist on current levels and channels of civic engagement) and on the establishment of an effective institution-wide outcome-based monitoring and evaluation system for civic engagement.

In addition, information on donor policies, systems and procedures should be made available to civil society organisations, especially at decentralised level (broadly speaking, such information, though scattered, exists at the level of Lusaka). One idea would be to use “lead organisations” (which could be selected according to their level of performance and capacity), at the provincial level as focal points, which, being properly supported and equipped, could perform the role of resource centres at the service of local organisations.

For service delivery at the grassroots level, it will often be relevant for donors to work with local NGOs as intermediaries, given their local knowledge and expertise and advanced organisational development compared to that of popular organisations and movements, thus allowing them to organise project activities. However, before entering into any form of cooperation, the legitimacy or lack of legitimacy of NGOs should be thoroughly assessed (which again leads us to the emphasis on the actor and not just the project) with a view of avoiding a situation whereby the NGOs, rather than adding value by contributing to the strengthening of grassroots organisations and movements deprive them of the possibility of being heard. Furthermore, efforts should be made to combine the project activities with support to the capacity building of civil society organisations, thus linking the project and the actor dimension.

## Evaluation Focus Group Discussion with Civil Society Organisations (CSOs)

Conference Room, NGOCC, Lusaka – 14 December 2011, 08:30-12:30.

*Summary Discussion Outcomes of the Focus Group Discussion Session with Main CSOs / CSOs Representative Organisations in the Framework of the Current EU Country Level Evaluation held in the Conference Room of the NGO Coordinating Council (NGOCC) on Wednesday, 14 December 2011.*

A total of nine participants from the following seven CSOs / Umbrella CSOs participated in the evaluation focus group discussion: (i) ZCEA - Zambia Civic Education Association; (ii) NGOCC (Non-Governmental Organisations Coordinating Council – Chair / Moderator of the Focus Group meeting); (iii) World Vision Zambia; (iv) ZCSD – Zambia Council for Social Development; (v) Action Aid Zambia; (vi) TIZ – Transparency International Zambia, and: (vii) Civil Society for Poverty Reduction Zambia. The Ministry of Community Development and Maternal and Child Health as lead Ministry on CSO matters was also invited to the focus group discussion. The invited responsible officer apologized for not being able to attend.

This CSO focus group discussion was organised as an open forum, but to keep the discussions focused the participants were sent in advance a list of guiding questions to focus and structure the discussions. The participants were invited to fill out the questionnaire and to return to the evaluation team. The NGOCC, hosting and facilitating the focus group discussion, also volunteered to coordinate the retrieval of the replies. Below are the replies to these ten questions sent by NGOCC. Some other main points of the focus group discussion are summarily presented thereafter in bullet style.

1. *How conducive is the present legal and regulatory framework for civil society in Zambia to Civil Society Organisations' involvement in policy processes? Strengths and opportunities? Weaknesses and treats? Trends and developments?*

The current legal framework is uncertain and a seemingly direct control measure by government to regulate work of CSOs in Zambia. The NGO Act 2010 has so many areas of contention such as government determining areas of geographical operation for any CSO prior to getting in a certain area, the 16 member NGO Board has provision for 9 government representatives and only 7 CSO representatives who also need to be cleared and approved by the Minister responsible, CSOs will have to apply for an operating licence every 5 years, CSOs face imminent closure or license withdrawal if any one of their employees/officers are found wanting, etc.

This current law does not in any way provide for a self regulatory mechanism on the part of the CSOs concerned.

In addition the law is selective in that other CSOs are not included such as political parties, professional bodies, churches. Given the objectives of the NGO Act 2010 which include promotion of accountability and transparency among NGOs, promotion and protection of human rights, surely don't the other CSOs excluded also require this aspect?

2. *What is the overall quality of the interface / dialogue process of CSOs with the government? How well is civil society consultation mainstreamed and institutionalized? Any changes / developments over time? Suggestions for further improvement?*

Dialogue process between CSOs and government is only done at the discretion of government and only when it suits government. With the reintroduction of the National Development Plans the only institutionalised dialogue forum is through the Sector Advisory Groups (SAGs) which also only meet when the ministries' Permanent Secretaries are available given that they chair these meetings. In a number of situations these SAGs are called at very short notice. Moving forward there is need to relook at the convening of these SAGs and restructuring the chairing of these meetings so that they are not anchored under the Permanent Secretaries.

At provincial and district levels there are Provincial Development Coordinating Committees (PDCCs) and District Development Coordinating Committees (DDCCs) to which a number of stakeholders participate. There is however need to strengthen the feedback systems of these committees to inform national level planning and development pursuits. Participation by different stakeholders also needs to be improved upon in addition to ensuring that inputs are taken on board – implementation of the Decentralisation Policy and its Plan is key in this regard.

3. *How well linked / anchored is your CSO at the grassroots level? What is the quality of your organisation's vertical linkages with the grassroots level of society? How representative is your CSO? Strengths and weaknesses? Evolutions over time?*

NGOCC is an umbrella gender based organisation with membership spread throughout all the ten provinces of Zambia – we actually cover about 36 districts out of the 73 districts in Zambia. A total of 109 member organisations comprising NGOs, Community Based Organisations and Faith Based organisations are directly affiliated to NGOCC and we have a direct link with all of them. These member organisations are made up of both women and men and of course with an emphasis on women's leadership within the organisations. Annual visitations are undertaken to each of the 109 organisations to discuss various issues ranging from their operations, challenges, successes, capacity assessments, and their sustainability plans, among other issues.

Obviously the challenge of coordinating 109 organisations which are at various capacity levels poses challenges especially when it comes to advocacy – the organisation has grown from a paltry 9 organisations at the time of set up in 1985, to 43 in the 1970s to 85 around the year 2000 to now 109 as at 2011. Communication is also another area requiring continuous improvements especially as it affects timely advocacy on critical national issues such as the national constitution, issues of gender based violence, etc The hard to reach are those in the far flung rural areas where internet is not available and mobile telephone is intermittent and not everyone has a cell phone.

4. *How clear is the definition of a CSO – Civil Society Organisation in the Zambian context? Is there a common understanding of the classification of CSO categories? Pls. list the main categories of CSOs.*

The current NGO Act 2010 is not clear on who a CSO is – there seems to be a distinction between the general term of CSO and what an NGO is. To a large extent the current NGO Act seems to have excluded those CSOs dealing in service delivery and other charity work in its definition and only targeted human rights and advocacy based NGOs in its definition. There is need to broaden this aspect in the current law to be more encompassing.

In Zambia the main categories of CSOs include political parties, professional bodies, churches, NGOs, associations, trusts and foundations, among others.

5. *How would you assess the capacity (both human and institutional) of your CSO and the level/quality of apex structure building? How strong is your CSO's networking with other CSO's? Developments over time? Crucial still outstanding needs?*

NGOCC generally has adequate capacities both human and institutional. Of course the human capacity is one requiring continuous working on given the levels of staff turnover in the general CSO environment. As an institution that has existed for over 26 years now the organisation has grown in terms of institutional processes and its partner base. It has the goodwill of its cooperating partners and is a model for other CSOs in Zambia when it comes to governance and management structures. This is despite that the board of governors is volunteer based while management is professional full time members employed on contractual basis.

NGOCC has been a part of several networks when pushing for a common cause in development such as the Oasis Forum on constitutional matters, CSO network on elections on matters of women's participation in national elections, regional network on advancing gender in southern Africa (countries include Zambia, Mozambique, South Africa, Angola)

Crucial still outstanding needs for our gender work are the national constitution, implementation of the Gender Based Violence law, and the need for Zambia to adopt gender responsive national budgets.

6. *How well has your CSO weighted on the dialogue processes in the different sectors / thematic areas at both central and district levels? Concrete illustrations? Trends and developments?*

NGOCC has been an active partner in development through representation on various statutory bodies and commissions/committee to influence decisions from a gender perspective. The issue has always been that not all our inputs are taken on board by government. A good example were our submissions on how to engender the current Sixth National Development Plan – a number of our submissions were left out from the adopted Plan. However gender still remains a priority on Zambia's development agenda and this is an opportunity for our continued engagement. Also that Zambia is signatory to a number of regional and international conventions provides an avenue to hold government to account to deliver on its commitments.

7. *To what extent has your CSO benefited from capacity building support from the EU, both human and institutional. Strengths and weaknesses? Success stories and lessons learned? Any evolutions over time?*

NGOCC has made some attempts to obtain funding from the EU through proposals submitted but has not been successful. Efforts are still being made to keep trying – there is need for EU to

relook at its funding procedures to make it more accessible especially with regard to women's groups. Some technical capacity building may also be required from EU competent staff to assist groupings like ours to access resources.

8. *To what extent has your CSO (and its members) been involved in the design and operationalisation of the EU support strategy to Zambia? This pertains to both the EDF9 (2001-2007) and EDF10 (2008-2013) country strategies. Strengths and weaknesses? Any concrete recommendations?*

NGOCC has always been invited by EU country team to deliberate on EU strategy and our input has been made at several meetings. However we still see that EU head office in Brussels still has an upper hand on how these procedures must be structured and our country office has limited scope to change anything. There is need to empower local EU offices and teams to adapt funding and other technical resources to countries' needs and capacities.

9. *What are the priorities / expectations / recommendations of your CSO regarding the EU's support to civil society and to democratic governance in general?*

EU must relax its stringent requirements for CSOs accessibility of funding and must consider regular interface between CSOs and government in Zambia at which EU must also be present. In its own interaction with government, EU must also take on an advocacy role to ensure that subsequent governments appreciate the role of CSOs and commit to support their work. At the moment (example of EDF9) Zambia took long to approve CSOs funding on the assertion that CSOs were too critical of government. This is not progressive as the contribution of CSOs must also be seen to be a critical component of the development agenda. EU must have competent personnel to firmly collaborate with government and ensure that CSOs' funding is approved by government in a timely manner – this is to say EU must play its part as a development partner to both government and CSOs. At present it seems EU is more inclined to government processes and seems to be interacting with CSOs on a one-off meeting arrangements.

10. *Any other issues regarding the EU's support to civil society and democratic governance in general not covered by the above questions?*

As in 9 above EU must ensure that its staff are interacting with CSOs on a regular basis to appreciate their involvement in development.

### **Some Other Topics and Outcomes of the CSO Focus Group Discussion:**

- As per the personal introductions, CSOs (present) cover a wide variety of sectoral and transversal thematic areas, amongst which the most prominent include: food security, maternal and child health, HIV/aids, access to clean water, basic education, good governance, local governance and decentralisation, human rights / children rights, community development, gender and development, policy advocacy and lobbying, budget tracking, media;

#### **Q-1 – Legal framework and broader enabling environment:**

- The NGO Act of 2009 has as initial rationale to enhance transparency, but it has deviated from its initial objectives;
- The Act does not provide for an enabling environment but sets too many thematic boundaries, too many limitations. It moreover excludes certain categories of CSOs (e.g. faith based organisations, churches, professional organisations, etc.);
- There are quite some concerned about the eligibility to be qualified as NGO (definition of having to serve national interest);
- The legal framework guaranteeing freedom of information is still lacking and therefore the NGO Act is to be revised by constitutional action. (not only freedom of expression but also right of access to information);
- There are an estimated more than 20.000 NGOs-CSOs but concrete figures and classifications are lacking;
- Work on a sort of Code of Conduct for NGOs as a self-regulation mechanism started in 2005.

#### **Q-2 – Quality of the interface / dialogue process with Government:**

- At present, suggestions regarding transparency are being attended to more systematically. There is a window of opportunity;

- The SAGs in principle are a good dialogue forum but have not been exhausted to their full potentials so far (particularly since depending on the goodwill of PS's as convenors. Irregular and not frequent meetings of the SAGs in general.
- Another untapped / underutilized dialogue forum are the media;
- SAGs are basically only concerned with the technical level, not with the political level. With regard to the latter we lack policy dialogue leverage;
- CSOs need to be engaged from the beginning, at the planning stage;
- The agenda of the SAGs needs to be broader based. Here is a window of opportunity for CSOs, as there CSOs can provide real alternatives;
- In some Districts, NGOs are members of / participate in the District Development Coordinating Councils (DDCCs), but generally their role is rather weak in these state ruled/dominated fora.
- CSOs need to fight their own fragmentation. Coordination and collaboration should be strengthened further;
- CSOs should have a more prominent and stronger role in monitoring. The strengthening of the M&E Department in MoFNP and particularly also in the line ministries is a window of opportunity for CSOs but the necessary institutional and operational provisions need to be foreseen and effectively implemented.

*Q-3 – Anchoring of CSO at the grassroots level:*

- The different participants give concrete illustrations of actual initiatives, activities and project on the ground, with as common denominator the desire and aim to further strengthen presence and impact on the ground;
- Need to further strengthen networking and networking services is underscored: needs assessments as basis; capacity building / training on networking; exchange programmes for peer by peer learning; joint newsletters; e-networking with discussion fora on the web, etc.

*Q-4 – Definition of CSO:*

- The definition is very unclear and so are the classifications of CSOs / NSAs;
- Does the definition only cover advocacy based NGOs and leaves out service providers and churches. As the definition appears to be selective, leaving out certain actors, it needs to be widened;
- A clear, consensus based definition of CSOs is essential for a viable and enabling legal and administrative environment for CSOs.

*Q-6 – CSO actual weight on the dialogue processes in sectors:*

- Sectoral experiences regarding food security: Nutrition and income generation have been very successful. Duplication of experiences now ongoing in Northern Province (prior experiences in 2 districts);
- Food vouchers programme as social safety net mechanism quite successful and now starting to engage in policy dialogue;
- New concepts in agricultural development and food security, with emphasis more on business development and savings mobilisation;
- Budget tracking (CSPR as advocacy CSO) in six sectors with SNDP monitoring as integral part. For financial part IFMIS as main source of info and coordination with MoFNP essential and positive. However, main problems with IFMIS data are their quality and accessibility.

*Q-7 – Benefits from EU capacity building support to CSOs:*

- Basically limited / no capacity building support benefitted from;
- Capacity strengthening has been brought in from Europe, often through Europe based NGOs (head offices);
- More training / capacity building is needed, including refresher courses and follow-up sessions to enhance training effects and sustainable impact and also since rules and regulations keep changing;
- The capacity strengthening programmes should be more demand driven (based on actual and expressed needs).

*Q-8 – Involvement in design and operationalisation of EU support strategy to Zambia:*

- Involvement in EDF9 preparation rather limited and piecemeal. Moreover, explicit CSO capacity development project has not pushed through for a number of reasons;



- More substantive involvement in EDF10 design, particularly in the governance component (e.g. support to CSOs involvement in constitutional governance and electoral processes) but here political decision making necessary as precondition for being able to make the difference;
- EUD invitations to CSOs to policy dialogue interactions much appreciated, but necessary to move from ad hoc initiatives to further institutionalisation in regular fora;
- EC processes and procedures are quite complex and simplification would help;
- Goodwill at EUD level but decision making centralized in EC Brussels making further deconcentration recommended.

*Q-9 - Expectations re EU support to CSOs and to democratic governance in general:*

- Simplification of the EU grant procedures. Too many requirements. Need for partnering with international NGOs etc. make requirements too tough;
- Calls for proposals are too complicated and tedious;
- Monitoring and evaluation of CSOs and their projects/programmes should concentrate more on results, instead of (solely) on financial and administrative matters. A results / performance M&E system is needed;
- More flexibility in contract amendments. Revisions now take very long time;
- EUD staff is accommodating and supportive but they in first instance are grant managers, not sectoral or thematic specialists. Interactions beyond funding and administration are needed, requiring special sets of competencies;
- Creation of common platforms to exchange experiences (clearinghouse and network functions), sharing lessons learned in regional context.

*Q-10 – Other issues and suggestions:*

- EU has an important role to play in facilitating the dialogue between CSOs and government;
- It in this respect also has important bi-directional feedback functions;
- Further structuring of triangular arrangements: CSOs – EUD – Government;
- Procurement issue: Not all CSOs are VAT exempt.

## Evaluation Matrix Support Section for EQ 6 on Democratic Governance:

### Portfolio Analysis of EU Funding of CSO Interventions in Zambia 2001-2010

#### **Portfolio Analysis of EU Funding of Civil Society Organisations (CSOs) Interventions in Zambia in the Period 2001-2010**

*Basics of the CSO Contracts Portfolio Analysis:* The portfolio analysis of EU funding of Civil Society Organisations interventions in the period 2001-2010 conducted in the framework of the current Zambia country level evaluation of EU support to Zambia in this ten year period particularly focuses on: (i) The total number and amounts of the grant contracts and their evolution over time; (ii) The total number and amounts of the foreseen CSO grants which were cancelled / did not push through for one reason or another; (iii) The analysis of CSO funding by EU cooperation instrument / source of funding; and (iv) The distribution of CSOs funding by sector / thematic area of intervention. The source of data is a CRIS database search conducted on 09 December 2011 on the combination of the following three criteria: (a) Contract year between 2001 and 2010; (b) “SV as type of “contract”, and (c) Zambia as beneficiary zone. All CSO contracts funded in this period are grants. By far the most prominent procurement method for these CSO grants has been the “Open Call for Proposals”. Most CSOs contract entries in the database take the format of individual grants to individual CSOs. Others concern EU umbrella programmes with a multitude of CSO beneficiaries (e.g. the EDF programme on Support of Access to Justice). Double entries in the database have been filtered out (a total of 8 entries with a total value of about €6.7 million). Attached to this summary portfolio analysis are the following supporting tools: (i) The listing tables of all EU CSO grants, both effectively paid and cancelled grants; (ii) Summary statistical tables on both the number and total value of CSO grant contracts, with breakdowns by year, by source of funding / cooperation instrument, and by sector / thematic area of intervention, and; (iii) Summary graphics. The tables hereafter are coded CS-1 to CS-7, and the figures codes are CS-G1 to CS-G10.

*The Total Number and Amounts of EU Grant Contracts with CSOs in Zambia:* In the 2001-2010 ten year period, a total of 85 grant contracts with a total value of 67 million Euro have been awarded to CSOs in Zambia. The average contract value is 789,862 Euro with grants varying from 24,953€ as smallest contract value to 6 million € as largest umbrella CSO support programme covering a multitude of CSO beneficiaries. As of the end of 2011, a total of 55 million Euro (or 82.6%) have been actually awarded. A total of 25 of these awarded contracts (or 29.4%) have been closed as of the end of 2011. A total of 129 grant contract with a total value of 102 million Euro had been approved, but of these 44 or (34.1%) have been cancelled for one reason or another with a total cancelled value of 35 million € (or 34.1%) of the total. The cancelled grants particularly pertain to the earlier years 2001 to 2004 of the period under review with 35 grants cancelled representing a total value of 28 million €, with peak year 2004 (14 project cancelled with a value of 18 million €).

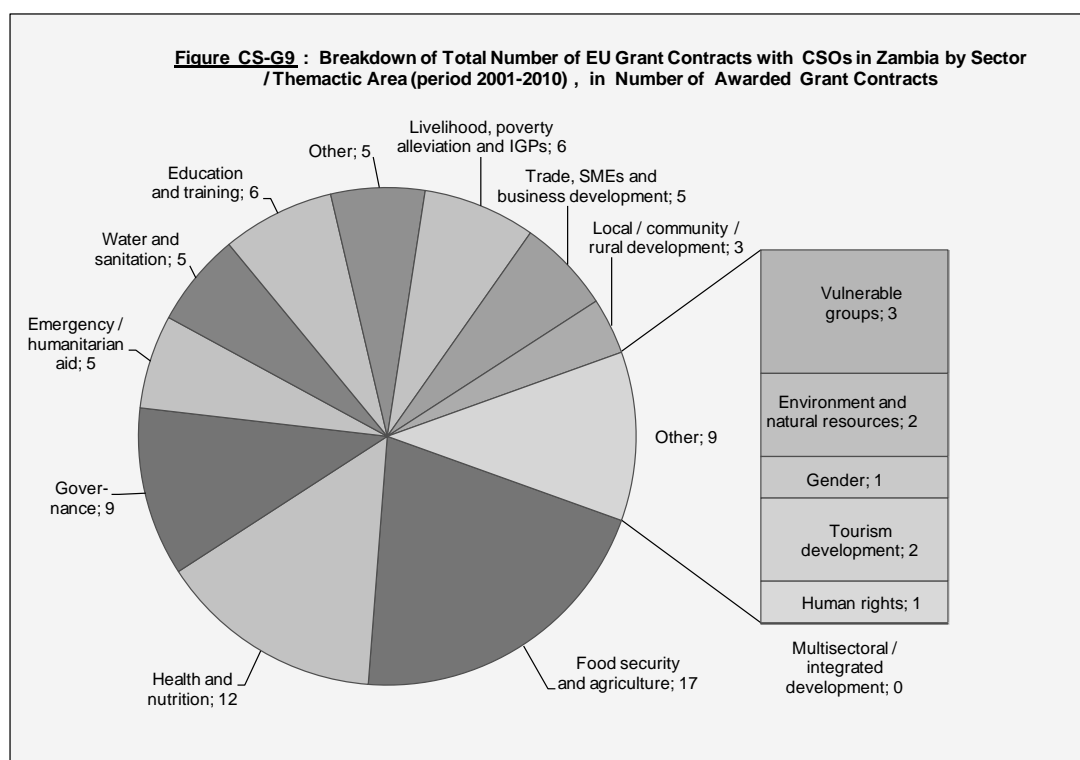
*Trends over Time in CSOs Grant Funding:* There generally is a growing annual trend in EU CSOs funding over the ten year period both in number and total value of grant contracts, with a stabilisation (slight decrease) in the later years. The growth is particularly outspoken in the period covered by the CSP 2001-2007 evolving from a minimum funding at the onset of this period with a peak in 2006, both in number and total value of the contracts. The three years of the CSP 2008-2012 saw a consolidation of the CSO funding at this overall substantially higher level compared to the first CSP. All contracts awarded up to the end of 2004 have been fully paid and are closed. From 2005 onwards, increasing amounts are still due for payment and contracts still ongoing, not yet closed.

*EU Main Sources of Funding / Cooperation Instruments for Financing of CSO Grants:* For the analysis of the EU sources of funding of CSOs in Zambia, the EuropeAid classification of sources of funding related to the EU Development Cooperation Instrument (DCI) since 2007 has been used. This same thematic/sectoral classification is applied to the grant contract awarded before 2007. In accordance with this classification, the three main EU sources of funding / cooperation instruments are: (i) the European Development Fund (EDF); (ii) The vertical thematic programmes, and (iii) the sugar protocol with accompanying measures for 18 ACP countries. Of the 84 awarded contracts to CSOs in the 2001-2010 period, 28 or one third (33.3%) have been financed under the EDF representing a total value of 24 million Euro (or 36.1% of total foreseen grants contracts amount). The largest CSO funding however comes from EU vertical thematic programmes / budget lines, both in number of grants (55 or 65.5% of the total) and in contract money value (59.4%). One grant contract representing 4.5% of the total CSO funding originated from the sugar protocol. Of the EU vertical thematic programmes / budget lines, the

largest CSO funding comes from the Non-State Actors and Local Government programme (31 contracts representing more than a quarter (27.9%) of the total CSO funding, followed by food security (18 contracts representing 17.9% of total CSOs contract value). A distant third source is the health programme (especially HIV/Aids) (one programme, but 7.4% of the total resources). The democracy and human rights programme (EIDHR and DDH) provided 3.7% of the total CSO funding in the ten year period 2001-2010 via three grants. The Environment and Natural Resources (ENRTP) budget line and the Instrument for Stability (IFS-RRM) provided relatively minor funding (resp. 1.0% and 1.5% of the total).

See

**Sectoral / Thematic Areas of Support to CSOs:** The largest EU support to Civil Society Organisations in the ten year period 2001-2010 has been in the sector of agriculture and food security (17 grants or 20.7% of the total) with a total of 13 million Euro (or 19.3% of the total). This is relatively closely followed by the health (incl. HIV/AIDS) and nutrition sector (17% of CSO funding resources) and governance with 14.5% of the total CSO grant contracts value. Intermediate positions are taken by emergency / humanitarian aid (11.1%), water and sanitation (8.6%), education and training (6.0%) and livelihood, poverty alleviation and IGPs (5.1%). At the lower end of thematic / sectoral funding of CSO funding are: trade, SMEs and business development (3.5%), local, community and rural development (2.8%), Vulnerable groups (2.3%), Environment and natural resources (1.9%), gender (1.1%), tourism development (0.3%) and human rights (0.1%). It should be noted that some concerns are also mainstreamed in other sectors / thematic areas (e.g. human rights under governance, environment under agriculture and food security, etc.).



Source: CRIS database search of 09 Dec 2011.

#### List of Portfolio Analysis Tables and Graphics:

- Table CS-1 Portfolio list of EU grant contracts with Civil Society Organisations in Zambia in the period 2001-2010
- Table CS-2 List of cancelled EU grant contracts with Civil Society Organisations in Zambia in the Period 2001-2010, by year
- Table CS-3 Portfolio list of EU grant contracts with Civil Society Organisations in Zambia in the period 2001-2010, by year (see CS-1 with year totals)
- Table CS-4 Summary table of annual EU grant contract totals with Civil Society Organisations in Zambia in the period 2001-2010, by financial year

- Table CS-5 Summary table of cancelled EU grant contract totals with Civil Society Organisations in Zambia in the period 2001-2010, by year
- Table CS-6 Summary table of EU grant contract totals with Civil Society Organisations in Zambia in the period 2001-2010, by EU source of funding
- Table CS-7 Summary table of EU grant contract totals with Civil Society Organisations in Zambia in the period 2001-2010, by sector / thematic area
- Figure CS-G1 Total annual number of EU grant contracts with Civil Society Organisations (CSOs) in Zambia, period 2001-2010
- Figure CS-G2 Total annual contract value of EU grants to Civil Society Organisations in Zambia, period 2001-2010 (in Euro)
- Figure CS-G3 Percentage of annually foreseen total contract value of EU grants to Civil Society Organisations in Zambia actually paid, period 2001-2010 (in %)
- Figure CS-G4 Total approval annual contract value of grants to CSOs in Zambia with breakdown for actually awarded and cancelled (in Euro)
- Figure CS-G5 Breakdown of the number of approved EU contracts with CSOs in Zambia: Actually awarded and cancelled (2001-2010)
- Figure CS-G6 Breakdown of the value of approved EU contracts with CSOs in Zambia: Actually awarded and cancelled (2001-2010)
- Figure CS-G7 Breakdown of the number of approved EU contracts with CSOs in Zambia by main type of EU funding / EU cooperation instrument (2001-2010)
- Figure CS-G8 Breakdown of total amount of EU grant contracts with CSOs in Zambia funded by EU thematic budget lines, by individual thematic budget line (2001-2010), in Euro
- Figure CS-G9 Breakdown of total number of EU grant contracts with CSOs in Zambia by sector / thematic area (period 2001-2010), in Euro
- Figure CS-G10 Breakdown of total value of EU grant contracts with CSOs in Zambia by sector / thematic area (period 2001-2010), in Euro

*Note: Based on EUD CRIS database search dated 09 December 2011. Applied combination of CRIS database search criteria: (1) Contract year between 2001 and 2010; (2) Type of contract = SV, and (3) Beneficiary zone: Zambia*

**EC-JEU Country Level Evaluation Zambia (2011)**  
**Analysis of EU Support to Civil Society Organisations in Zambia in the Period 2001 - 2010**

**Table CS-1 : Portfolio List of EU Grant Contracts with Civil Society Organisations in Zambia in the Period 2001 - 2010, by Year <sup>(1) (2) (4)</sup>**

V.2 - 10 Jan 2011

1	2	2	3	4	5	6	7	9	12	13	14	15	16	17	18	
N°	Type	Contract Year	CRIS Reference Number	Contract Number	Contract Status	Title	Sector / Thematic Area <sup>(3)</sup>	Sub-Type of Grant Contract	Date Contract Signing	Name Contracted Party	Nationality	Date Final Report	CRIS allocation	Foreseen Amount (EUR)	Paid (EUR)	Balance (EUR)
1	ONG-PVD	2001	PVD/2001/63	11855	Clôturé	CHURCHES MEDICAL ASSOCIATION OF ZAMBIA: PLANNING AND DEVELOPMENT OFFICE (PDO) AND PHARMACEUTICAL SERVICES SUPPORT PROJECT (PSP)-ZAMBIA	Health and nutrition	NP	02/01/2002	STICHTING CORDAID	Pays-Bas	01/01/2008	DELEG ET	790,372	790,372	0
2	ONG-PVD	2001	PVD/2001/134	11670	Clôturé	STRENGTHENING THE CAPACITY OF D-WASHES (DISTRICT WATER SANITATION AND HYGIENE EDUCATION) IN ZAMBIA	Water and sanitation	NP	04/01/2002	WATERAID LBG	Royaume-Uni	01/04/2009	DELEG ZM	1,000,000	1,000,000	0
3	ONG-PVD	2003		20794	Clôturé	Working with Disabled People in Zambia	Health and nutrition	NP	24/01/2003	ACTION ON DISABILITY AND DEVELOPMENT LBG	Royaume-Uni	24/01/2011	DELEG ET	750,000	750,000	0
4	ONG-PVD	2003		20796	Clôturé	Kaoma Rural Livelihood Improvement Project, Zambia	Livelihood, poverty alleviation and IGP	NP	24/02/2003	SELF HELP AFRICA (UK) LBG	Royaume-Uni	01/01/2010	DELEG ZM	530,717	530,717	0
5	ONG-PVD	2004		65232	Clôturé	CHIKWANDA MUKUNGULE INITIATIVE FOR POVERTY REDUCTION - ZAMBIA	Livelihood, poverty alleviation and IGP	D01	15/07/2004	SELF HELP AFRICA (UK) LBG	Royaume-Uni	01/10/2007	DELEG ZM	602,334	602,334	0
6	ONG-PVD	2004		65311	Clôturé	Integration of HIV/AIDS/STD Interventions into Reproductive Health and Child Survival Programs in ZAMBIA	Health and nutrition	D01	27/07/2004	HORIZONT 3000 OSTERREICHISCHE ORGANISATION FUR ENTWICKLUNGZUSAMMENARBEIT	Autriche	01/09/2005	DELEG ZM	417,780	417,780	0
7	FED	2004	9-ACP ZA-012-001	192722	Clôturé	CONTRAT ECHO/ZMB/EDF/2004/01001 IOM	Emergency / humanitarian aid		20/10/2004	INTERNATIONAL ORGANIZATION FOR MIGRATION				2,000,000	2,000,000	0
8	FED	2005	9-ACP ZA-015-001	193826	Clôturé	CONTRAT ECHO/ZMB/EDF/2005/01001 IOM	Emergency / humanitarian aid		29/04/2005	INTERNATIONAL ORGANIZATION FOR MIGRATION				3,500,000	3,500,000	0
9	ONG-PVD	2005		96491	Clôturé	Coordinated Response to Sexual and Gender Based Violence (SGBV) in Zambia	Gender	D01	08/12/2005	CARE INTERNATIONAL UK LBG	Royaume-Uni	01/02/2007	DELEG ZM	745,199	745,199	0
10	ONG-PVD	2005		95456	En cours	PROJECT FOR THE REDUCTION OF POVERTY (PROP) EASTERN PROVINCE, ZAMBIA	Livelihood, poverty alleviation and IGP	D01	19/12/2005	SELF HELP AFRICA (UK) LBG	Royaume-Uni	01/01/2007	DELEG ZM	627,292	613,347	13,945
12	ONG-PVD	2005		96822	Clôturé	BLOCK GRANT 2004	Livelihood, poverty alleviation and IGP	D01	19/12/2005	SELF HELP AFRICA (UK) LBG	Royaume-Uni	01/01/2007	DELEG ZM	419,760	419,760	0
13	FOOD	2005		111739	En cours	VSO Zambia Food Aid and Food Security Programme: Promoting a coordinated response to household well-being through food aid and food security for HIV/AIDS infected and affected families	Agriculture and food security	D01	22/12/2005	VOLUNTARY SERVICE OVERSEAS LBG	Consortium	23/12/2006	DELEG ZM	306,777	276,099	30,678
14	FOOD	2005		111553	Clôturé	Food Aid and Food Security Programme for the HBC of Dioceses of Monze	Agriculture and food security	D01	23/12/2005	CENTRO LAICI ITALIANI PER LE MISSIONI ASSOCIAZIONE	Consortium	01/09/2005	DELEG ZM	332,660	332,660	0
15	FOOD	2005		112242	Clôturé	Improving the food and livelihood security of communities affected by HIV and Aids in Zambia	Agriculture and food security	D01	29/12/2005	PRACTICAL ACTION	Consortium	01/03/2007	DELEG ZM	350,000	350,000	0
16	FED	2006	9-ACP ZA-009-016	191687	Clôturé	SUPPORT TO 2006 ELECTIONS ZAMBIA	Governance		01/02/2006				DELEG ZW	400,000	400,000	0
17	FED	2006	9-ACP ZA-022-001	195870	Clôturé	CONTRAT ECHO/ZMB/EDF/2006/01002 UN-FAO-I	Emergency / humanitarian aid		29/05/2006	THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS				752,613	752,613	0
18	FED	2006	9-ACP ZA-022-002	195871	Clôturé	AGREEMENT ECHO/ZMB/EDF/2006/01001 - OXFAM UK	Emergency / humanitarian aid		08/06/2006	OXFAM GB LBG				1,027,608	1,027,608	0
19	FOOD	2006		121553	En cours	Safety Nets for HIV/AIDS Infected and Affected	Health and nutrition	D01	26/07/2006	STICHTING CARE NEDERLAND	Pays-Bas	30/04/2007	DELEG ZM	749,219	749,219	0
20	DDH	2006		126279	Clôturé	EU EOM Zambia 2006 28 September 2006	Other	D02	31/08/2006	INTERNATIONAL ORGANIZATION FOR MIGRATION	Suisse	01/03/2006	AIDCO F 04	2,297,128	2,297,128	0

1	2	2	3	4	5	6	7	9	12	13	14	15	16	17	18	
N°	Type	Contract Year	CRIS Reference Number	Contract Number	Contract Status	Title	Sector / Thematic Area <sup>(3)</sup>	Sub-Type of Grant Contract	Date Contract Signing	Name Contracted Party	Nationality	Date Final Report	CRIS allocation	Foreseen Amount (EUR)	Paid (EUR)	Balance (EUR)
21	FED	2006	9-ACP ZA-022-003	195872	Clôturé	ECHOZMB/EDF/2006/01003 WORLD VISION UK	Emergency / humanitarian aid		01/09/2006	WORLD VISION UK				171,847	171,847	0
22	ONG-PVD	2006		119108	Clôturé	"Strengthening community embedded access to treatment and improved coping mechanisms of people living with HIV/AIDS" ZAMBIA	Health and nutrition	D01	27/11/2006	STICHTING CORDAID	Pays-Bas		DELEG ZM	227,047	227,047	0
23	FOOD	2006		128658	En cours	Food Assistance and Food Security for PLWHA Households of the Home Based Care of the Diocese of Monze	Agriculture and food security	D01	30/11/2006	CENTRO LAICI ITALIANI PER LE MISSIONI ASSOCIAZIONE	Italie		DELEG ZM	749,938	747,689	2,249
24	FOOD	2006		128659	En cours	Livelihoods Rehabilitation Project	Livelihood, poverty alleviation and IGPs	D01	01/12/2006	OXFAM GB LBG	Royaume-Uni		DELEG ZM	500,062	460,702	39,360
25	SANTE	2006		105009	En cours	THEME II/ Strengthening Tuberculosis, AIDS and Malaria Prevention Programmes (STAMPP)	Health and nutrition	D01	05/12/2006	CARE DEUTSCHLAND-LUXEMBURG EV	Consortium		DELEG ZM	4,953,975	3,539,595	1,414,380
26	ONG-PVD	2006		119641	En cours	The Provision of Safe Water, Sanitation and Hygiene Promotion in the Most Vulnerable Communities in Rural Luapula Province, Zambia	Water and sanitation	D01	12/12/2006	WATERAID LBG	Royaume-Uni		DELEG ZM	750,000	674,999	75,001
27	ONG-PVD	2006		118876	En cours	Strengthening Partnerships with Disabled People in Zambia	Health and nutrition	D01	15/12/2006	ACTION ON DISABILITY AND DEVELOPMENT LBG	Royaume-Uni		DELEG ZM	750,000	675,000	75,000
28	ENV	2006		131594	En cours	Protecting the Environment and Natural Resources through Trade in High Value Chillies	Environment and natural resources	D01	09/01/2007	AFRICA NOW LBG	Royaume-Uni		DELEG ZM	687,626	618,863	68,763
29	FOOD	2007		145919	En cours	Improving food security of vulnerable people in Senanga district, Zambia	Agriculture and food security	D01	30/11/2007	ADVENTIST DEVELOPMENT AND RELIEF AGENCY UK UNINCORPORATED	Royaume-Uni		DELEG ZM	539,181	531,786	7,395
30	ONG-PVD	2007		134771	En cours	Strengthening Community Management of Water Resources for Multiple Uses	Local / community / rural development	D01	05/12/2007	PLAN INTERNATIONAL UK LIMITED BY GUARANTEE	Royaume-Uni		DELEG ZM	750,000	578,388	171,612
31	ONG-PVD	2007		134758	En cours	social economic empowerment of rural communities in southern province of Zambia	Local / community / rural development	D01	06/12/2007	FOLKEKIRKENS NODHJALP FOND	Danemark		DELEG ZM	604,500	544,050	60,450
32	ONG-PVD	2007		134880	En cours	Profitable Organic Vegetable Production for Rural Producers in Southern Province, Zambia	Agriculture and food security	D01	06/12/2007	AFRICA NOW LBG	Royaume-Uni		DELEG ZM	609,800	548,819	60,981
33	FOOD	2007		145865	En cours	Project for the reduction of nutritional vulnerability in Western Province, Zambia (PRUVEN)	Health and nutrition	D01	07/12/2007	ACTIONAID LBG	Royaume-Uni		DELEG ZM	670,099	603,089	67,010
34	FOOD	2007		146547	En cours	Food Security Initiative for Vulnerable Households (FSIV) in Kabompo and Mwinilunga districts of North Western Province	Agriculture and food security	D01	11/12/2007	KEEPERS ZAMBIA FOUNDATION HEADQUARTERS			DELEG ZM	638,794	638,794	0
35	FED	2007	9-ACP ZA-013-018	192997	Clôturé	MF/ZAM/022/07 FLOATDENE INTERNATIONAL LTD	Other	D02	11/12/2007	SUPPLY-U LTD			DELEG ZM	24,953	24,953	0
36	FED	2008	9-ACP ZA-017-016	194804	En cours	HIVOS (NETHERLANDS)KADFSP SC/ZAM002/08	Other	D01	01/04/2008	STICHTING HIVOS (HUMANISTISCH INSTITUUT VOOR ONTWIKKELINGS SAMENWERKING)	Pays-Bas		DELEG ZM	671,000	603,900	67,100
37	FED	2008	9-ACP ZA-017-017	194805	En cours	STICHTING - HIVOS ( SC/ZAM003/08 )	Other	D01	01/04/2008	STICHTING HIVOS (HUMANISTISCH INSTITUUT VOOR ONTWIKKELINGS SAMENWERKING)			DELEG ZM	600,030	0	600,030
38	FED	2008	9-ACP ZA-017-018	194806	En cours	SC/ZAM004/08 - HARVEST HELP	Livelihood, poverty alleviation and IGPs	D01	01/04/2008	SELF HELP AFRICA (UK) LBG	Royaume-Uni		DELEG ZM	744,325	711,206	33,119
39	FED	2008	9-ACP ZA-017-019	194807	En cours	HARVEST HELP - SC/ZAM005/08	Agriculture and food security	D01	07/04/2008	SELF HELP AFRICA (UK) LBG	Royaume-Uni		DELEG ZM	730,092	716,353	13,739
40	FED	2008	9-ACP ZA-017-021	194809	En cours	SC/ZAM008/08 - AFRICAN WILDLIFE FOUNDATION	Environment and natural resources	D01	10/04/2008	AFRICAN WILDLIFE FOUNDATION			DELEG ZM	578,979	521,081	57,898
41	FED	2008	9-ACP ZA-014-016	193600	En cours	GR/ZAM016/08 - ZWAP	Health and nutrition	D01	21/04/2008	ZAMBIA WORK PLACE AIDS PARTNERSHIP				85,624	68,499	17,125
42	FED	2008	9-ACP ZA-017-024	194810	En cours	SC/ZAM006/08 - SAFIRE	Vulnerable groups	D01	21/04/2008	SOUTHERN ALLIANCE FOR INDIGENOUS RESOURCES LIMITED BY GUARANTEE			DELEG ZM	719,433	647,490	71,943

1	2	2	3	4	5	6	7	9	12	13	14	15	16	17	18	
Nº	Type	Contract Year	CRIS Reference Number	Contract Number	Contract Status	Title	Sector / Thematic Area <sup>(3)</sup>	Sub-Type of Grant Contract	Date Contract Signing	Name Contracted Party	Nationality	Date Final Report	CRIS allocation	Foreseen Amount (EUR)	Paid (EUR)	Balance (EUR)
43	FED	2008	9-ACP ZA-014-013	193599	En cours	MF/ZAM009/008 - CFAO (Z) LTD	Other	D01	22/04/2008	CFAO ZAMBIA LTD			DELEG ZM	110,488	110,488	0
44	FED	2008	9-ACP ZA-014-017	193601	En cours	GR/ZAM012/08 - ZCSMBA	Trade, SMEs and business development	D01	22/04/2008	ZAMBIA CHAMBER OF SMALL AND MEDIUM BUSINESS ASSOCIATION			DELEG ZM	248,573	198,858	49,715
45	FED	2008	9-ACP ZA-014-018	193602	En cours	GR/ZAM013/08 - ZCSMBA	Trade, SMEs and business development	D01	22/04/2008	ZAMBIA CHAMBER OF SMALL AND MEDIUM BUSINESS ASSOCIATION			DELEG ZM	248,134	198,507	49,627
46	FED	2008	9-ACP ZA-014-019	193603	Clôturé	COTTON ASSOCIATION OF ZAMBIA CONTRACT NO SC/ZAM010/08	Agriculture and food security	D01	22/04/2008	COTTON PRODUCERS ASSOCIATION OF ZAMBIA			DELEG ZM	219,935	219,935	0
47	FED	2008	9-ACP ZA-014-022	193606	En cours	ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS GR/ZAM014/08	Governance	D01	22/04/2008	ZAMBIA INSTITUTE OF CERTIFIED ACCOUNTANTS			DELEG ZM	250,000	200,000	50,000
48	FED	2008	9-ACP ZA-017-025	194811	En cours	SC/ZAM007/08 - MICRO BANKERS TRUST	Trade, SMEs and business	D01	22/04/2008	MICRO BANKERS TRUST REGISTERED TRUSTEES			DELEG ZM	656,002	590,402	65,600
49	FED	2008	9-ACP ZA-014-025	193609	En cours	ECONOMICS ASSOCIATION OF ZAMBIA - GR/ZAM017/08	Trade, SMEs and business	D01	23/04/2008	ECONOMICS ASSOCIATION OF ZAMBIA ASSOCIATION			DELEG ZM	108,000	86,400	21,600
50	FED	2008	9-ACP ZA-014-027	193611	Clôturé	GR/ZAM011/08 - ZAMBIA HONEY COUNCIL	Agriculture and food security	D01	23/04/2008	ZAMBIA HONEY COUNCIL ASSOCIATION			DELEG ZM	135,000	135,000	0
51	FED	2008	9-ACP ZA-014-029	193612	Clôturé	GR/ZAM015/08 - TOURISM COUNCIL OF ZAMBIA	Tourism development	D01	24/04/2008	TOURISM COUNCIL OF ZAMBIA ASSOCIATION			DELEG ZM	200,000	200,000	0
52	FED	2008	9-ACP ZA-017-026	194812	Clôturé	GR/ZAM015/08 - TOURISM COUNCIL OF ZAMBIA	Tourism development	D01	24/04/2008	TOURISM COUNCIL OF ZAMBIA ASSOCIATION			DELEG NE	0	0	0
53	IFS-RRM	2008		168413	Clôturé	Support to the 2008 Presidential By Election in Zambia	Governance	D03	19/11/2008	UNITED NATIONS DEVELOPMENT PROGRAMME	Etats-Unis		DELEG ZM	990,987	990,987	0
54	DCI-NSAPVD	2008		171464	En cours	Basic Education Support in Zambia	Education and training	D01	05/12/2008	CENTRO LAICI ITALIANI PER LE MISSIONI ASSOCIAZIONE	Italie		DELEG ZM	766,741	690,067	76,674
55	DCI-NSAPVD	2008		171185	En cours	Increase and improvement of education and vocational training opportunities for the dropouts and the most vulnerable people	Education and training	D01	09/12/2008	CENTRO ORIENTAMENTO EDUCATIVO INSEGNA FONDAZIONE	Italie		DELEG ZM	625,000	562,500	62,500
56	DCI-NSAPVD	2008		171693	En cours	CASE - Civil Society for Advocacy, Sensitisation and Empowerment Programme	Governance	D01	09/12/2008	MELLEMFOLKELIGT SAMIRKES ACTIONAID DENMARK FORENING	Danemark		DELEG ZM	566,868	384,622	182,246
57	DCI-NSAPVD	2008		171584	En cours	Partnerships for Improved Community School Performance	Education and training	D01	11/12/2008	WORLD VISION UK	Royaume-Uni		DELEG ZM	666,391	599,751	66,640
58	DCI-NSAPVD	2008		172574	En cours	Project to enhance LGAZ's contribution to Local Governance Reform	Local / community / rural development	D01	31/12/2008	LOCAL GOVERNMENT ASSOCIATION OF ZAMBIA			DELEG ZM	497,738	306,628	191,110
59	FED	2009		210043	Clôturé	Release of tranche no1 (2008) to the Basket Fund	Water and sanitation	D01	25/06/2009	NATIONAL WATER SUPPLY AND SANITATION COUNCIL			DELEG ZM	1,620,000	1,620,000	0
60	DCI-SUCRE	2009		215744	En cours	Support to the Magobbo Sugar Cane Outgrower's Scheme in Mazabuka District-Zambia	Agriculture and food security	D01	30/09/2009	MAZABUKA SUGAR CANE GROWERS TRUST			DELEG ZM	3,020,000	2,985,000	35,000
61	DCH-FOOD	2009		223863	En cours	Responding to soaring food prices: a step towards sustainable agriculture, income generation and empowerment of small scale farmers.	Agriculture and food security	D01	18/11/2009	CENTRO LAICI ITALIANI PER LE MISSIONI ASSOCIAZIONE	Italie		DELEG ZM	1,073,389	966,050	107,339
62	DCH-FOOD	2009		223797	En cours	Seed Entrepreneurs for Economic Development and Food Security SEEDFS	Trade, SMEs and business development	D01	23/11/2009	SELF HELP AFRICA (UK) LBG	Royaume-Uni		DELEG ZM	1,085,164	958,023	127,141
63	DCH-FOOD	2009		223980	En cours	Integrated Agricultural Development Project 'Educating children and young people in changing climate	Agriculture and food security	D01	23/11/2009	PLAN INTERNATIONAL UK LIMITED BY GUARANTEE	Royaume-Uni		DELEG ZM	1,000,000	886,274	113,726
64	FED	2009		223800	En cours	Enhancing Government's Public Service Delivery and Budget Execution for the Poor	Governance	D01	30/11/2009	CIVIL SOCIETY FOR POVERTY REDUCTION REGISTERED SOCIETY			DELEG AM	250,000	210,000	40,000
65	FED	2009		224423	En cours	EDF Contribution to the Basket Fund managed by DTF	Water and sanitation	D01	15/12/2009	NATIONAL WATER SUPPLY AND SANITATION COUNCIL			DELEG ZM	2,172,258	2,000,000	172,258
66	DCH-FOOD	2009		213361	En cours	Improving Productivity of the Small-Scale Agricultural Sector in Zambia	Agriculture and food security	D01	17/12/2009	ZAMBIA NATIONAL FARMERS UNION REGISTERED SOCIETY	Consortium		DELEG ZM	2,049,444	1,844,500	204,944

1	2	2	3	4	5	6	7	9	12	13	14	15	16	17	18	
N°	Type	Contract Year	CRIS Reference Number	Contract Number	Contract Status	Title	Sector / Thematic Area <sup>(3)</sup>	Sub-Type of Grant Contract	Date Contract Signing	Name Contracted Party	Nationality	Date Final Report	CRIS allocation	Foreseen Amount (EUR)	Paid (EUR)	Balance (EUR)
67	DCI-NSAPVD	2009		225935	En cours	Sustainable economic and social empowerment of vulnerable and marginalised rural communities in Southern Province	Vulnerable groups	D01	18/12/2009	FOLKEKIRKENS NODHJAELP FOND	Danemark		DELEG ZM	712,500	426,554	285,946
68	DCI-NSAPVD	2009		226017	En cours	Strengthening the inclusion and influencing capacity of Civil Society Organisations working with People Living with HIV and AIDS in the Central Province of Zambia	Health and nutrition	D01	22/12/2009	PRACTICAL ACTION	Royaume-Uni		DELEG ZM	562,500	217,928	344,572
69	DCI-NSAPVD	2009		226023	En cours	Empowering civil society to reduce barriers to education for children with disabilities and monitor its delivery	Education and training	D01	22/12/2009	POWER INTERNATIONAL LBG	Royaume-Uni		DELEG ZM	516,580	336,581	179,999
70	DCI-NSAPVD	2009		227851	En cours	Strengthening community schools to be effective providers of education for vulnerable children	Education and training	D01	22/12/2009	CAMFED INTERNATIONAL LBG	Royaume-Uni		DELEG ZM	698,281	421,877	276,405
71	DCI-NSAPVD	2009		224663	En cours	Comprehensive HIV/AIDS prevention, care and treatment: Institutionalised and effective coordination and referral structures in Mansa District	Health and nutrition	D01	23/12/2009	STICHTING PLAN NEDERLAND	Pays-Bas		DELEG ZM	660,000	218,060	441,940
72	DCI-NSAPVD	2009		226647	En cours	Strengthening Community Schools to provide Education and other related services (SCORES)	Education and training	D01	31/12/2009	CARE DEUTSCHLAND-LUXEMBURG EV	Allemagne		DELEG ZM	750,000	192,344	557,656
73	DCI-NSAPVD	2010		226841	En cours	Petauke District Democracy and Good Governance Programme		D01	21/01/2010	REPUBLIC OF ZAMBIA	Zambie		DELEG ZM	372,287	208,670	163,617
74	EIDHR	2010		248410	En cours	Prisons Human Rights & Basic Legal Education Project	Human rights	D01	04/10/2010	PRISONS CARE AND COUNSELLING ASSOCIATION			DELEG ZM	89,053	71,240	17,813
75	EIDHR	2010		248676	En cours	Advancing domestication of the Convention on the Rights of Persons with Disabilities in Zambia	Vulnerable groups	D01	06/10/2010	ZAMBIA FEDERATION OF DISABILITY ORGANISATIONS ASSOCIATION			DELEG ZM	94,994	75,995	18,999
76	FED	2010		255050	En cours	Support to the strengthening of the Justice Sector: Access to Justice	Governance	D01	09/12/2010	DEUTSCHE GESELLSCHAFT FUR INTERNATIONALE ZUSAMMENARBEIT (GIZ) GMBH	Allemagne		DELEG ZM	6,000,000	2,739,383	3,260,617
77	DCI-FOOD	2010		256580	En cours	The Food Security and Nutrition Support Project for Vulnerable Households (FSNV)	Agriculture and food security	D01	21/12/2010	SELF HELP AFRICA (UK) LBG	Royaume-Uni		DELEG ZM	448,613	238,499	210,114
78	DCI-NSAPVD	2010		258452	En cours	Civil Society's Community Based Response to HIV/AIDS prevention for children	Health and nutrition	D01	21/12/2010	RADDA BARNENS RIKSFORBUND IDEELLA FORENINGAR	Suède		DELEG ZM	600,000	395,740	204,260
79	DCI-FOOD	2010		255936	En cours	Strengthening the scaling up and impact of innovative food security approaches for PLWHIV in Zambia	Agriculture and food security	D01	22/12/2010	PRACTICAL ACTION	Royaume-Uni		DELEG ZM	404,575	231,960	172,615
80	DCI-FOOD	2010		256103	En cours	Action on HIV, Nutrition and Food Security in the Copperbelt	Health and nutrition	D01	22/12/2010	OXFAM GB LBG	Royaume-Uni		DELEG ZM	405,000	235,445	169,555
81	DCI-NSAPVD	2010		256225	En cours	Development of a waste collection and disposal action plan for Choma	Water and sanitation	D01	22/12/2010	REPUBLIC OF ZAMBIA	Zambie		DELEG ZM	256,908	120,817	136,091
82	DCI-NSAPVD	2010		256236	En cours	Promoting Democratic Governance and Decentralization at local level	Governance	D01	22/12/2010	REPUBLIC OF ZAMBIA	Zambie		DELEG ZM	346,705	142,956	203,749
83	DCI-FOOD	2010		259189	En cours	Agriculture Diversification and Food Security Project	Agriculture and food security	D01	29/12/2010	MTHUZI DEVELOPMENT FOUNDATION LBG			DELEG ZM	335,977	220,142	115,835
84	DCI-FOOD	2010		256310	En cours	Project for the Reduction of Nutritional Vulnerability (PRUVEN II)	Health and nutrition	D01	30/12/2010	ACTIONAID LBG	Royaume-Uni		DELEG ZM	404,935	244,016	160,919
85	DCI-NSAPVD	2010		257950	En cours	MAKE - Media for Advocacy and Empowerment	Governance	D01	06/02/2011	THE BBC WORLD SERVICE TRUST	Royaume-Uni		DELEG ZM	562,500	334,654	227,846

- Notes:** (1) Based on CRIS database search by EUD Lusaka on 09 December 2011.  
Applied CRIS database search criteria: (1) Contract year between 2001 and 2010; (2) Type of contract = SV, and (3) Beneficiary zone: Zambia
- (2) Eight (8) double entries of contracts in the database have been removed (total value of double entry: 6,686,263.13 Euro)
- (3) Classification of Sectoral / Thematic Areas (by the author for this evaluation): (1) Agriculture / food security; (2) Education and training; (3) Emergency / humanitarian aid; (4) Environment and natural resources; (5) Gender; (6) Governance; (7) Health and nutrition; (8) Human rights; (9) Livelihood, poverty alleviation and IGPs; (10) Local / community / rural development; (11) Multisectoral / integrated development; (12) Trade, SMEs & business development; (13) Tourism development; (14) Vulnerable groups; (15) Water and sanitation; (16) Other
- (4) All contracts are grants. By for the most prominent procurement method for these CSO grants has been the "Open Call for Proposals".



List of Double Entries in CRIS Database (as emerging from the 09 December 2012 database search by EUD)

1	FED	2005	9-ACP ZA-015-001	193826	Ciôturé	CONTRAT ECHO/ZMB/EDF/2005/01001 IOM			29/04/2005	INTERNATIONAL ORGANIZATION FOR MIGRATION					3,500,000	3,500,000	0
2	FOOD	2005		111553	Ciôturé	Food Aid and Food Security Programme for the HBC of Dioceses of Monze		D01	23/12/2005	CENTRO LAICI ITALIANI PER LE MISSIONI ASSOCIAZIONE	Consortium	01/09/2005	DELEG ZM	332,660	332,660	0	
3	ONG-PVD	2005		96491	Ciôturé	Coordinated Response to Sexual and Gender Based Violence (SGBV) in Zambia		D01	08/12/2005	CARE INTERNATIONAL UK LBG	Royaume-Uni	01/02/2007	DELEG ZM	745,199	745,199	0	
4	FOOD	2005		112242	Ciôturé	Improving the food and livelihood security of communities affected by HIV and Aids in Zambia		D01	29/12/2005	PRACTICAL ACTION	Consortium	01/03/2007	DELEG ZM	350,000	350,000	0	
5	FOOD	2005		111739	En cours	VSO Zambia Food Aid and Food Security Programme; Promoting a coordinated response to household well-being through food aid and food		D01	22/12/2005	VOLUNTARY SERVICE OVERSEAS LBG	Consortium	23/12/2006	DELEG ZM	306,777	276,099	30,678	
6	ONG-PVD	2005		96822	Ciôturé	BLOCK GRANT 2004		D01	19/12/2005	SELF HELP AFRICA (UK) LBG	Royaume-Uni	01/01/2007	DELEG ZM	419,760	419,760	0	
7	DCI-FOOD	2010		256655	Annulé	Strengthening the Scaling Up and Impact of Innovative Food Security Approaches for PLWHIV in Zambia		D01		PRACTICAL ACTION	Royaume-Uni		DELEG ZM	404,575	0	404,575	
11	ONG-PVD	2005		95456	En cours	PROJECT FOR THE REDUCTION OF POVERTY (PROP) EASTERN PROVINCE, ZAMBIA		D01	19/12/2005	SELF HELP AFRICA (UK) LBG	Royaume-Uni	01/01/2007	DELEG ZM	627,292	613,347	13,945	
														Total	6,686,263		

**EC-JEU Country Level Evaluation Zambia (2011)**  
**Analysis of EU Support to Civil Society Organisations in Zambia in the Period 2001 - 2010**

**Table CS-2 : List of Cancelled EU Grant Contracts with Civil Society Organisations in Zambia in the Period 2001 - 2010, by Year <sup>(1) (2)</sup>**

V.2 - 10 Jan 2011

1	2	2	3	4	5	6	7	9	12	13	14	15	16	17	18	
N°	Type	Contract Year	CRIS Reference Number	Contract Number	Contract Status	Title	Sector / Thematic Area <sup>(2)</sup>	Sub-Type of Grant Contract	Date Contract Signing	Name Contracted Party	Nationality	Date Final Report	CRIS allocation	Foreseen Amount (EUR)	Paid (EUR)	Balance (EUR)
1	ONG-PVD	2001	PVD/2001/104	13621	Annulé	AIDE A L' ENFANCE EN DETRESSE EN ZAMBIE-RENFORCEMENT DUCHILDREN IN NEED NETWORK	Vulnerable groups			GROUPE DEVELOPEMENT ASSOCIATION	Consortium	25/07/2001		355,781	0	355,781
2	ONG-PVD	2001	PVD/2001/126	13632	Annulé	CAPACITY BUILDING THROUGH ACTIVITY CENTRES, ZAMBIA	Education and training			HILFSWERK AUSTRIA INTERNATIONAL - OSTERREICHISCHES VOLKSWIRTSCHAFTS	Autriche	26/07/2001		296,652	0	296,652
3	ONG-PVD	2001	PVD/2001/247	13710	Annulé	COMMERCIAL SKILLS FOR SMALL SCALE AGRICULTURAL DEVELOPMENT- ZAMBIA	Trade, SMEs and business			VOLUNTARY SERVICE OVERSEAS LBG	Consortium	18/07/2001		24,916	0	24,916
4	ONG-PVD	2002		20791	Annulé	Sioma Rural Health Project, Zambia	Health and nutrition	NP		CHRISTIAN OUTREACH	Royaume-Uni		EX_AIDCO F	156,750	0	156,750
5	DDH	2002		31148	Annulé	Economic and Legal Justifications for the Abolition of the Death Penalty in Zambia	Human rights	NP		INSTITUTE FOR SOUTHERN AFRICA DEVELOPMENT	Zambie		EX_AIDCO F	461,927	0	461,927
6	DDH	2002		34414	Annulé	Democracy and Human Rights, Combating Racism & Xenophobia and Discrimination Against Ethnic Minorities and Indigenous people.	Human rights			THE DEMOCRATIC GOVERNANCE ASSOCIATION OF ZAMBIA	Zambie		EX_AIDCO F	628,189	0	628,189
7	DDH	2002		34480	Annulé	Society Against Death and Torture (SADAT) is a project proposal to study and investigate the death penalty in Zambia	Human rights			SOCIETY AGAINST DEATH AND TORTURE SADAT	Zambie		EX_AIDCO F	1,182,720	0	1,182,720
8	DDH	2002		35417	Annulé	Torture Prevention and Rehabilitation of Victims	Human rights			ZAMBIA WELFARE ORGANISATION	Zambie		EX_AIDCO F	276,788	0	276,788
9	SANTE	2002		37169	Annulé	VOLUNTARY COUNSELLING AND TESTING FOR ORPHANED AND VULNERABLE CHILDREN, ZAMBIA	Vulnerable groups			CHILDREN IN DISTRESS- KITWE PROJECT FAMILY HEALTH TRUST	Zambie		DELEG ML	1	0	1
10	SANTE	2002		48115	Annulé	YOUTH HIV/AIDS BEHAVIOUR CHANGE COMMUNICATION THROUGH THEATRE FOR COMMUNITY ACTION (TCA), OPERATIONS RESEARCH, ENTER-EDUCATE MUSICAL PROJECT, CAPACITY BUILDING TRAINING, YOUTH POVERTY REDUCTION INCOME GENERATING ACTIVITIES	Health and nutrition			YOUTH CULTURAL PROMOTION ASSOCIATION	Consortium		DEVCO D 04	1	0	1
11	CDC	2002		48697	Annulé	Pre-election activity: Students voting Zambia activity	Governance			VOTERS ASSOCIATION OF ZAMBIA	Zambie		EX_AIDCO F	800,000	0	800,000
12	CDC	2002		48706	Annulé	Rural empowerment project	Local / community / rural development			FRIENDS OF THE ENVIRONMENT AND ITS CONSERVATION - FOTEC	Zambie		EX_AIDCO F	713,295	0	713,295
13	CDC	2003		55484	Annulé	Agricultural knowledge sharing between the public and private sector to reduce poverty among the members of 30 Zambian NGOs belonging to the PELUM-Zambia network	Agriculture and food security			STICHTING AGROMISA (AGROMISA FOUNDATION)	Pays-Bas		EX_AIDCO F	674,087	0	674,087
14	CDC	2003		55494	Annulé	Holding Community Sensitization workshops	Vulnerable groups			ZAMBIA NATIONAL ASSOCIATION OF THE PHYSICALLY HANDICAPPED	Zambie		EX_AIDCO F	0	0	0
15	CDC	2003		55681	Annulé	Street vendor kantemba community market Kalutushi District, Zambia	Livelihood, poverty alleviation and IGPs			TUNTEMBA ASSOCIATION OF ZAMBIA	Zambie		EX_AIDCO F	951,595	0	951,595
16	CDC	2003		55683	Annulé	Capacity building short courses on tools and skills for understanding and promoting sustainable development through experiential learning	Environment and natural resources			LEADERSHIP FOR ENVIRONMENT AND DEVELOPMENT (LEAD) SOUTHERN AFRICA	Zambie		EX_AIDCO F	177,063	0	177,063

1	2	2	3	4	5	6	7	9	12	13	14	15	16	17	18	
N°	Type	Contract Year	CRIS Reference Number	Contract Number	Contract Status	Title	Sector / Thematic Area <sup>(2)</sup>	Sub-Type of Grant Contract	Date Contract Signing	Name Contracted Party	Nationality	Date Final Report	CRIS allocation	Foreseen Amount (EUR)	Paid (EUR)	Balance (EUR)
17	CDC	2003		55747	Annulé	CINDI - Kitwe Project	Vulnerable groups			CHILDREN IN DISTRESS - KITWE PROJECT	Zambie		EX_AIDCO F	670,442	0	670,442
18	CDC	2003		55792	Annulé	Making democracy delivered by respecting human rights and freedoms	Governance			RESCUE INTERNATIONAL FOR HUMAN RIGHTS & FREEDOMS	Zambie		EX_AIDCO F	863,097	0	863,097
19	CDC	2003		55904	Annulé	Decentralised Cooperation	Local / community / rural development			THE DEMOCRATIC GOVERNANCE ASSOCIATION OF ZAMBIA	Zambie		EX_AIDCO F	989,180	0	989,180
20	ONG-PVD	2003		65102	Annulé	INTEGRATED AIDS PROGRAMME (IAP) PHASE IV OF THE CATHOLIC DIOCESE OF NDOLA ZAMBIA	Health and nutrition			STICHTING CORDAID	Pays-Bas		EX_AIDCO F	750,000	0	750,000
21	ONG-PVD	2003		65281	Annulé	AGRICULTURAL TRAINING AND RURAL DEVELOPMENT PROGRAMS FOR SMALL FARMING IN THE REGION LUFUBU - LUAPULA PROVINCE - ZAMBIA	Agriculture and food security			JUGEND DRITTE WELT FREUNDE UND FORDERER DER MISSIONSPROKUR DER SALISANER DON BOSCO IN BONN EV	Allemagne		EX_AIDCO F	450,195	0	450,195
22	GENRE	2004		79580	Annulé	Capacity-building, training and advocacy campaigns for women in politics	Gender			ANTI-VOTER APATHY PROJECT	Zambie		DELEG ET	844,106	0	844,106
23	GENRE	2004		79705	Annulé	Advocacy, Lobbying and Capacity Building of Women for Increased Women's Participation and Representation in Political Decision Making in Zambia	Gender			ZAMBIA NATIONAL WOMEN'S LOBBY	Zambie		DEVCO D 01	547,259	0	547,259
24	GENRE	2004		79745	Annulé	Young Women's Participation in Political Leadership.	Gender			OPERATION YOUNG VOTE	Zambie		EX_AIDCO F	640,750	0	640,750
25	GENRE	2004		79778	Annulé	Integrating of gender issues in development cooperation	Gender			CHILUBI DEVELOPMENT TRUST	Zambie		DELEG ET	599,717	0	599,717
26	GENRE	2004		79985	Annulé	Fostering Gender Equity in Education.	Gender			FORUM FOR AFRICAN WOMEN EDUCATIONALISTS IN ZAMBIA	Zambie		EX_AIDCO F	650,000	0	650,000
27	SANTE	2004		80449	Annulé	HIV/AIDS : challenges for women and sexual and reproductive rights and the right to life	Health and nutrition			WOMEN AND LAW IN SOUTHERN AFRICA RESEARCH AND EDUCATIONAL TRUST ZAMBIA	Zambie		DEVCO D 01	900,000	0	900,000
28	ENV	2004		80704	Annulé	Sustainable Forest and Biodiversity Management in the Luangwa River Basin of Zambia	Environment and natural resources			UNITED NATIONS FOOD AND AGRICULTURE ORGANISATION - ZAMBIA	Zambie		DEVCO D 01	2,300,347	0	2,300,347
29	ENV	2004		80732	Annulé	Agroforestry/Farm Forestry project for Development and Poverty Reduction	Environment and natural resources			JESUS CARES MINISTRIES	Zambie		DEVCO D 01	1,374,114	0	1,374,114
30	ENV	2004		81562	Annulé	Support to national forest and land resources assessments in eight countries	Environment and natural resources			THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS	Italie			3,500,000	0	3,500,000
31	ENV	2004		81696	Annulé	Sustainable Forest Management	Environment and natural resources			KEEPERS-ZAMBIA FOUNDATION	Zambie		EX_AIDCO F	1,200,000	0	1,200,000
32	ENV	2004		81847	Annulé	Community Based Forest Management Project	Environment and natural resources			AFRICARE	Zambie		EX_AIDCO F	3,500,000	0	3,500,000
33	FOOD	2004		84561	Annulé	Integrated agriculture-aquaculture project	Agriculture and food security			MUTANDA CENTRE	Zambie		DELEG BJ	1,670,622	0	1,670,622
34	DDH	2004		89553	Annulé	ELECTORAL REFORMS ADVOCACY AND HUMAN RIGHTS EDUCATION	Governance			FOUNDATION FOR DEMOCRATIC PROCESS	Afrique du Sud		EX_AIDCO 04	286,400	0	286,400
35	DDH	2004		90064	Annulé	Community Home Based Care	Health and nutrition			DIOCESE OF CHIPATA	Zambie		EX_AIDCO 04	0	0	0
36	SANTE	2005		100344	Annulé	Promoting a coordinated multi level and multi faceted approach to sexual and reproductive health rights and services for women and youth in Zambia	Health and nutrition	D01		VOLUNTARY SERVICE OVERSEAS LBG	Consortium		DELEG ER	1,890,000	0	1,890,000
37	FOOD	2007		146570	Annulé	Food Security Initiative for Vulnerable Households (FSI) in Kabompo and Mwinilunga districts of North Western Province	Agriculture and food security	D01		KEEPERS ZAMBIA FOUNDATION HEADQUARTERS			DELEG ET	638,794	0	638,794
38	DCI-NSAPVD	2008		171596	Annulé	Project to enhance LGAZ's contribution to Local Governance Reform	Governance	D01	09/12/2008	LOCAL GOVERNMENT ASSOCIATION OF ZAMBIA			DELEG ZM	0	0	0

1	2	2	3	4	5	6	7	9	12	13	14	15	16	17	18	
N°	Type	Contract Year	CRIS Reference Number	Contract Number	Contract Status	Title	Sector / Thematic Area <sup>(2)</sup>	Sub-Type of Grant Contract	Date Contract Signing	Name Contracted Party	Nationality	Date Final Report	CRIS allocation	Foreseen Amount (EUR)	Paid (EUR)	Balance (EUR)
39	EIDHR	2008		171688	Annulé	Support to the 60th Anniversary of the Human Rights Declaration	Human rights	D02		UNITED NATIONS DEVELOPMENT PROGRAMME	Etats-Unis		DELEG ZM	3,000	0	3,000
40	DCI-FOOD	2009		213925	Annulé	Seed Entrepreneurship for Economic Development and Food Security (SEEDFS)		D01		SELF HELP AFRICA (UK) LBG	Consortium		DEVCO C 07	1,085,670	0	1,085,670
41	DCI-FOOD	2009		228539	Annulé	Consolidation of the Farmers register	Governance	D02		THE FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS	Italie		DELEG ZM	153,000	0	153,000
42	FED	2010		245218	Annulé	ECHO/ZMB/EDF/2009/01004	Emergency / humanitarian aid	D04		INTERNATIONAL ORGANIZATION FOR MIGRATION	Suisse		ECHO	841,827	0	841,827
43	DCI-NSAPVD	2010		256305	Annulé	Lundazi Decentralization and Good Governance Plan	Governance	D01		REPUBLIC OF ZAMBIA	Zambie		DELEG ZM	366,953	0	366,953
44	DCI-FOOD	2010		256407	Annulé	Strengthening the scaling up and impact of innovative food security approaches for PLWHIV in Zambia	Agriculture and food security	D01		PRACTICAL ACTION	Royaume-Uni		DELEG ZM	404,575	0	404,575
<b>TOTALS</b>						<b>44</b>								<b>#REF!</b>	<b>0</b>	<b>33,819,813</b>

- Notes:** (1) Based on CRIS database search by EUD Lusaka on 09 December 2011.  
Applied CRIS database search criteria: (1) Contract year between 2001 and 2010; (2) Type of contract = SV, and (3) Beneficiary zone: Zambia
- (2) Eight (8) double entries of contracts in the database have been removed (total value of double entry: 6,686,263.13 Euro)
- (3) Classification of Sectoral / Thematic Areas (by the author for this evaluation): (1) Agriculture / food security; (2) Education and training; (3) Emergency / humanitarian aid; (4) Environment and natural resources; (5) Gender; (6) Governance; (7) Health and nutrition; (8) Human rights; (9) Livelihood, poverty alleviation and IGPs; (10) Local / community / rural development; (11) Multisectoral / integrated development; (12) Trade, SMEs & business development; (13) Tourism development; (14) Vulnerable groups; (15) Water and sanitation; (16) Other

**EC-JEU Country Level Evaluation Zambia (2011)**  
**Analysis of EU Support to Civil Society Organisations in Zambia in the Period 2001 - 2010**

**Table CS-4 : Summary Table of Annual EU Grant Contract Totals with Civil Society Organisations in Zambia  
in the Period 2001 - 2010, by Financial Year <sup>(1) (2) (3)</sup>**

V.2 - 10 Jan 2011

1	2	3	4	5	6	7	8	9	10	11	12	13
Year	Number of CSO Grant Contracts Awarded		Foreseen Grant Contract Amount					Paid (EUR)			Contracts Closed / Completed	
	Number	In % of 10-Year Total	Total in Euro	In % of 10-Year Total	Average of Contracts	Smallest Contract	Largest Contract	Total in Euro	In % of Year Approved	In % of 10-Year Total	Number	In % of Year Approved
2001	2	2.4%	1,790,372	2.7%	895,186	790,372	1,000,000	1,790,372	100.0%	3.2%	2	100.0%
2002	0	0.0%	0	0.0%	0	0	0	0	0.0%	0.0%	0	-
2003	2	2.4%	1,280,717	1.9%	640,359	530,717	750,000	1,280,717	100.0%	2.3%	2	100.0%
2004	3	3.5%	3,020,114	4.5%	1,006,705	417,780	2,000,000	3,020,114	100.0%	5.4%	3	100.0%
2005	8	9.4%	6,281,688	9.4%	785,211	306,777	3,500,000	6,237,065	99.3%	11.3%	5	62.5%
2006	13	15.3%	14,017,063	20.9%	1,078,236	171,847	4,953,975	12,342,309	88.1%	22.3%	6	46.2%
2007	7	8.2%	3,837,327	5.7%	548,190	24,953	750,000	3,469,879	90.4%	6.3%	1	14.3%
2008	23	27.1%	10,419,340	15.5%	453,015	85,624	990,987	8,742,674	83.9%	15.8%	5	21.7%
2009	14	16.5%	16,170,116	24.1%	1,155,008	250,000	3,020,000	13,283,191	82.1%	24.0%	1	7.1%
2010	13	15.3%	10,321,546	15.4%	793,965	89,053	6,000,000	5,259,517	51.0%	9.5%	0	0.0%
<b>2001-2010</b>	<b>85</b>	<b>100.0%</b>	<b>67,138,283</b>	<b>100.0%</b>	<b>789,862</b>	<b>24,953</b>	<b>6,000,000</b>	<b>55,425,838</b>	<b>82.6%</b>	<b>100.0%</b>	<b>25</b>	<b>29.4%</b>

Notes: (1) Based on CRIS database search by EUD Lusaka on 09 December 2011.

Applied CRIS database search criteria: (1) Contract year between 2001 and 2010; (2) Type of contract = SV, and (3) Beneficiary zone: Zambia

(2) Eight (8) double entries of contracts in the database have been removed (total value of double entry: 6,686,263.13 Euro)

(3) All contracts are grants. By for the most prominent procurement method for these CSO grants has been the "Open Call for Proposals".

**EC-JEU Country Level Evaluation Zambia (2011)**  
**Analysis of EU Support to Civil Society Organisations in Zambia in the Period 2001 - 2010**

**Table CS-5 : Summary Table of Cancelled EU Grant Contract Totals with Civil Society Organisations  
 in Zambia in the Period 2001 - 2010, by Year <sup>(1) (2)</sup>**

V.2 - 10 Jan 2011

1 Year	3 CSO Grant Contracts Approved		5 CSO Grant Contracts Actually Awarded		7 Cancelled CSO Grant Contracts		9 Cancelled in % of Total Approved (in CRIS database)	
	2 Number Projects	3 Approved Value in Euro	4 Number Projects	5 Awarded Value in Euro	6 Number Projects	7 Cancelled Value in Euro	8 In % of Approved Number of Contracts	9 In % of Approved Contract Value
2001	5	2,467,721 €	2	1,790,372 €	3	677,349 €	60.0%	27.4%
2002	9	4,219,671 €	0	0 €	9	4,219,671 €	100.0%	100.0%
2003	11	6,806,376 €	2	1,280,717 €	9	5,525,659 €	81.8%	81.2%
2004	17	21,033,429 €	3	3,020,114 €	14	18,013,315 €	82.4%	85.6%
2005	9	8,171,688 €	8	6,281,688 €	1	1,890,000 €	11.1%	23.1%
2006	13	14,017,063 €	13	14,017,063 €	0	0 €	0.0%	0.0%
2007	8	4,476,121 €	7	3,837,327 €	1	638,794 €	12.5%	14.3%
2008	25	10,422,340 €	23	10,419,340 €	2	3,000 €	8.0%	0.0%
2009	16	18,692,374 €	14	16,170,116 €	2	2,522,258 €	12.5%	13.5%
2010	16	11,934,902 €	13	10,321,546 €	3	1,613,355 €	18.8%	13.5%
<b>Total</b>	<b>129</b>	<b>102,241,685 €</b>	<b>85</b>	<b>67,138,283 €</b>	<b>44</b>	<b>35,103,401 €</b>	<b>34.1%</b>	<b>34.3%</b>

Notes: (1) Based on CRIS database search by EUD Lusaka on 09 December 2011. Applied CRIS database search criteria: (1) Contract year between 2001 and 2010; (2) Type of contract = SV, and (3) Beneficiary zone: Zambia

(2) Eight (8) double entries of contracts in the database have been removed (total value of double entry: 6,686,263.13 Euro)

**Table CS-6 : Summary Table of EU Grant Contract Totals with Civil Society Organisations in Zambia  
 in the Period 2001 - 2010, by EU Source of Funding <sup>(1) (2) (3)</sup>**

V.2 - 10 Jan 2011

1		2		3		4		5		6		7		8		9	
EU Source of Funding <sup>(3)</sup> (since Jan. 2007: Development Co-operation Instrument)		Number of CSO Grant Contracts Awarded		Total Foreseen Grant Contracts Amount													
Main Source	Areas / Fields	Number	In % of 10- Year Total	Total Foreseen in Euro	In % of 10- Year Total	Average of Contracts	Smallest Contract	Largest Contract									
<b>European Development Fund</b>	EDF (FED) for ACP Countries	28	33.3%	24,224,894	36.1%	865,175	24,953	6,000,000									
<b>Thematic Programmes</b>	Democracy and Human Rights (EIDHR and DDH)	3	3.6%	2,481,175	3.7%	827,058	89,053	2,297,128									
	Environment and Natural Resources (ENRTP)	1	1.2%	687,626	1.0%	687,626	687,626	687,626									
	Food security	18	21.4%	12,043,827	17.9%	669,101	306,777	2,049,444									
	Health	1	1.2%	4,953,975	7.4%	4,953,975	4,953,975	4,953,975									
	Instrument for Stability (IFS-RRM)	1	1.2%	990,987	1.5%	990,987	990,987	990,987									
	Migration and asylum	0	0.0%	0	0.0%	-	-	-									
	Non-State Actors and Local Government	31	36.9%	18,735,800	27.9%	604,381	227,047	1,000,000									
	Other	0	0.0%	0	0.0%	-	-	-									
	<b>Sub-total Thematic</b>		<b>55</b>	<b>65.5%</b>	<b>39,893,389</b>	<b>59.4%</b>	<b>1,455,521</b>	<b>89,053</b>	<b>4,953,975</b>								
<b>Sugar Protocol</b>	Accompanying measures for 18 ACP Countries	1	1.2%	3,020,000	4.5%	3,020,000	3,020,000	3,020,000									
<b>Other</b>	Other	0	0.0%	0	0.0%	-	-	-									
<b>Totals 2001-2010</b>		<b>84</b>	<b>100.0%</b>	<b>67,138,283</b>	<b>100.0%</b>	<b>799,265</b>	<b>24,953</b>	<b>6,000,000</b>									

Notes: (1) Based on CRIS database search by EUD Lusaka on 09 December 2011.  
 Applied CRIS database search criteria: (1) Contract year between 2001 and 2010; (2) Type of contract = SV, and (3) Beneficiary zone: Zambia

(2) Eight (8) double entries of contracts in the database have been removed (total value of double entry: 6,686,263.13 Euro)

(3) Used Classification: EuropeAid Classification of Sources of Funding related to the Development Cooperation Instrument (since 2007). The same (thematic) classification is applied to grants allocated before 2007 - See: [http://ec.europa.eu/europeaid/how/finance/dci\\_en.htm](http://ec.europa.eu/europeaid/how/finance/dci_en.htm)

**Table CS-7 : Summary Table of EU Grant Contract Totals with Civil Society Organisations in Zambia  
in the Period 2001 - 2010, by Sector / Thematic Area <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup>**

V.2 - 10 Jan 2011

Sector / Thematic Area <sup>(3)</sup>	Number of CSO Grant Contracts Awarded		Total Foreseen Grant Contracts Amount				
	Number	In % of 10-Year Total	Total Foreseen in Euro	In % of 10-Year Total	Average of Contracts	Smallest Contract	Largest Contract
Agriculture and food security	17	20.7%	12,944,176	19.3%	761,422	135,000	3,020,000
Education and training	6	7.3%	4,022,993	6.0%	670,499	516,580	766,741
Emergency / humanitarian aid	5	6.1%	7,452,068	11.1%	1,490,414	171,847	3,500,000
Environment and natural resources	2	2.4%	1,266,605	1.9%	633,303	578,979	687,626
Gender	1	1.2%	745,199	1.1%	745,199	745,199	745,199
Governance	9	11.0%	9,739,347	14.5%	1,082,150	250,000	6,000,000
Health (incl. HIV/AIDS) and nutrition	12	14.6%	12,026,550	17.9%	1,002,212	85,624	4,953,975
Human rights	1	1.2%	89,053	0.1%	89,053	89,053	89,053
Livelihood, poverty alleviation and IGPs	6	7.3%	3,424,490	5.1%	570,748	419,760	744,325
Local / community / rural development	3	3.7%	1,852,238	2.8%	617,413	497,738	750,000
Multisectoral / integrated development	0	0.0%	0	0.0%	0	0	0
Trade, SMEs and business development	5	6.1%	2,345,873	3.5%	469,175	108,000	1,085,164
Tourism development	2	2.4%	200,000	0.3%	200,000	200,000	200,000
Vulnerable groups	3	3.7%	1,526,927	2.3%	508,976	75,995	285,946
Water and sanitation	5	6.1%	5,799,166	8.6%	1,159,833	256,908	2,172,258
Other	5	6.1%	3,703,599	5.5%	740,720	24,953	2,297,128
<b>Totals 2001-2010</b>	<b>82</b>	<b>100.0%</b>	<b>67,138,283</b>	<b>100.0%</b>	<b>818,760</b>	<b>24,953</b>	<b>6,000,000</b>

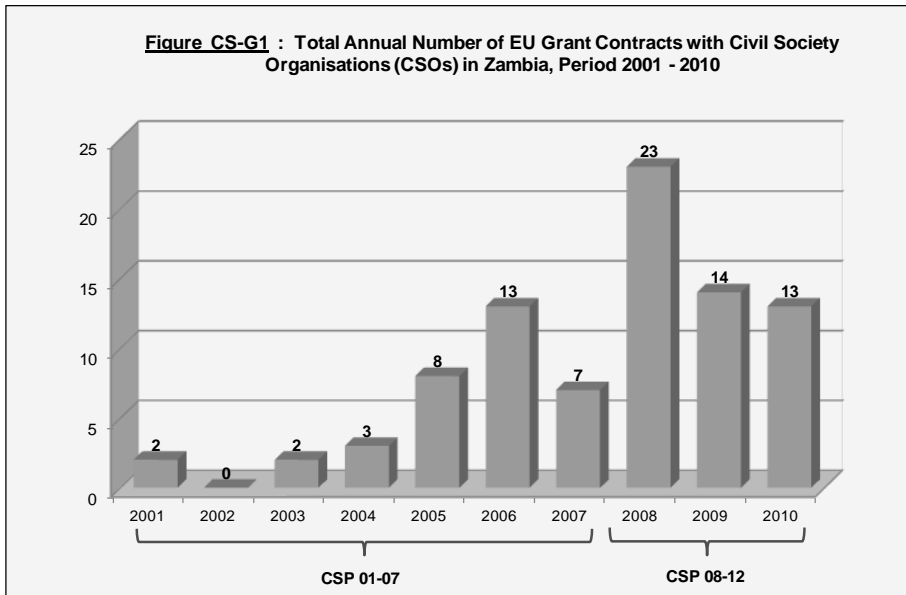
Notes: (1) Based on CRIS database search by EUD Lusaka on 09 December 2011.

Applied CRIS database search criteria: (1) Contract year between 2001 and 2010; (2) Type of contract = SV, and (3) Beneficiary zone: Zambia

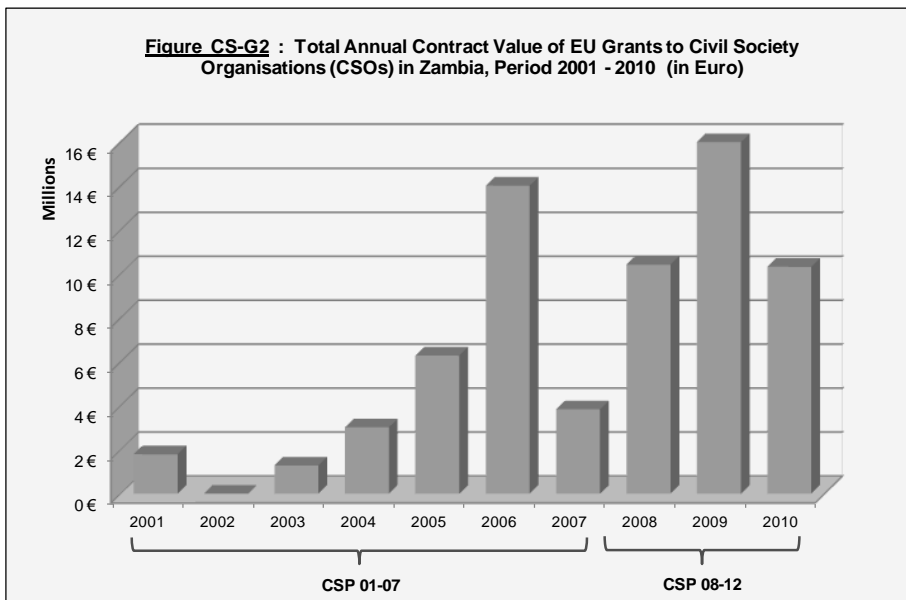
(2) Eight (8) double entries of contracts in the database have been removed (total value of double entry: 6,686,263.13 Euro)

(3) Classification of Sectoral / Thematic Areas (by the author for this evaluation) - in alphabetic order: (1) Agriculture / food security; (2) Education and training; (3) Emergency / humanitarian aid; (4) Environment and natural resources; (5) Gender; (6) Governance; (7) Health and nutrition; (8) Human rights; (9) Livelihood, poverty alleviation and IGPs; (10) Local / community / rural development; (11) Multisectoral / integrated development; (12) Trade, SMEs & business development; (13) Tourism development; (14) Vulnerable groups; (15) Water and sanitation; (16) Other

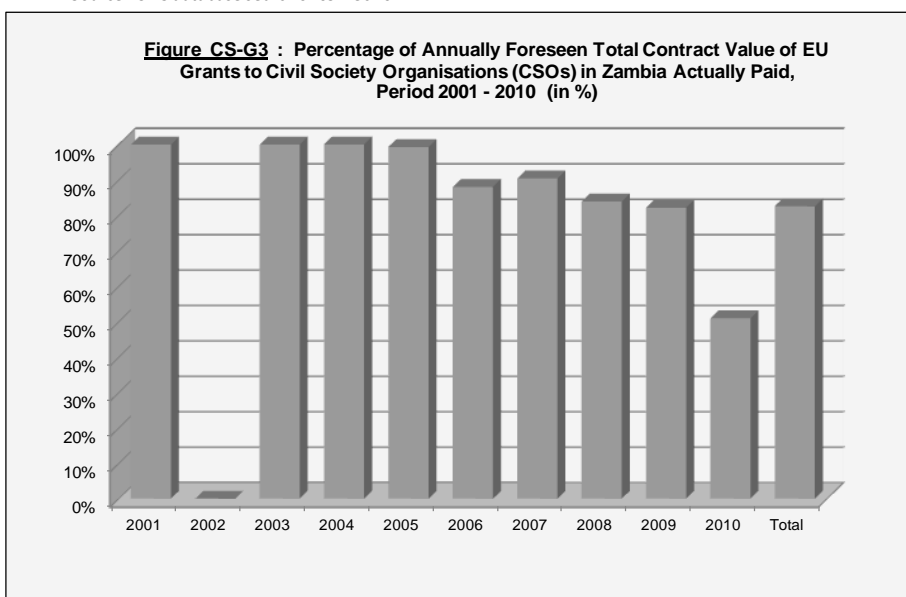




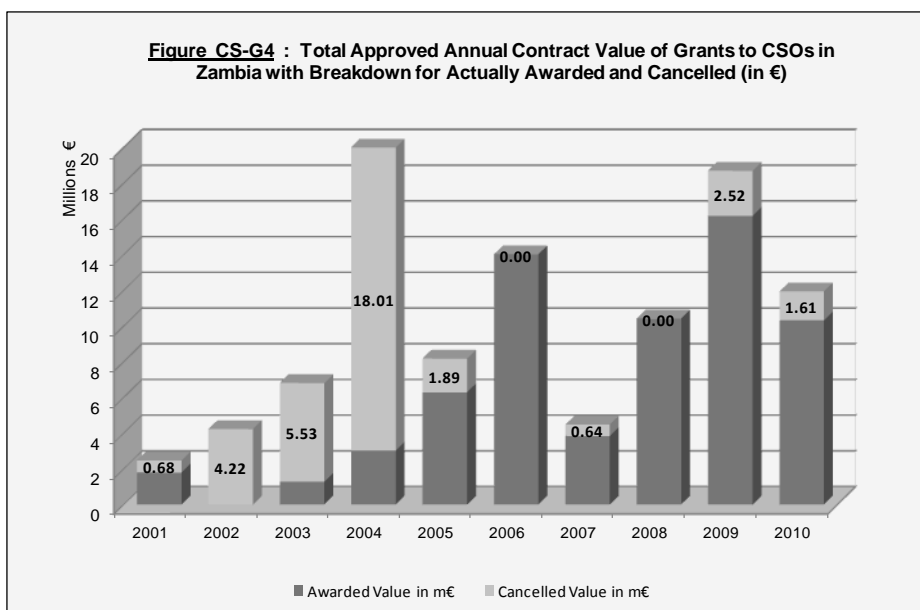
Source: CRIS database search of 09 Dec 2011.



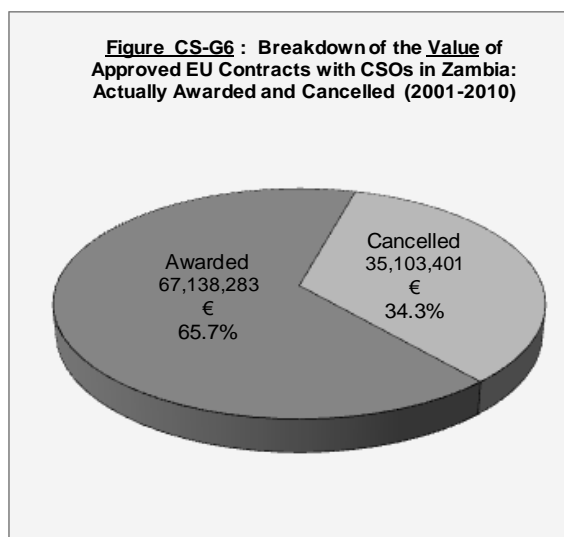
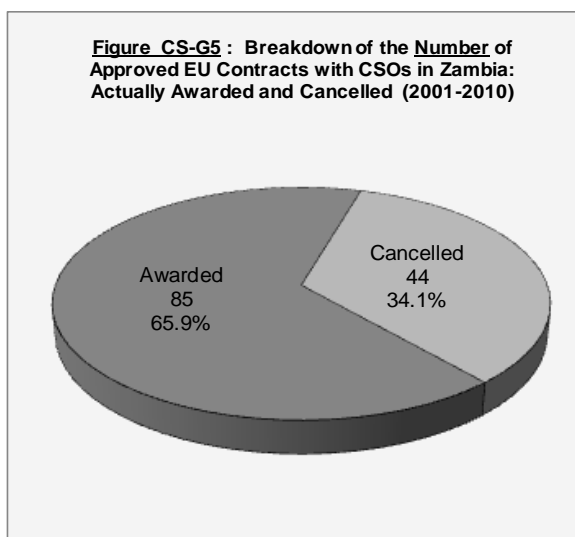
Source: CRIS database search of 09 Dec 2011.



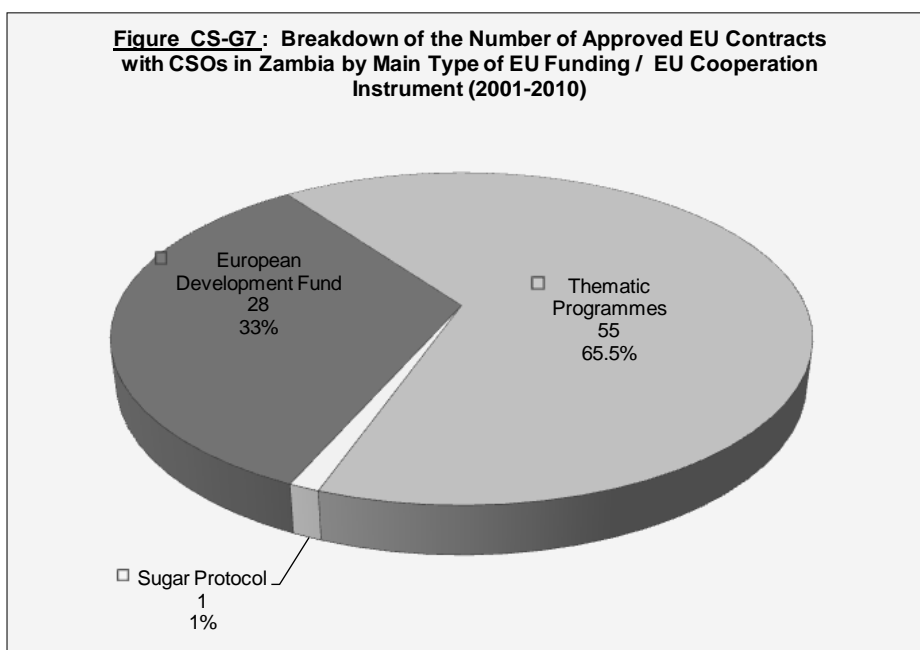
Source: CRIS database search of 09 Dec 2011.



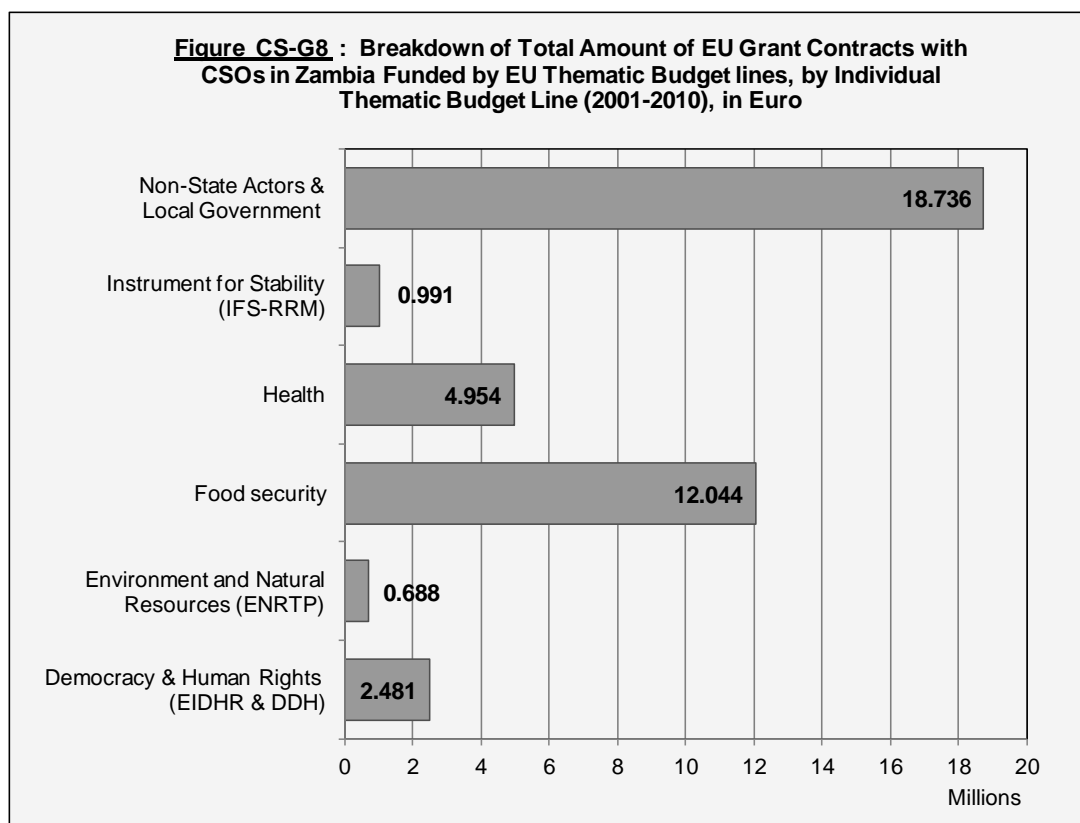
Source: CRIS database search of 09 Dec 2011.



Source: CRIS database search of 09 Dec 2011.

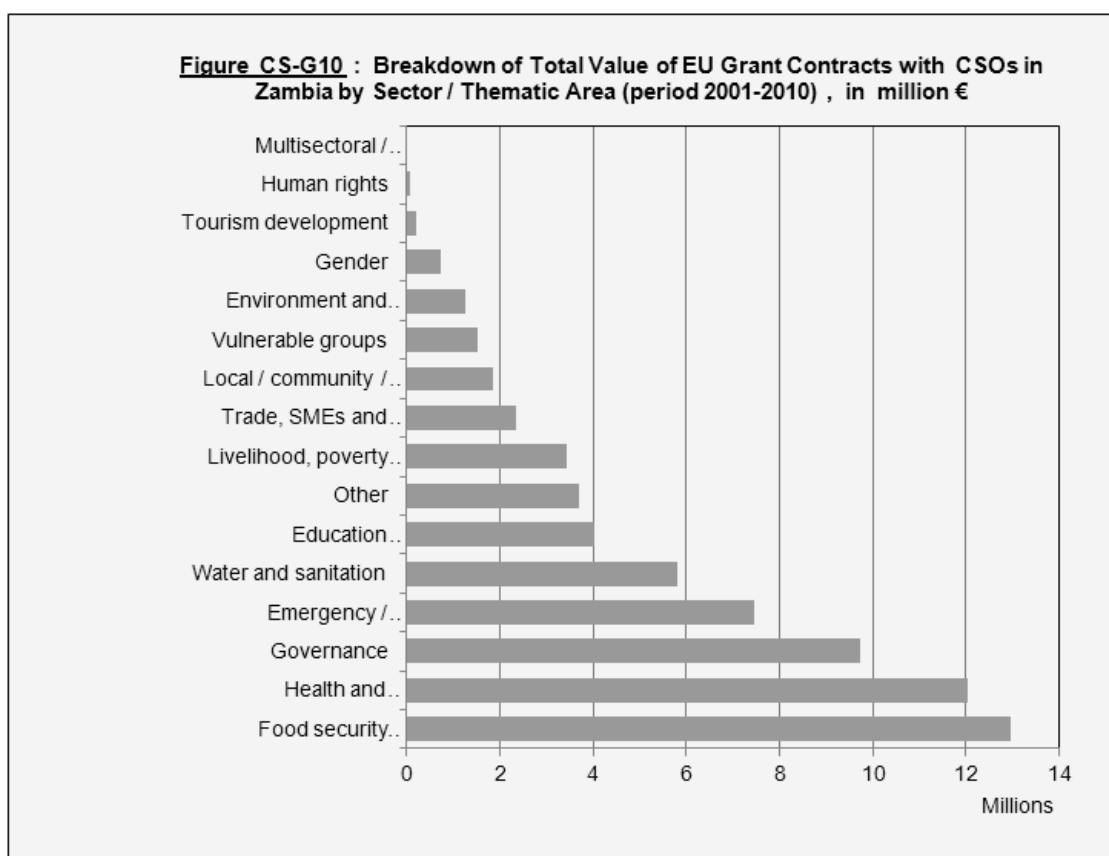


Source: CRIS database search of 09 Dec 2011.



Source: CRIS database search of 09 Dec 2011.

GS-G9 see above



Source: CRIS database search of 09 Dec 2011.

## **EQ7: To what extent have EU interventions contributed to promote smallholder agricultural growth and food security?**

*JC 7.1: Access of smallholders to agricultural inputs improved in pilot provinces*

*JC 7.2: Production and productivity increased in pilot province and overall*

*JC 7.3: Value chain/value addition was developed*

*JC 7.4: Food security increased in rural districts, and particularly in districts supported by EU Food Facility*

*JC 7.5: The improvement of urban markets infrastructure supported smallholder's production*

*JC 7.6: The food security policy and programming framework has improved*

### **JC 7.1: Access of smallholders to agricultural inputs improved in pilot provinces**

- **Indicator 7.1.1: % of land area/agricultural households where there is legally recognised land tenure**

Land ownership in Zambia has a direct influence on agricultural production and food security. The current land tenure system is not supportive of the emerging trends in the organisation of agricultural production. Zambia has a dual land tenure system where about 4 per cent of the land is state owned with the rest under a customary system. In the early 2000s, the leasehold tenure represented some 96 per cent of the land owned under the traditional hold. Commercial farms in Zambia are mainly located on state land, which incorporates the land with the best potential. Since 2005, foreign direct investments, mainly from Zimbabwe, are creating new estates in the central part of the country.

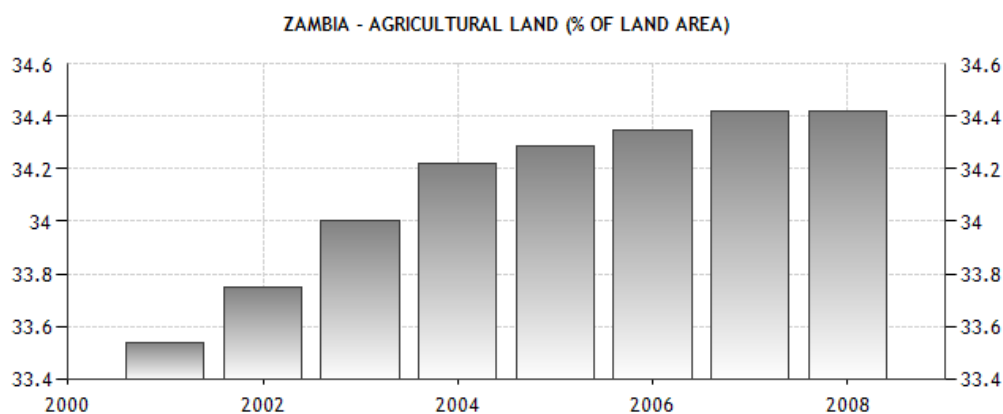
Traditional land is collectively owned by local communities and as such ownership of traditional land grants usufruct rights, but does not guarantee long-term tenure and thereby security and value are not assured. The small farms occupy mainly land held under traditional tenure systems, managed by local traditional authorities (chiefs and headmen). The 1995 Land Act attempted to address this issue by making it possible to acquire title deeds to traditional land. However, since the Act allows the President to alienate customary land to leasehold following consultation with the local chief, insecurity related to land alienation through state intervention remains high- once land is converted to state land, it cannot revert to the original status even if the title deed is cancelled. One of the objectives of the National Agricultural Policy (NAP) is to open up farm blocks through negotiation with traditional authorities so that these may cede some of their land for commercial purposes. However, in practical terms this process has been slow and cumbersome.

Even the land under the traditional land tenure system needs to be legally owned by rural farming households. This will empower more people (especially women) to own land permanently instead of most of the land being controlled by the traditional leadership who are sometimes manipulated to give out such land to rich settlers at the expense of agricultural farmers that would use the land for improving their household food security and nutrition. The lack of title deeds for most farmers denies access to soft loans with the banking system.

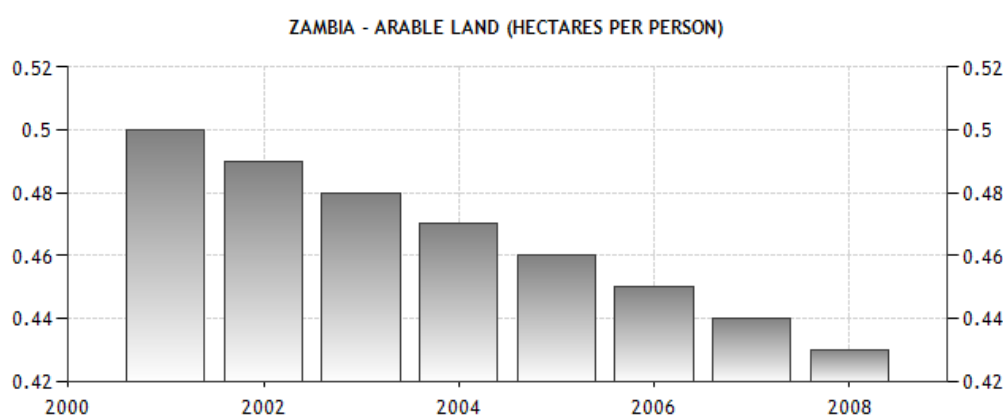
Little empirical information is available on tenure security on either State Land or Customary Land in Zambia. The leasehold system itself can be a source of insecurity, because chiefs consent to outsiders being granted leases, transgressing the rights of local rights' holders, perhaps denying the right of parents to bequeath land to their offspring. At the same time, the prevailing sporadic tenure upgrading or titling system is susceptible to land grabbing, dispossessing the poor and vulnerable members of the community. When applications for land ownership (to acquire Title Deeds) were made according to the formal procedures, they resulted in several years delay. Furthermore, the process usually became overtaken by graft and corruption and the integrity of the system was undermined. This resulted in statutory title being less secure than unrecorded customary grants.

The EU support in the agriculture sector did not encompass specifically the land tenure issue, which has a strong political sensitivity in Zambia.

Data, charts, tables:



Source: TradingEconomics.com



Source: TradingEconomics.com

Extracts:

*“Little empirical information is available on tenure security on either State Land or Customary Land in Zambia. The leasehold system itself can be a source of insecurity, because chiefs consent to outsiders being granted leases, transgressing the rights of local rights’ holders, perhaps denying the right of parents to bequeath land to their offspring. At the same time, the prevailing sporadic tenure upgrading or titling system is susceptible to land grabbing by those with sharp elbows, dispossessing the poor and vulnerable members of the community. Further, when applications made according to the formal procedures result in several years delay, applicants are tempted to find ways of jumping the queue. The process then becomes overtaken by graft and corruption and the integrity of the system is undermined. The result is that statutory title may be no more secure than unrecorded customary grants.”* Land Tenure Policy and Practice in Zambia, 2003, p.12

*“The benefits of CF/CA are long term in nature i.e. they take time to realize and consequently farmers require secure and accountable land tenure and institutional arrangements to invest in such technologies. There is scope for donors to support the development of dedicated monitoring and learning capacities in order to build an understanding of the key drivers of CA/CF adoption and how land tenure and traditional authority and practices facilitate or constraint the adoption of practices designed to improve productivity and livelihoods in the SH sector.”* Promotion of conservation farming and crop diversification for increased household food security: End of programme evaluation, 2008, p.25

▪ **Indicator 7.1.2: % increase of fertiliser consumption (public/private supply)**

From 1990, agricultural commodity and input prices were decontrolled while the state-owned marketing companies were privatised. The initial phase of liberalisation witnessed a reduction in productivity as well as market failures in the sector, especially for food crops such as maize. To address this deficiency, massive subsidies to small farmers through the Fertilizer Support Programme (FSP) were introduced in 1997. Of the public funds actually allocated and spent in the agricultural sector the vast majority (over 80% since 2004) was allocated to the FSP and to the operating costs of the Food Reserve Agency (FRA) for reinforcing food security. Despite a commitment to reduce and gradually phase out the FSP by 2009, actual budget allocations to FSP/FRA absorbed over half of total sector allocations and actually increased in real terms by 14 per cent between 2005 and 2006.

The consumption of fertilisers (in kg/ha of arable land) was verified (during field mission) to have increase by trend during the reference period. The increase in fertiliser consumption was due to promoting 'fertiliser demanding' crops such as hybrid maize. Some of the bumper harvests reported in several agriculture seasons over the reference period correlated however rather with good rainfall seasons than with the increase in fertiliser consumption.

The FSP public scheme is perpetuating a culture of dependency of farmers on the State, through extension services preventing the rise of a monetarized and entrepreneurial approach of farming. By targeting the more capitalised farmers (one of the criteria used to identify recipients of the programme is eg. possession of or access to at least 1-5 hectares of land and the capacity to produce maize) it also partly discourages agriculture's input small-scale traders from contributing to bring about change in the rural economy

The EU SADS, though not using at first the FSP packages, contributed to the same rationale of assisting farmers within hybrid maize oriented public policy.

Conservation farming in Zambia emphasises that if inorganic fertiliser remains one of the necessary agricultural inputs for crop production, its use should be moderate to avoid the negative long-term impact on soil fertility (acidification). Fertiliser increases yield in the short term but has negative consequences on the land in the long term (Another way is to decrease inorganic fertiliser usage and promote organic fertiliser usage through agroforestry and conservation agricultural best practices and technologies. Increasing productivity of land can also be achieved through access to soil enhancing and income generating green manure crops. Green manure crops provide the capability of increasing yield in grain crops, decreasing demand for inorganic fertiliser applications and perpetuating productivity of land, thereby enabling sedentarisation of farming and reducing deforestation).

The EU project promoting conservation farming and crop diversification (EDF9-ACP ZA-011) supported the use of fertilisers by the beneficiaries through a voucher system. On-going fertiliser subsidies through the Programme Against Malnutrition (PAM) and government input schemes competed with food security packs provided by the EU project in pilot provinces during its first year of operation. Some farmers felt that food security packs were expensive compared to the government scheme. This led to more reluctance for repayments. In addition, the food security packs per unit (1 lima = ¼ of Ha) were considered too small to make a significant contribution to repayments and food security especially with yields of 2.8t/ha (14 bags/lima). In the second year, the project acquired the food security packs through the government scheme for farmers to also benefit from the subsidy but this has its own challenges, and particularly timeliness of delivery of the inputs.

The final evaluation of the conservation farming programme did not identify a significant momentum for adopting conservation farming techniques and no diffusion beyond the 4500 direct beneficiaries. Even lead farmers limited its use to 1/3 of their land. By the time of the field visit, conservation farming was included in extension services portfolios for some pilot crops.

Data, figures:

***NB: During the field mission no other and no comprehensive figures on fertiliser consumption in Zambia could be made available by the authorities in charge.***

Extracts:

*"From 1990, agricultural commodity and input prices were decontrolled while the state-owned marketing companies were privatized. The initial phase of liberalisation witnessed a reduction in productivity as well as market failures in the sector, especially for food crops such as maize. To address this deficiency, subsidies such as the Fertilizer Support Programme (FSP) were introduced in 1997. Since 2001 the agricultural sector has shown signs of improvement particularly for cash crop production such as cotton, tobacco and wheat. This was driven by the increased role of the private sector through out-grower schemes." Vision 2030, p.12*

*"Of the public funds actually allocated and spent in the agricultural sector the vast majority (over 80% since 2004) has been allocated to the Fertilizer Support Programme, which provides subsidized fertilizer to small farmers, and to the operating costs of the Food Reserve Agency. Over-expenditures for maize imports and fertilizer subsidies under the FRA/FSP have resulted in under-funding of productivity-enhancing expenses such as capital equipment, extension and research. For example, in 2003, out of a ZMK 499 billion for MACO, ZMK 240 billion was used for maize imports. Despite a commitment to reduce and gradually phase out the FSP by 2009, actual budget allocations to FSP/FRA absorbed over half of total allocations and actually increased in real terms by 14% between 2005 and 2006." Formulation of Agriculture Sector Performance Enhancement Programme for Zambia", Final Report, May 2010, Page 10*

*“The voucher system, used by the GoZ does implement the direct input distribution through the FSP and Programme against Malnutrition’s FS Pack. NGOs and international organisations in Zambia and Malawi also use the voucher system. There are, however, substantial differences between the voucher values, addressing the same target groups, by different organisation (e.g. CELIM and FAO).”* Food Facility, Country Assessment, 2011, p.22

*“Despite the limited project impact, the purpose and goal of the project were valid and addressed the critical needs of smallholder farmers in particular improved seed and fertilizer; and input credit facilities necessary for increasing productivity and income levels. On-going fertilizer subsidies through PAM and government input scheme presented competition for the market linked project FSP. Some farmers felt the FSP was expensive compared to the govt scheme and this would discourage repayments. In addition, the FSP enough for one lima was considered too small to make a significant contribution to repayments and food security especially with yields of 14bags/lima (2,8t/ha). In the second year the project acquired the FSP through the govt scheme for farmers to also benefit from the subsidy but this has its own challenges for example timeliness of delivery of the inputs was a problem. Increasing productivity of land through access to soil enhancing and income generating green manure crops. Green manure crops provide the capability of increasing yield in grain crops, decreasing demand for fertilizer applications and perpetuating productivity of land, thereby enabling sedentarisation of farming and reducing deforestation.”* Promotion of conservation farming and crop diversification for increased household food security: End of programme evaluation, 2008, pp. 7-18

*“There were questions raised around the low CF technology adoption rates and the lack of evidence of spontaneous adoption in areas that have not only benefited from the pilot project but that had been part of CF programme before and after the pilot project. For example some contact farmers interviewed clearly articulated benefits of CF but only practiced CF on less than 20% of their cropping land. Lead or contact farmers commanding an annual cropping area of 3-7ha mainly under maize, legumes and cotton were only putting a ¼ to 1ha under CF practices. The ZNFU quantitative report shows no significant increase in area under CF between 2005 and 2008. Farmers were asked why they are not putting more of their land to CF practices given the benefits that they described. The main reason cited by farmers for not expanding their area under CF practices was labour demand for weeding and also for basin making. Under conventionally ploughed land farmers reported they were able to cope with weed pressure on as much as 7ha. Although farmers had been trained in the use of herbicides that would reduce weed pressure this component of the pilot project had been suspended to reduce the repayment burden on the loan. Farmer and local extension staff participation in the design of the project was observed to be minimal as a result some farmers felt that the package being promoted had a “one size fits all approach” which was inappropriate. A little more time could have been spent on exploring what other interventions were going on and where would the pilot add value. For example some of the better off farmers felt they would have benefited from a more substantial package especially that they had regular support through visits from field officers. A menu approach that offers farmers a choice would have been more appropriate in the circumstances where the pilot was targeting farmers with a good track record and potential to pay back. (The value of the package to the farmer determines how serious he or she takes the intervention, the FSP was considered marginal relative to their overall cropping requirements by the better off farmers interviewed!)”* Promotion of conservation farming and crop diversification for increased household food security: End of programme evaluation, 2009, pp. 17, 18 and 23

*“The project design was creative as it brought on board a commercial cotton company, already providing substantial inputs on credit to the smallholder cotton farmers, and a research institution with competencies in use and management of livestock to test the CF training and credit mechanism for inputs and oxen. The design however relied heavily on the experience of CFU and did not have direct inputs from the district and farmer levels where the project was going to take place. Although the project achieved its key result targets i.e. 4525 farmers reached with FSP and CF training and a further 240 farmers each receiving a pair of draught cattle; its “one size fits all” approach reduced its contribution to the overall objective. Despite the limited project impact, the purpose and goal of the project were valid and addressed the critical needs of smallholder farmers in particular improved seed and fertilizer; and input credit facilities necessary for increasing productivity and income levels.”* Promotion of conservation farming and crop diversification for increased household food security: End of programme evaluation, p.7

▪ **Indicator 7.1.3: % of improved seeds (public/private supply)**

The approach used under the SADFSP project was analysed as out-dated by the mid-term review, with a lack of innovation and dynamism. Some of the seeds did not reach the intended beneficiaries on time and in good condition, the seeds quality was at best uneven. The project has mostly failed to demonstrate the advantages of improved seeds, because most seeds procured were seed from commercial crops, or were infected with pests, or arrived late and without a proper fertiliser/pesticide package. The

sustainability is extremely unlikely.

Zambia developed a regionally acknowledged seed production through certified producers. The market- ing was left aside, leading to vast waste and unreliability for farmers.

Another EU intervention for improving the provision of seeds to smallholders was launched in 2009 under the Food Facility (DCI-FOOD/2009/223-797: Seed entrepreneurship for economic development and food security/ SEEDFS with €1.7m allocated). The project seeks to increase timely supply of good quality seeds and other agriculture inputs for poor small-scale farmers in 10 targeted districts and to improve seed production and vulgarisation of seed growing techniques even if not on the scale originally planned by the project. Although highlighting that the monitoring visit took place too early to assess the project results, the 2011 FF country assessment identified the seed production component as the one probably yielding the most tangible results and noted that while the seed production at local level is likely to continue after the project end, the initiatives at national level (National Seed Growers Association (NSGA)) are unlikely to be successful as this organisation is very dependent on the project for its recurrent cost.

Extracts:

*“Promotion of seed/stock for multiplication – this is an aged approach that has been tried by many projects many times before with dismal results. No attempt was made to make it more innovative by say considering the capacity of farmers to undertake demonstrations with minimum project support and potential for commercialisation of the activities, while the inclusion of elite seed production facilities was not included in project design.” SADFSP - Mid Term Review - October 2008, p.33*

*“Seed Entrepreneurs for Economic Development and Food Security (SEEDFS)”, implemented by Self Help Africa (Contract No. 213925), the targets set, both quantitatively and in terms of geographical scope/number of potential beneficiaries, are by far too extensive and needed to be revised in order to present more realistic outcomes. Activities, mainly preparatory in nature, have been implemented according to the plan with minor delays in the tendering process. The baseline study, has been delayed and the Work plan (WP) has not been adjusted since the project start. The seed production component will probably yield the most tangible results. The vulgarisation of seed growing techniques will probably be the most tangible impact, even if not on the scale, originally planned by the project. While the seed production at local level is likely to continue after the project end, the initiatives at national level, National Seed Growers Association (NSGA) are unlikely to be successful as this organisation is very dependent on the project for its recurrent cost.” Food Facility, Country Assessment, 2011, p.20*

*“Seeds were distributed late resulting in late planting and poor yields at harvest. The project failed to recognise the importance of necessary support to local seed producing stations, and so a continuous supply of elite seed is not available to farmers for on-growing, and the project also failed to consider the support necessary to seed inspectors in order to certify farmer grown seed for off farm sales of certified seed which could have been lucrative. No seed inspections for the quality declared seed production were done (Kasempa and Senanga) and the farmers were not trained prior to growing the crop let alone being registered with the Seed Control and Certification Institute (SCCI) as seed growers (all districts visited).” SADFSP - Mid Term Review - October 2008, pp. 15-16*

▪ **Indicator 7.1.4: % of farmers that have knowledge, use advice & are satisfied with extension services**

The government proved unable during the early stage of the reference period to deliver quality services to the farmers in terms of extension services, research and market information, especially to small-scale farmers. The SADFSP project (€15m) starting in 2005, in particular with its component 2, intended to reinforce extension services and improve the access of small holders to these services. This component was however dependent on the component 1, in charge of developing a food security policy matrix with individual sector entries, for being efficiently run. Component 1 was contracted to the FAO, who delegated it to an NGO. The Matrix proved to be unmanageable for MACO which lacked the required authority over other line ministries. The dedicated task force, though co-chaired, was ineffective in implementing the matrix. The induced lack of strategy led to the absence of directives for MACO extension services to achieve stated objectives under component 2. The late start of the project further limited its operational length from 5 to 3 years. Some issues are identified by MACO with the contractor in charge of the project (GFA), the first coordinator’s replacement introducing further delays (1.5 year). Lengthy approval of Programme Expenditures is also identified as contributing to lessening the interest and expectations of the Ministry in EU support.

The SADFSP Component 2 objective in supporting MACO was to achieve improved performance of participatory extension services, through improving policy development, activity planning and budgeting as well as monitoring and evaluation of development initiatives at Provincial and District levels. The final evaluation (2011) of the project did not find strong evidences towards an improved farmers access and interest in extension services, at least through component 2. At best, the EU long waited Programme



Expenditures allowed an increase quantity of services but not an improvement of the quality of provided services. The extension officers did not elaborate need assessment to adjust to farmers' expectations and went for "business as usual". The component 3, based on NSA initiatives proved to be more successful in reaching the target groups, but was kept to very local effects by the very nature of these initiatives and the proportion of the EU resource initially allocated to this component. The late start of this component limited its capacity to impact on rural economy but allowed for exploring on market side through calls of proposals.

Under the "Food Facility EC-FAO II" (total volume of €74,5m), the EU supported Zambia with €7.5m in the frame of the "Farmer Input Support Response Initiative/FISRI". The action running from May 2009-June 2011, managed by the FAO, foresaw inter alia the strengthening of the capacity of the MACO's extension staff to support conservation agriculture practices. The 2011 ROM report finds that the capacity of MACO services to support farmers in the use of conservation farming methods was enhanced through the undertaken activities, that included extension staff trainings (for camp, block, district and provincial staff), regular field visits and equipment supply. Although no aggregated statistics are available, it can be estimated that those farmers (in particular the lead farmers) that benefitted from more frequent visits of trained extension officers in targeted provinces are satisfied with extension services which is indirectly reflected in an increase in yields as compared to traditional methods (2011 ROM Report FF). The latter could also be confirmed by the evaluation team's field visit in Kaoma (Western Province) where farmers that seem to have embraced conservation agriculture expressed their satisfaction with the extension service from which they benefitted and report anecdotic evidence of increased productivity.

However, the overall situation of the extension services presented at the end of the evaluation period is similar to the situation at the beginning as far as regards the MACO's inability to reach smallholders (due to lack of dynamism in the nature of extension methodologies and the inherent lack of flexibility of its organisations); a financial inability to cover extension staff training activities by the own national budget, a structural and financial inability to conduct relevant and responsive research activities, and insufficient resources to support the delivery of agricultural services and information at the block and camp levels. The lack of operational resources, especially at the district and local levels, is a major constraint.

Extracts:

*"The SADFSP appraisal mission intended Component 2 of the programme to support MACO to achieve improved performance of participatory extension services, through improving policy development, activity planning and budgeting as well as monitoring and evaluation of development initiatives at Provincial and District levels. We could find no evidence of impact in these areas." SADFSP final evaluation, 2011, p.22*

*"Owing to the non-availability of resources many positions at district, block and camp levels are not filled." Formulation of Agriculture Sector Performance Enhancement Programme for Zambia, 2010, pp. 6, 7 and 21*

*"Lessons drawn from the implementation of the project and a 2008 Mid-Term Evaluation have shown that MACO was facing serious institutional limitations with regard to its ability to fully assume the leadership of the sector as well as to deliver quality extension services to farmers. This was further investigated through the holistic and participatory MACO's performance self-assessment carried out in 2009 with the support of the EU and which constitutes the basis of the Performance Enhancement Programme." Support to the Agricultural sector Performance Enhancement Programme (PEP) – Final, 2010, p.5*

*"Conclusions - The main features have been.*

- i. It is evident that the selection of camps<sup>85</sup> and individual households within the camps was not attempted using strict selection criteria.*
- ii. Formation and operationalisation of food security task forces at national, provincial and district levels – National and provincial task forces have been formed with monitoring matrices formulated. No district food security task force has been formed in all the four pilot districts (two in each project province).*
- iii. Formation of commodity/interest groups, if it took place, was poor– There are uniform groups in all the project areas (livestock, crops, and fish farming). This, to a larger extent, suggested that there was not enough sensitisation to enable farmers make informed decisions on what they wanted to do. These groups were formed in a rush in order to enable members to receive the kick start investments of the project as there are no farmers who have used own inputs to start production ac-*

<sup>85</sup> MTR found that this is very evident following discussions with field staff and MACO personnel.

*tivities outside the promoted ones after being sensitized.*

- iv. Promotion of seed/stock for multiplication – this is an aged approach that has been tried by many projects many times before with dismal results. No attempt was made to make it more innovative by say considering the capacity of farmers to undertake demonstrations with minimum project support and potential for commercialisation of the activities, while the inclusion of elite seed production facilities was not included in project design.*
- v. Late establishment of demonstrations using poor quality inputs.*
- vi. Field days and exposure visits – these are very important methods for enhancing adoption of promoted innovations because they give an opportunity to participants to critically look at what they do and seek solutions on how best to overcome their won challenges. These should have been encouraged instead of only exposing 4 farmers from each province to a GART field day where wide arrays of food security interventions were on display. However, the innovations exposed to farmers should be those that are in their interest, their capacity to adopt and technically/economically feasible.*
- vii. Capacity building for MACO staff through training, incentives and transport support – the MACO staff said that this has greatly improved their ability to effectively carry out extension services to farmers. Farmers confirmed that there was a marked improvement in visits that CEOs and district staff members were making to their areas. Several trainings have been carried out for the MACO staff but due to poor timing of a number of them and lack of monitored action plans resulting from trainings, it was difficult to assess how effective they were.*
- viii. Capacity building of farmers through training and provision of seed/livestock as “kick start” investment – capacity building for farmers through training was hardly achieved because most training were conducted just to fulfil the plans and not to build the capacity of farmers in formation of associations etc.. Seed, goats and pigs were distributed to farmers before training them in the “kick start” investments.*
- ix. Involvement of non-state actors (NSAs) in supporting food security initiatives – This component is not yet derailed since they are planned for a period of only 24 months. The component is not complementary to Components 1 and 2 because projects were chosen entirely independent of the activities in these Components. Verification with the EC indicated that the objective of this component was not to be complementary but to identify other food security initiatives which are happening in the target provinces (hence selection of a project dealing in non-wood forest products, and a project on honey which are not in MACO’s domain). The NSAs are going to use different implementation methods whose effectiveness could only be assessed after being implemented.” SADFSP - Mid Term Review - October 2008, p.33*

*“The capacity of the MACO services to provide support to farmers for the use of CA (Conservation Agriculture) has been enhanced through field visits and training conducted by GART, CFU and other local partners. 171 Camp / Block Extension staff (140 Camp Extension Officers & CEO and 31 Block Extension Officers) and 45 District/Provincial extension staff have been trained in CA principles and practices. This resulted in more regular visits of the CEO to the OFF. The capacity of the farmers to practice CA has been strengthened: Preliminary results of the survey do indicate that productivity in the CA project areas has increased to 2.6 metric tonnes per hectare, a 44% yield increase from the baseline of 1.8 Mt/Ha.” (Food Facility, EC-FAO II, FISRI, 2011 ROM report, p. 2)*

▪ **Indicator 7.1.5: Rural population using financial services (formal & non-formal)**

The lack of title deeds for most farmers denies access to soft loans with the banking system. Even microcredit schemes, of which 50 or so initiatives are on-going, apply a 50% interest rate (and up to 300% in some cases), as their rates are based on commercial banks’ rates. Furthermore, farmers are unable to cope with the preparation of bankable dossiers by lack of education and dedicated trainings.

The extent the SADFSP project intended to improve the access of the rural population in the pilot provinces to financial services was assessed. However, it was not possible for rural communities to access financial services because of the collateral requirements which they were supposed to meet before getting any loans. They were required to produce Title Deeds which they did not have. Other factors which made it impossible for rural communities to access financial services include the cost of financing (high interest rates), lack of business advisory services, administrative rigidities for farmers to prepare bankable documents, lack of understanding of agriculture as a business venture, missing seasons due to delayed approval process, lack of trust by financial service providers who considered farmers as potential defaulters and lack of updated financial collateral requirements from colonial Zambian era.

Extending access to financial services was not in the scope of the conservation farming project. Among the Food Facility projects a €1.07m project (Responding to Soaring Food Prices) that targeted two districts contained increased access to financial resources (disbursement of microloans) and productive

inputs as one of the expected results. However, the final ROM report judged this part of the action as likely to fail and thus little sustainable.

Extracts:

*“Linkages were created with financial institutions such as the National Savings and Credit Bank (NSCB), allowing farmers to access banking facilities or products that enabled payments.” SAFDFSP, End of programme evaluation, 2011, p.x*

*“The crucial issue is that the design of the pilot did not sufficiently take into account the existing bottlenecks in credit and input provision for example the market related FSP was to operate alongside the government subsidized input scheme. This would affect participant’s attitude towards repayment of the commercial package. The project also did not bring on board stakeholders with competencies in small-holder micro-finance management for example ABF and Micro Banking Trust at the design stage. However the second year project participants were linked to the govt input scheme and will continue to access inputs through this channel after the project. The government input scheme also has significant challenges of its own in particular timeliness and its limited coverage.” Promotion of conservation farming and crop diversification for increased household food security: End of programme evaluation, 2010, p. 17*

*“Future sustainability of the intervention is uncertain. The project has failed so far to strengthen the financial viability of agricultural activities...The micro-loans of E-MFI, one of the key elements in the sustainability strategy, will be available to beneficiaries after the end of the project. However, E-MFI current portfolio shows high delinquency rates (30% in the 120-days bracket) notwithstanding the efforts of the organisation to carefully screen its customers. The high costs of operations coupled with the high probability of a significant number of defaults constitute a sizeable risk for E-MFI sustainability. E-MFI has not reached the break-even point and it is still dependent of subsidized capital from donors The 10-year support that CELIM provided to E-MFI helping them to raise capital and creating management and technical capacity is likely to end in the near future.” Responding to soaring food prices: a step towards sustainable agriculture, income generation and empowerment of small scale farmers, 2011 ROM report, p. 3.*

**JC 7.1: Access of smallholders to agricultural inputs improved in pilot provinces**

Agricultural performance in Zambia is vulnerable to erratic rainfall patterns and poor irrigation systems, lack of access to credit and infrastructural deficiencies which translates into very high transport costs, and lack of adequate marketing channels. Seasonal and regional production patterns result in large seasonal and regional price variability. Zambia’s poor remain extremely vulnerable to production shocks, not only because droughts reduce crop and livestock production and incomes, but also because market price increases greatly thereby diminish the purchasing power of poor households.

The EU interventions in agriculture and food security were mainly focused on promoting an improved access to inputs, including extension services. The SADFS (€15m) and the FAO managed Food Facility project “Farmer Input Support Response initiative/FISRI” in Zambia (€7.5m) were the major financial vehicles for EU strategic response in the sector, comprehensively integrating improvement of the policy framework, reinforcing MACO extension services and supporting NSA initiatives. Some of the later focused on agriculture inputs but that was not their major objective. Other EU interventions were of far lesser financial weight, less integrated within MACO and with a much more local scope. The conservation farming and crop diversity (€1.6m) was financed under EDF9. The Food Facility successfully supported several small and medium scale projects (eg the Project on Reduction of Nutritional Vulnerability/PRUVEN with €0.67m for PRUVEN I and €0.40m for PRUVEN II) through calls of proposals.

This sector portfolio had a limited contribution in improving the access of smallholders to agricultural inputs, countrywide as well as in pilot provinces. Land tenure (I-7.1.1) and agriculture machinery (I-7.1.3) were left unattended by EU projects, the former being politically sensitive, and the latter out of reach of smallholders. The SADFS being one of the major EU contributions was expected to reinforce extension services provided by MACO’s decentralized departments in pilot provinces. While the SADFS faced implementation shortcoming with regard to MACO capacity enhancement the Ministries’ extension staff received additional training support under the Food Facility. Yet at the end of the reference period, against significant disbursements (through PEs), the services were still unable to reach smallholders due to lack of dynamism in the nature of extension methodologies and the inherent lack of flexibility of its organisations; a structural inability to conduct relevant and responsive research activities, and insufficient resources to support the delivery of agricultural services and information at the block and camp levels. An average of one extension officer for 600 farmers was also a limitation. (I-7.1.4) The SADFS component 3 supporting NSA’s initiatives as well as the several NGO managed projects under the Food Facility €3m grant facility for NSAs were more efficient in responding to smallholders expecta-

tions and needs.

The extent the SADFSP project intended to improve the access of the rural population in the pilot provinces to financial services was unable to cope with bank system's requirement for title deeds, driving for unsustainable rates (commonly 50%, sometimes up to 300%) even for micro-credit schemes (I-7.1.5). Extending access to financial services was neither in the scope of the conservation farming project, nor in Food Facility calls for proposals projects.

The EU projects promoting conservation farming and crop diversification supported the use of fertilizers by the beneficiaries through a voucher system. The fertilizer provision first competed with government (and PAM) schemes and then, after adopting the same channels, suffered from significant delays. (I-7.1.2) The improvement was not to the expected scope.

The SADFSP project had mostly failed to demonstrate the advantages of improved seeds, because most seeds procured were seed from commercial crops, or were infected with pests, or arrived late and without a proper fertiliser/pesticide package. The sustainability is extremely unlikely. Another EU intervention for improving the provision of seeds to smallholders was launched under the Food Facility, allowing seed production and vulgarisation of seed growing techniques even if not on the scale, originally planned by the project. The 2011 FF country assessment concluded that while the seed production at local level is likely to continue after the project end, the initiatives at national level, National Seed Growers Association (NSGA) are unlikely to be successful as this organisation was very dependent on the project for its recurrent costs. (I-7.1.3)

## JC 7.2: Production and productivity increased in pilot province and overall

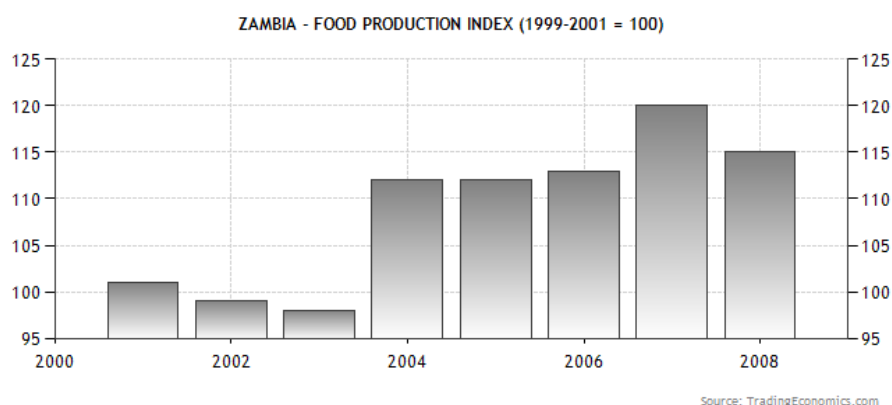
### ▪ Indicator 7.2.1: Food production index and land area under permanent crops

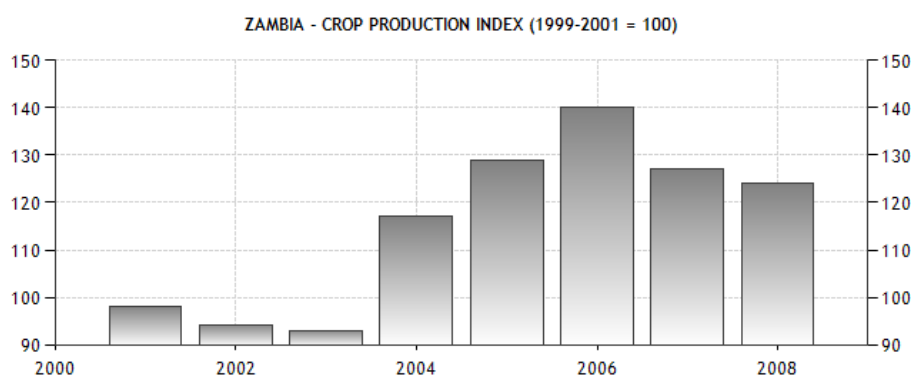
In Zambia, food production and productivity is low, especially among the small-scale farmers. This can be attributed to various factors such as seasonal agricultural production and dependency on rain, low and inappropriate technology use, high production costs (largely high input costs), poor extension services, labour constraints, livestock and crop pests and diseases, poor agricultural and fisheries resource management and inadequacies in land tenure and administration. Agricultural production has also been adversely affected by low investment in the sector; and/or lack and high cost of finance/credit. The performance of the agricultural sector in general has been hampered by the poor state of feeder roads and other communication infrastructure, lack of adequate rural electrification, inadequate credit facilities, poor agricultural marketing systems and fluctuations in rainfall patterns.

At country level, the food production index (Base 100 in 1999-2001) improved by trend during the reference period. After 4 years of production, slight decrease, better rainy seasons allowed a sharp increase of 2004 crop (rating 112), stabilized afterwards (115 in 2008). According to the UN World Food Programme Zambia enjoyed a good harvest in 2009/2010 that resulted in a maize surplus, yet thousands of people still require food assistance because of exogenous factors like floods and drought as well as factors like increased food prices and stagnating poverty levels. Land area under permanent crop increased by only 1 per cent during the reference period.

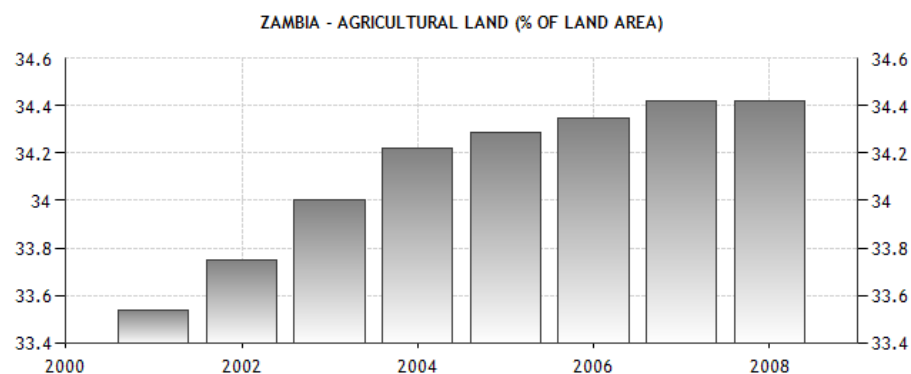
No data for this indicator were available specifically for SADFSP. Other issues presented in JC 7.1 do not allow assessing any difference with the national trends. The other EU projects had no or indirect contribution to increasing food production index and land area under permanent crops. This issue was addressed during the field mission. Only expert findings confirmed that there was a slight increase in the production index and land under permanent crop production.

#### Data, figures:





Source: TradingEconomics.com



Source: TradingEconomics.com

**Extracts:**

*“The availability or supply of food largely hinges on agricultural production and productivity plus exchange/trade. (...) Various factors can be attributed to the insufficient food availability, among which are seasonal agricultural production (dependent on rain), low and inappropriate technology use, high production costs (largely high input costs), poor extension services, labour constraints, livestock and crop pests and diseases, poor agricultural and fisheries resource management and utilisation and in general, land tenure and administration.”* Cross-Sectorial Strategic Framework and Monitoring Matrix for Food Security within the context of Zambia’s Fifth National Development Plan (FNDP). Final Consolidated Report, p.5

*“The poor state of infrastructure has imposed serious constraints on the delivery of vital services to farmers, including that of technology, which has affected productivity. There has also been a gradual deterioration of the agricultural resource in some parts of the country due to overgrazing and over application of fertilizers.”* Vision 2030, p.18

*“Feedback from officials of the MACO, farmers, Agro dealers etc. was positive and initial results in the fields under Conservation Agriculture (CA) visited during the ROM mission clearly showed increased yields as compared to traditional methods.”* Food Facility Country assessment, 2011, p.11

▪ **Indicator 7.2.2: Increase in production of high-value agriculture products (diversification)**

There is evidence of crop diversification from cotton and maize into legume crops that contributed to reducing food deficits during critical periods of the year. In addition there is also evidence among some participating farmers of production for example of cowpeas and velvet beans that were surplus to local consumption. Diversification in Zambian agriculture has not however been seriously embarked on; food production has highly been skewed to staple crop production at the expense of livestock and fisheries production. Even within the crops sub-sector, production has predominantly been for the major staple crop (maize); neglecting other food crops like cassava, millet, sweet potato, sorghum and rice. Diversification is important for aggregate food supply security at national level, but it is also important at household level, where it can make an important contribution to food security when implemented properly. Availability of food (one of the components of food security), is also influenced by the “Zambian Taste” for food, meaning exclusively maize-oriented. This bias neglects other components of food security, namely food utilisation, food accessibility, asset creation.

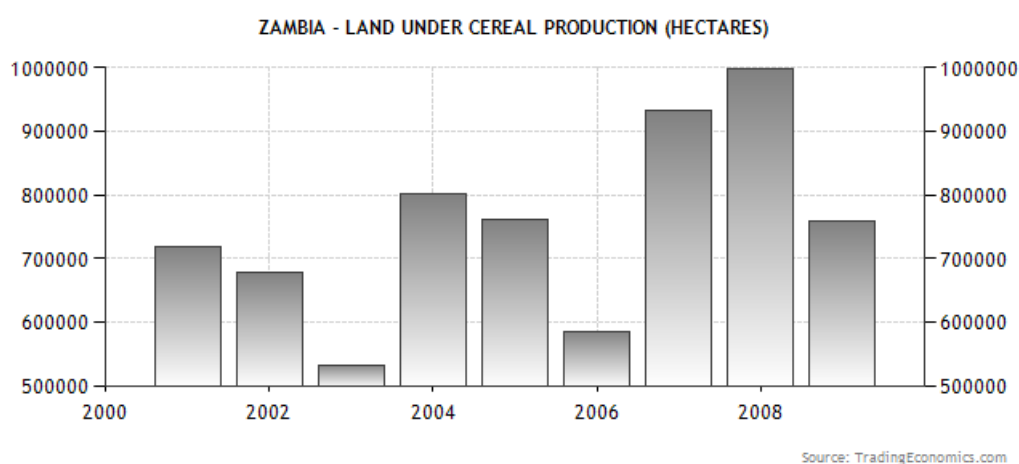
The main challenge in ensuring increased production of high value agricultural products is to come up with policies, strategies, implementation and monitoring mechanisms to eliminate or alleviate the constraints to improving household food security. In general, diversification is one key strategy in fighting

household food insecurity (i.e. diversification in food production, diversification in food utilisation and diversification in sources of income). In the context of the ideal food security concept, it is also important to regularly look at availability, consumption/utilisation and marketing aspects of other foods besides maize and the other staple crops such as beans, fruits, beef, poultry, fish and vegetables.

Some new initiatives in cut flowers from foreign investors are noticeable.

Specifically, EU's interventions did not intend to contribute in increasing the production of high-value agriculture products in the pilot provinces or projects. Diversification in SADFS project was more targeted on food security of smallholders (specifically, promoting growing food crops like cassava, millet, sweet potato, sorghum and rice).

Data, figures, tables:



Extracts:

*“Domestic food production does matter in countries where importing food costs far more than growing it at home. Along with a number of other countries in Southern Africa, in Zambia imported food costs between 1.5 and two times as much as food produced locally (depending on whether imports are sourced regionally or internationally). Domestic food production matters even more in countries like Zambia where there are large numbers of poor people who struggle to buy food in the marketplace. Sadly, the only indicator where Zambia beats other countries in Southern Africa is poverty. For example, over 80% of the rural population is below the local poverty line – they don’t have enough money to buy their minimum food needs. It is alarming to realise that, taking the world as a whole, most of the countries that are poorer than Zambia are at war.” JAR 2006, p. 24*

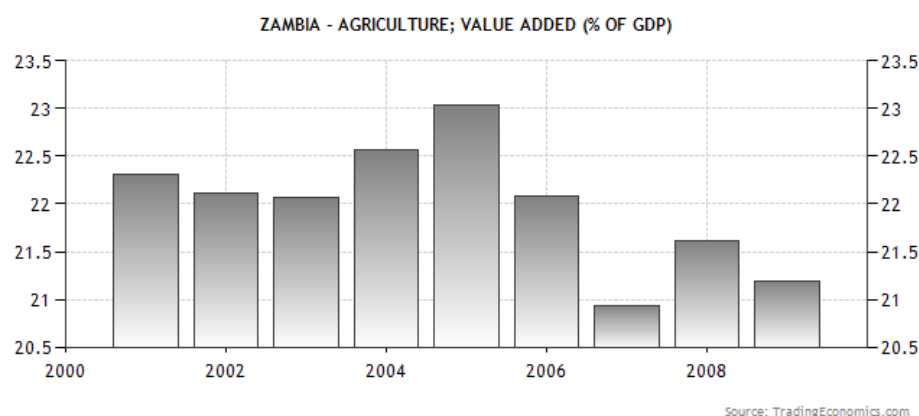
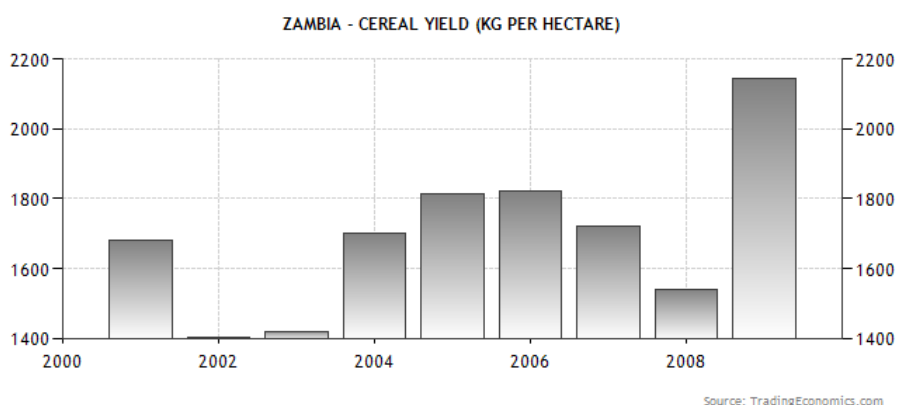
*“The overall objective of the project is aimed at contributing to poverty reduction and increased food security with the project purpose of improving performance of rural smallholder farmers with respect of food security and agricultural diversification strategies. This notwithstanding, amongst the stakeholders there are serious differences of interpretation of the meaning of food security in the project. The intentions of the components and the project purpose are also not fully understood.” SADFS Mid Term Review, 2008, pp. 25-26*

- **Indicator 7.2.3: Yields of major crops/livestock; yield gap; yield per livestock unit; water use per unit of aquaculture production**

Some increase in production and productivity was achieved by the EU SADFS project, though the limited sample of the 2010 households’ survey was not sufficient to make any other deductions apart from this vague assertion. The trend was confirmed with farmers by the final evaluation of the programme and reaffirmed during the focus group. The Conservation farming and Food Facility projects were not targeting short term increase in productivity and did not significantly contribute to this indicator.

At national level, the cereal yield did not show an even increase but rather evidence of the dependency of the agriculture production on seasonal rainfalls.

Data, figures, tables:



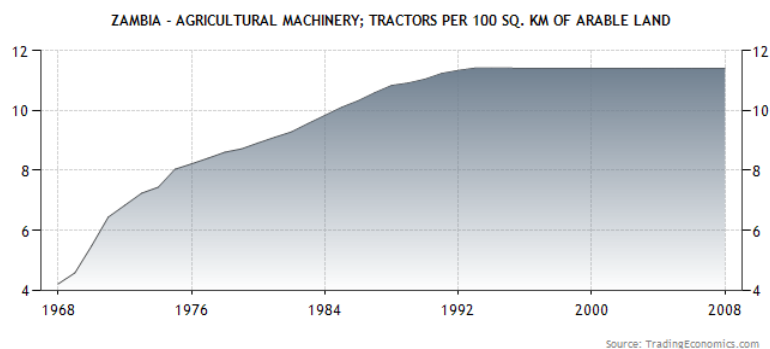
Extracts:

*“The SADFSP Final Baseline Report and Household Survey Report have assessed changes in production. The 2010 Household Survey was based on a small sample size, i.e. 15 households per district out of which 5 were for a control sample. The recommended minimum sample size for statistical significance is 30. This causes a challenge in terms of the reliability of the data. Besides, the two surveys used different sampling frames, and hence are not supposed to be compared. The final evaluation team have included this information as an example of project data. However, it was agreed during the final evaluation verification workshop that no reliable conclusions could be drawn from this data. Community level Focus Group Discussions (FGDs) performed as part of the Final Evaluation generally confirmed the increased productivity of maize and cassava. Most FGDs scored production of the two at an average of 3 out of 10 before the project and 7 out of 10 after the project.” SADFSP final evaluation, 2011, p.X*

- **Indicator 7.2.4: Tractors per 100sq of arable land; Farmers who are members of collective organisations**

At national level, the ratio of tractors per 100 km<sup>2</sup> of arable land was unchanged over the whole reference period. The EU projects did not target agricultural machinery.

Data, figures:



### JC 7.2: Production and productivity increased in pilot province and overall

The failure of the SADFS component 2 in improving the performance of MACO's extension services in pilot provinces implies that contributing to a significant increase in production and productivity stayed out of reach of the EU interventions. Some positive effects were identified by the 2010 households' survey but the limited sample (i.e. 15 households per district), was insufficient to make any further conclusions. The trend was however confirmed with farmers by the final evaluation of the programme. (I-7.2.3)

EU interventions did not intend to contribute to increasing the production of high-value agriculture products in the targeted pilot projects. Diversification in SADFS project was more targeted on food security of smallholders, promoting growing food crops like cassava, millet, sweet potato, sorghum and rice. (I-7.2.2).

No data on food production index and land area under permanent crops were available specifically for SADFS or any of the other EU funded projects falling in the reference period. Other issues presented in JC 7.1 do not allow assessing whether EU projects had any direct impact on national trends. (I-7.2.1, I-7.2.4)

### JC 7.3: Value chain/value addition was developed

#### ▪ Indicator 7.3.1: Percentage of farmers aware of key market information

Agriculture in Zambia is still very much a subsistence activity, kept out from cash economy and individual initiatives by a strong dependency on extension services and government subsidized schemes inherited from the former socialist regime. Improving market information and raising awareness on key market information enables smallholder farmers to conduct agriculture as business and in this way also to contribute to economic development and poverty reduction in Zambia. However, most MACO services are still passing out-dated messages, far from promoting income increase and entrepreneurship. The focus is often on increasing production of maize through an increased use of chemical fertilizers and hybrids. Most rural communities are lost in times, not monetized, hardly accessible and with limited education.

EU's major interventions (SADFS, CF, and some FF projects) did not specifically focus on making farmers aware of the key market information, notably for winter crops. There was very little emphasis on improved marketing approaches and no incentive for farmers to overproduce for a cash income. This was due to various limitations with regard to how the information was to be communicated to farmers and some of the interventions did not promote sharing of key market information. In some cases, opportunities for strengthening market and credit facility linkages were not sufficiently explored and exploited. However, under the Food Facility a €2.04m project (Improving Productivity of the Small-Scale Agriculture Sector in Zambia) specifically contained the increase of farmers' access to inputs, market information and other services as an objective. The strategic anchors of the project managed by the Zambia National Farmers Union (ZNFU) were the construction of Agriculture Service Centres in strategic places; development and operationalisation of e-extension and e-transport for farmers in target areas. Although no data is made available on the increase of farmers' market information in areas targeted by the project the strategic design is likely to achieve the desired outputs and positive impact prospects are high. Outside the frame of the EU funded project ZNFU also established a successful SMS market information system and a complementary website which provide current market prices and traders' contact details through which smallholder farmers and traders easily assess business opportunities, evaluate bargaining positions and optimise transport and production.

EU funded small-scale projects, notably those implemented by Self Help Africa or with its support by its partner KZF (in Kaoma, for example), promoted with some success market oriented agriculture with CBOs. Commodity groups of 20 farmers were introduced in considering managing their own resources, leading to sustainable and diffuse dissemination of market information, and means of capturing value in the value chains.

#### Extracts:

*“The project has failed to recognise the additional income and nutritional benefits which could have been gained by helping to improve market conditions for cashews, pineapples, citrus and the abundant stone fruits. (...) The department (section) of cooperatives was not included in the mainstream activities (components) despite the fact that the project was also looking at farming as a business (availing of timely and relevant market information, legalisation and capacity strengthening of farmer/interest groups, linking farmer groups to other service providers). There has been very little emphasis on improved marketing approaches, so there is no incentive for farmers to overproduce for a cash income.*”



*The project (EC) is being blamed for certain poor quality inputs, while farmers could suffer losses by having no available markets for over production of winter crops. “ SADFSP Mid Term Review, 2008, pp. 18, 21, 23, 27, 29, 36*

*“Limited numbers of farmers were aware of key market information for legume crops. However, the project design and execution did not deliberately promote market linkages for the legumes as its main focus was rotation benefits on soil improvement and increased yields for crops. (...) Furthermore, opportunities for strengthening market and credit facility linkages were not sufficiently explored and exploited, although these were central to what the pilot project was testing.” Promotion of conservation farming and crop diversification for increased household food security: End of programme evaluation, 2010, p. 17*

*“The project has an excellent design, based on longstanding experience of the ZNFU and its affiliates and a very well defined target group. If well coordinated, multi-partner projects with diverse interest groups can result into the desired outputs, as long as their different competencies are well synergised. The Study Circle Group approach is one of the methodologies for technology transfer that is yielding results. The outputs from the project are likely to be sustainable since the intended beneficiaries perceive them to be great innovations such as the e-extension and e-transport, including the one-stop agricultural Service Centres.” Improving Productivity of the Small-Scale Agricultural Sector in Zambia, 2011 ROM report, p 3.*

▪ **Indicator 7.3.2: % of value added kept with the producer**

A downwards trend of agriculture added value per worker occurred during the reference period. In areas supported by the EU, most of the increase of value added kept by the producer would have proceeded from a better access to market information (I-7.3.1 above), improved linkages with wholesalers and, to sell production at its higher price, to be able to store cereals (I-7.3.3 below). As this specific information was monitored by any of the EU projects, the assessment is of a limited impact on added value kept by producers, thus limited incentives for introducing new techniques and purchasing agriculture inputs.

Small-scale projects, notably those implemented by Self Help Africa or with its support by its partner KZF (in Kaoma, for example), promoted with some success market oriented agriculture with CBOs. Commodity groups of 20 farmers were introduced in considering managing their own resources, leading to sustainable and diffuse dissemination of market information, and means of capturing value in the value chains.

Data, Figures:



Extracts:

*“A supervised “foundation package” is provided over a three year period that would chain out CF graduates that are able to manage their farms on a viable and sustainable basis and provide strong demonstration effect in the community. There are opportunities to draw experiences from high value crop out-grower schemes.” Promotion of conservation farming and crop diversification for increased household food security: Final Report, pp. 9, 10 & 21*

*“Farmer participation in agricultural and commercial shows, market days and exposure visits to other districts, provinces and to Malawi contributed to this change. As a result, farmers were able to learn lessons (from near and far) on farmer organisation and the cooperative concept, group dynamics, and how farmers planned and implemented activities in other areas of the country and neighbouring countries. As a result of training marketing, negotiation, leadership, conflict resolution and pricing methodologies, farmers became more innovative. For example the Solwezi DFA was contemplating creation of a revolving fund and market sourcing on behalf of affiliated farmers. This ensured that farmers could meet*

*large-scale market demand consistently and from the amount of orders received, the DFA realised the scale of market opportunities.” Promotion of conservation farming and crop diversification for increased household food security: End of programme evaluation, p.x)*

▪ **Indicator 7.3.3: Number of local storage and commercialisation initiatives**

Post-harvest practices at house-hold level had always been a problem because farmers have to make choices on how much crop to store and how much to sell depending on the market price. In making that decision they also had to consider their own consumption requirements, storage facilities and their needs for immediate cash to cater for their daily needs as well as go into preparations for the next farming season. If the local distribution and marketing system was efficient, they could have relied on food being available for purchase all year round, but if their efforts were hampered at least part of the year due to bad roads and lack of transport, their food security would have been more at risk and home storage was likely to receive higher priority.

Two EU projects contributed to promoting smallholders' commercialisation initiatives and increasing local storage capacity: the Food Facility's "Improving Productivity of the Small-Scale Agricultural Sector in Zambia" project and "Responding to soaring food prices: a step towards sustainable agriculture, income generation and empowerment of small scale farmers" (€1.07m). The construction of the grain storage facilities and the related services were tendered out by the executing agency, the ZNFU. The ZNFU had over 900 000 Members in 52 District Farmer Associations (DFA) and was an effective lobby and advocacy organisation.

The main target group were small holder farmers, producing for the market, but it was reasonably expected that other farmers, in view of the proximity of the services offered and the economically interesting prices, would gradually join. The prospects were good, and sustainability ensured by the interest of ZNFU strong interest in the private/commercial world; and the fact that the Project Partner also incorporated the end users.

No data at country level were available but the financial volume of the EU support through the Food Facility called more for a pilot project than a massive change in rural producers' commercial practises and capacity to get the better price for their products.

Extracts:

*“The “Improving Productivity of the Small-Scale Agricultural Sector in Zambia” implemented by the ZNFU, (Contract No. 213361) is of a very different type of project: The ZNFU has over 900 000 Members in 52 District Farmer Associations (DFA) and is an effective lobby and advocacy organisation, thereby offering a build-in sustainability and continuity factor. There is a very professionally prepared LFM. The OVIs are realistic and further detailed on the basis of a baseline study. The WP is tight but feasible in view of the professional set up of the ZNFU and the considerable influence they have in the public and private arena; A very pro-active Project Management Unit (PMU), integrated with the management level of the ZNFU; a strong interest of the private/commercial world; and the fact that the Project Partner also incorporates the end users: Rural producers, members of the Agricultural Service Centres (ASC) also bode well for future sustainability.*

*The main project axes have been defined, in close collaboration with the private sector and the EUD and on the basis of a feasibility study. A very proactive SC, including participants of the private/commercial sector and the EUD, meets regularly. Tendering processes have started for the construction of the grain storage facilities and the related services.*

*Although it is early to realistically measure impact, the prospects are good. The main target group are small holder farmers, producing for the market, but it can be reasonably expected that other farmers, in view of the proximity of the services offered and the economically interesting prices, will gradually join. The ZNFU will gain in credibility and will expand, allowing reinforcing their lobbying force with MACO and its related services. Measures to mitigate eventual set backs are planned for in the risk management table, together with corresponding strategies.” Food Facility, Country Assessment Report, 2011, p.22*

**JC 7.3: Value chain/value addition was developed**

EU's interventions contributed only to a limited extent making farmers aware of the key market information, notably for winter crops. There was limited emphasis on improved marketing approaches and no incentive for farmers to overproduce for a cash income in the main EU projects, those implemented with MACO extension services. This was due to various limitations with regard to how the information was to be communicated to farmers and some of the interventions did not promote sharing of key market information. In some cases, opportunities for strengthening market and credit facility linkages were

not sufficiently explored and exploited. This reduced access of farmers to key market information meant low access of farmers to marketing opportunities. (I-7.3.1) Two Food Facility projects (Facility’s “Improving Productivity of the Small-Scale Agricultural Sector in Zambia” and “Responding to soaring food prices: a step towards sustainable agriculture, income generation and empowerment of small scale farmers”), notably those implemented by Self Help Africa or with its support by its partner KZF (in Kaoma, for example), promoted with some success market oriented agriculture with CBOs. Commodity groups of 20 farmers were introduced in considering managing their own resources, leading to sustainable and diffuse dissemination of market information, and means of capturing value in the value chains. They contributed to define innovative best practices suited to the Zambian rural context. (I-7.3.3)

A downwards trend of agriculture added value per worker occurred during the reference period. In areas supported by the EU, most of the increase of value added kept by the producer would have proceeded from a better access to market information, improved linkages with wholesalers and, to sell production at its higher price, to be able to store cereals. As this specific information was not monitored by any of the EU projects, the assessment is of a limited impact on added value kept by producers, thus limited incentives for introducing new techniques and purchasing agriculture inputs. (I-7.3.2)

**JC 7.4: Food security increased in rural districts, and particularly in districts supported by EU Food Facility**

- **Indicator 7.4.1: Prevalence (percentage) of stunted and/or wasted children under five years of age in rural districts**

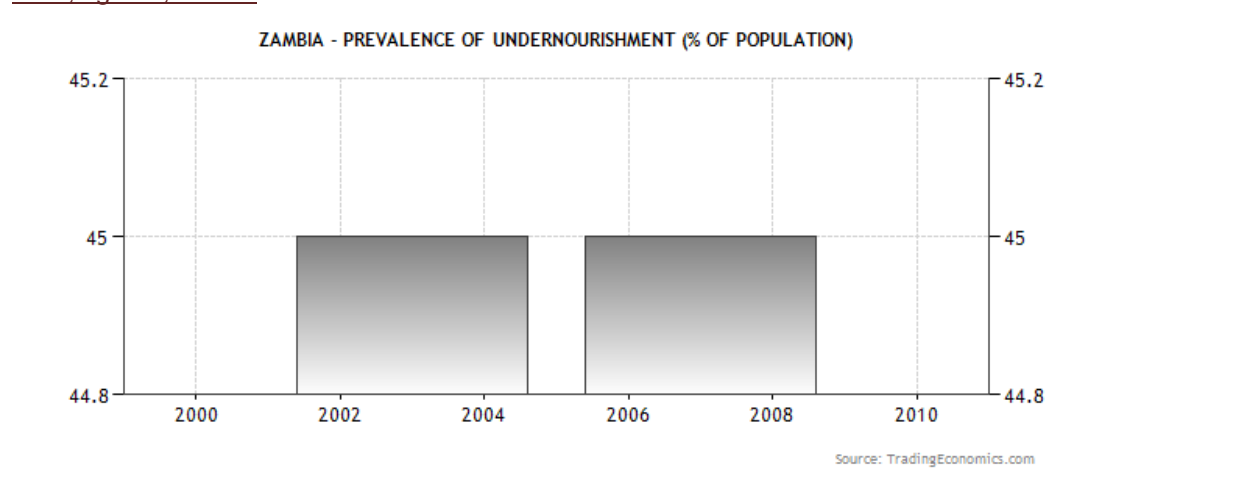
High levels of stunting and malnutrition are still being reported in Zambia. Available data shows that the chronic nature of food deprivation is illustrated by the high levels of stunting which has remained static for the past decade. Overall, 50% of children aged 3–59 months are still being reported as being stunted. Urban children have better nutritional status than children in rural areas. 42% of children in urban areas were stunted, compared to 53% of children in rural areas. Malnutrition remains a serious problem in the country, especially in rural areas.

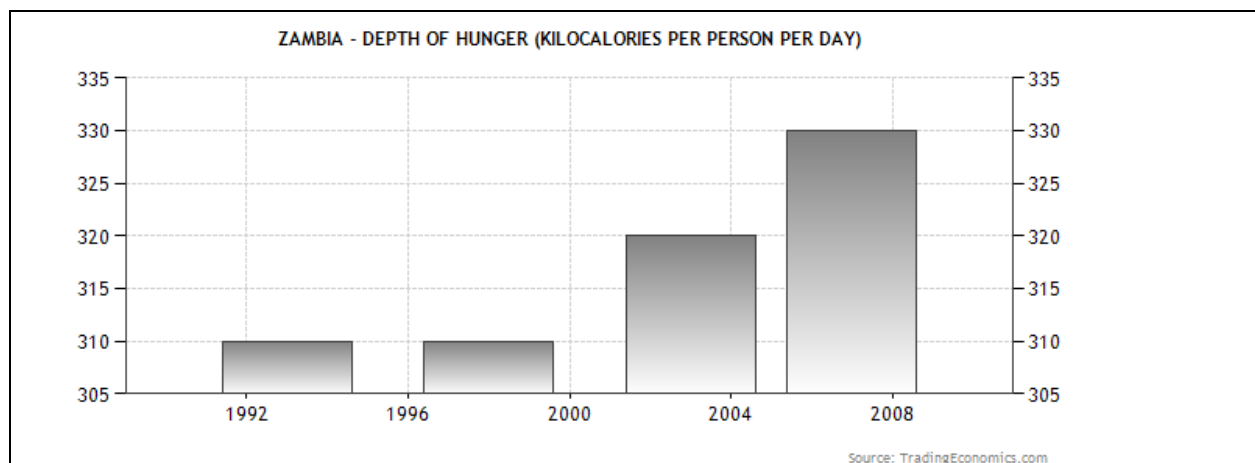
None of the EU’s interventions in support to food security during the reference period could have an effect on such a global indicator as prevalence of stunted and/or wasted children under five years of age in rural districts, country-wise: the SADFSP failed to contribute to elaborating a dedicated strategy.

Even in districts covered by SADFSP, the operational targets such as extension services performance, Community Action Plans (CAP), and CSO/NSA activities might have had an incidence on nutrition only if fully implemented, generalized and sustained, which is not the case. Difficulties encountered during implementation (MACO accounting, TA weaknesses) further limited the project’s impact at local level. However, the SADFSP final evaluation evidenced already a change in food intake, with 27% of households taking two meals a day for the beneficiary population, for 19% in the control group.

Other EU projects, through EDF resources or Food Facility, are too limited in their (technical or spatial) scope and financial volume to have an effect on prevalence of stunted and/or wasted children under five years of age in rural districts, as confirmed by the various projects’ evaluations.

Data, figures, tables:





**Extracts:**

*“According to the Household Survey 2010, the increase in farmer productivity seems to have contributed to improved food intake (not dietary diversification, food use or utilisation). This is demonstrated by a smaller proportion of households in the beneficiary communities who had less than two meals during the lean period in 2010 compared to those in the control sample. The percentage values were 19% and 27% respectively, suggesting that the intervention in the target communities did positively impact food intake at household level. FGDs in most of the sampled districts confirmed the improvement in household food availability after the project had come on board. Farmers gave it an average score of 7 out of 10 compared to 3 out of 10 before the project. It is suggested that food availability has improved over the SADFSP time period.” SADFSP final evaluation, 2011, p.?*

*“The Project has contributed to increased food security among rural households in Western and North Western Provinces. This contribution has been largely in terms of improving food availability and access. The majority of NSA implemented projects and have helped contribute to reduce poverty by increasing small holder income. MACO distributions of seeds, livestock and fish under Component 2 have addressed the availability of animal proteins, cereals and fats at least in the short term. However, the number of households receiving these distributions was low. We have found no evidence that SADFSP has achieved any impact on the percentage of children under five suffering from chronic and/or acute malnutrition in target provinces.” Promotion of conservation farming and crop diversification for increased household food security: End of programme evaluation – page 20*

- **Indicator 7.4.2: Decrease % of women with a too low Body Mass Index in rural districts**

See 7.4.1

- **Indicator 7.4.3: Degree of integration of food aid into food security and agriculture development**

Food aid in Zambia has continued to be provided during deficit and bumper harvest years, with less provided during period of better yields. During better harvest, more crop yields have been sold to regional markets. However, this integration of food aid into food security and agricultural development does not have long lasting effect because it only occurs during the agricultural seasons when there is surplus food production. In most cases, especially in rural Zambia, food aid has led to a dependency syndrome where households expect to receive food aid every year and may not put more effort to grow enough food.

During EU’s interventions, little has changed to integrate food aid into food security and agricultural development for rural households but appreciable change has been achieved for urban commercial farmers that produce higher yields.

**Extracts:**

*“In-kind food aid has become a political sticking point under the current Doha Round of World Trade Organisation (WTO) negotiations. European and developing countries complain that U.S. food aid shipments constitute dumping of subsidized surplus commodities (Clay and Riley 2005). African farmer and traders note that food aid imports displace commercial trade and dampen prices and therefore farmer production incentives. Local procurement of food aid would do the opposite, stimulating African farm production. During low-rainfall years, smallholder production fluctuates substantially while commercial farm production remains roughly constant. This leads to wide swings in subsistence production as well as in smallholder marketing’s, which range between 20% and 30% of smallholder production but*

remain highly concentrated among the top 10% of smallholder maize growers. Commercial imports and food aid increase in deficit years, partially offsetting the production shortfalls. Total consumption probably ranges between about 1 million tons in low-rainfall years and 1.2 million tons in good seasons. Exports plus consumer substitution for other foods moderate these roughly 20% swings in annual maize consumption. Food aid donors, like private traders and the FRA, likewise import food, primarily in deficit years. Since the 2002 drought, many food aid distribution programs have remained active, even in good harvest years, as part of a series of post-drought recovery and vulnerable group feeding programs. In 2005, food aid agencies imported roughly 70,000 tons of maize. Recognizing Zambia's potential as a surplus maize producer in good rainfall years, the World Food Programme has begun procuring significant quantities of maize, particularly during good harvest years. During the past five years, Zambia has been the number five food aid supplier to WFP in the Africa region (Tables 3, 4 and 5). Maize and maize meal account for roughly 80% of the value of local procurement, while high protein foods such as the maize soya blend (MSB) of high-energy protein supplements (HEPS) and pulses account for the remainder. In years of bumper harvest, such as 2006, when local prices are low, Zambia becomes attractive as a low-cost supplier of maize for local and regional food aid needs. Even in moderate and low production years, Zambia may be a competitive supplier, particularly if other countries in the region are hard hit. In January and February of 2004, for example, Lusaka suppliers won a series of regional tenders to supply maize, including 10,000 tons delivered to Lusaka and 7,000 delivered to Harare. Most years, in fact, local or regional procurement will generate significant cost savings over import from overseas. In four of the last five years, when the Zambian maize harvest was in its normal range, local procurement would have enabled cost savings of between 30% and 80% compared to importing from the U.S.A. (Table 7). During the 2002/3 marketing season, however, at the end of Zambia's second successive bad harvest, when domestic prices averaged \$244 per ton and reached a peak of \$350 per ton in January of 2003, import from overseas proved cheaper during the January to March lean season (Figure 5). Delivery times, however, are longer when procuring from overseas. Where local and regional procurement requires six to twelve weeks, overseas procurement may require lead times of as long as four to five months." Local And Regional Food Aid Procurement In Zambia (A Study For USAID's Office Of Food For Peace). Working Paper No. 28: Food Security Research Project - Lusaka, Zambia. Date November 2007: (Downloadable At: [Http://Www.Aec.Msu.Edu/Agecon/Fs2/Zambia/Index.Htm](http://Www.Aec.Msu.Edu/Agecon/Fs2/Zambia/Index.Htm))

#### **JC 7.4: Food security increased in rural districts, and particularly in districts supported by EU Food Facility**

Indeed Zambia's poor remain extremely vulnerable to production shocks. In fact, climatic events have occurred with such frequency that people have no time to recover before another flood or drought hits, resulting in increasing poverty and food insecurity. The long term effects of this situation are reflected in the high rates of malnutrition. According to FAO 47% of the population in Zambia is affected by chronic malnutrition. This is the 10th highest rate in the world. According to the 2006 Living Conditions Monitoring Survey, 54.2% of Zambian children under the age of five are stunted, 19.7% are underweight and 5.9% are wasted. (I-7.4.1, 7.4.2)

The main EU project targeted on increasing food security in rural districts was the €15m "Support to Agricultural Diversification and Food Security Project" (SADFSP, 2006 to 2010) under EDF9. In terms of food security the project's approach was to combine the implementation of the food security objectives and components in the National Agricultural Policy (NAP) at national level with concrete action plans at local level (province, district, block, camp and household). SADFSP was designed with three result areas: (i) Food security components of the NAP operationalized and action plans implemented in Western and North Western Provinces; (ii) Performance of MACO's extension services in targeted districts improved; and (iii) Grant facilities efficiently utilised by Non State Actors to support the Provincial food security action plans.

The 2011 final evaluation concluded that the project has failed to achieve its aim of developing a government-owned food security strategy. This implies that the EU did not contribute to increase food security in rural districts country-wide. It is therefore of no use to trace back EU contribution in national statistics, as initially considered by this judgement criterion.

EU contribution in pilot districts covered by the SADFSP was also limited by the component 1 failure to develop a task force and strategy as component 2 and 3 were linked by project's design to the release of the food security strategy. It's only at a late stage that the activities in support to MACO's extension services and NSAs were implemented, the former with only limited benefits for smallholders. Other EU projects, through EDF resources or Food Facility, are too limited in their (technical or spatial) scope and financial volume to have an effect on outcomes indicators of food security in rural areas. (I-7-4.3)

## JC 7.5: The improvement of urban markets infrastructure supported smallholders' production

### ▪ Indicator 7.5.1: Number of markets and shops built or renovated

EU successfully designed and constructed or rehabilitated eleven selected urban markets in the cities of Lusaka, Kitwe and Ndola. This significantly increased the number of shops and markets in those cities..

One of the commendable works of EU is the enactment of the new Market and Bus Stations Act, which became effective on 19<sup>th</sup> October, 2007 when it was gazetted. This Act makes the formation of market boards possible, which are responsible of management of the markets but answerable to the local authority. The Boards include representatives of different stakeholders, including marketers and customers. This was expected to ensure that the renovated markets will be sustainably maintained and improved. The documentation does not provide an assessment of the extent of implementation of this new organisation and the efficiency demonstrated in managing renovated markets.

#### Extracts:

*“A three million Euro Rider No.1 to the Urban Markets Development Programme has been approved on 16 June 2006. (EAMR 2007) A Rider N).2 to the Urban Markets Rehabilitation project (UMDP) increasing the total amount of the FA by €1.7m from €19,5m to €21.2m was approved by HQ in August 07. (EAMR 2008/1) A tender for the remaining markets in Ndola subject to Rider No.2 to the Urban Markets Rehabilitation project (UMDP) was launched in the second quarter 08 with tender opening in July 2008. The 6 markets presently under implementation in Lusaka and Kitwe are all suffering from poor performance of local contractors leading to considerable delays in finalisation. The biggest and most important market in Zambia, the Soweto Market is scheduled for commissioning in Sept, 08. (EAMR 2008/2) A tender for the remaining markets in Ndola subject to Rider No.2 was launched in the first quarter 08 with tender opening in July 2008. Implementation of works is due to commence in Jan 09. The two Kitwe markets as well as the Soweto market in Lusaka were successfully completed by the end of 2008. The 6 markets under implementation in Lusaka and Kitwe have all been suffering from poor performance of local contractors leading to considerable delays in finalisation. contractual difficulties regarding the TA services to the MLGH leading to an end of services in August 08, poor performance of local contractors for the Chilenje and Chelstone markets leading to severe delays in project completion and difficult procedural situations for the NAO. The biggest and most important market in Zambia, the Soweto Market is scheduled for commissioning in March 2009 with Commissioner Michel and President Banda, Kitwe is planned for commissioning in Feb 09. Modern Market infrastructure provided for the biggest market in Lusaka (Soweto) allowing trading space for some 3,000 marketers.(EAMR 2009/1) The civil works for Ndola are on schedule. The two Kitwe markets as well as the Soweto market in Lusaka were successfully completed. However, implementation suffered poor performance of local contractors leading to considerable delays in finalisation. Phase 2 of both Chelstone and Chilenje Markets are expected to commence in 3rd quarter 2009. Political interference in the implementation process. There is also a high risk that the outstanding works for the Chelstone and Chilenje Market in Lusaka cannot be completed with the validity period of the FA (Expiry: 31 March 2010). Delays are arising from continued poor contractor performance and delays in allocation stalls to marketers to free the construction site needed to commence outstanding works in Chelstone. Delays in stall allocations also hamper the commissioning of the Soweto market in Lusaka and the Kitwe markets. Delegation / beneficiary / NAO to review ROM findings and recommendations for corrective action where necessary. Delegation to continue impressing on the Ministry of Local Government and Housing and the NAO to concentrate efforts on (i) solving the allocation problems encountered and (ii) pushing the contractors to complete the works. Exit strategy to be prepared. (EAMR 2009/2) The Financing Agreement expired on 31 March 2010. All 8 markets in Kitwe, Ndola and Lusaka, apart from the Chelstone market in Lusaka were successfully completed. The completion of the Chelstone market under provisional acceptance occurred in April 2010. PEs are completed and audits of PE III and PE IV were carried out. Commissioning of the markets is still outstanding. Request for commissioning reiterated many times at highest level up to the President, but remains without response. (EAMR 2010/2)*

*“The second phase of the Urban Markets Development Programme (UMDP II) started in December 2003 with the design of eleven markets to be rehabilitated in Lusaka, Kitwe and Ndola. Originally, the programme was to end in June 2009, but extended until 31<sup>st</sup> March 2010 due to its complexity in implementation. The number of markets to be renewed was reduced to eight namely: Soweto, Chelston, and Chilenje markets in Lusaka; Nakadoli, Buchi-Kamitondo and Ndeke markets in Kitwe; and in Ndola, Chisokone and Ndeke markets. An important goal of the Programme is to improve the management of urban markets, financially but with regards to a cleaner, healthier environment for both marketers and consumers. Therefore the institution of new market management in the form of Market Boards, who are formed by representatives of all stakeholders but answerable to the Local City Councils, is a major component of the UMDP. The New Market and Bus Stations Act of October 2007, the actual prepara-*

*tion of which took place in the first two years of UMDP II make this possible.” Final Report For Consultancy Services And Support To The Department Of Housing And Infrastructure Development In The Ministry Of Local Government And Housing For The Urban Markets Rehabilitation Works In Lusaka, Kitwe And Ndola, p.2, 20, 23*

▪ **Indicator 7.5.2: Improvement in sanitary conditions in urban markets**

The EU project improved significantly the initial sanitary conditions of the targeted markets. Some shortcomings were identified by the TA at the end of redevelopment, affecting the extent of improvement or compromising their sustainability: garbage management, access to water in particular. The water and sanitation issues were poorly handled at all the affected markets especially the operation of installed water facilities. The trained operators at provisional acceptance were changed without passing on the knowledge to the assigned new ones and the liability of the contractor with his sub-contractors and suppliers were not effectively utilized. Chilenje and Chisokone Markets were found without adequate water as planned without making the contractors accountable.

Those shortcomings have not found solutions though they are more related to management weaknesses than project's defaults. The contractors resist addressing maintenance issues such as blocked drains, missing taps, etc. The legislation is in place but not implemented, with fights between the Board and political spheres. Overall, the project was a burden for the EUDel with limited advantages for the final users.

Extracts:

*“Garbage collection is not systematic and still not under direct control of market management. The new markets' hygiene is highly compromised with the huge amount of accumulated garbage before it is collected. The situation is serious at Soweto Market where the refuse slabs meant for placing the refuse skips have been turned into shops while the rotting garbage is being thrown along the access road and under the high tension power line in front of the new market on the side of the prevailing winds. The process of making good the defects after the completion of maintenance period on 31/03/11 was prolonged because the contractors were not strictly made accountable during the affected period as also recommended by the original consultant in their final report. The defects on critical services like water were left unattended to for a long time during the maintenance period until a new consultant was recruited thereby compromising the water and sanitation of the markets which was one of the main objectives of UMDP II.*

*(...) The refuse disposal area including the built slabs have been converted into shops by the local authority and therefore, a suitable alternative has to be found to avoid throwing garbage along the access roads and under the ZESCO high tension cables. This is a very serious situation and undermines the sanitation of the market as previously foreseen*

*The local authority must look after the market properly as the water booster pump and other items went missing during the maintenance period which has to be replaced by them to maintain high level of water and sanitation in the market as planned. The water system has to be maintained properly to continuous supply water to the market to enhance good sanitation as planned. The original budgets for the markets were based on simple rehabilitation works and unit rates per square meter of space but when detailed surveys were conducted by the design consultant the results revealed that complex situations prevailed in most assigned markets and simple rehabilitation works would not even improve the water and sanitation of the markets – one of the priorities as per ToR. The markets were found to be overcrowded and in most cases with no basic infrastructure and where they existed, they were constructed poorly with minimum technical consideration. The consultant concluded in the inception report that “Unless specifically justified, the utilisation of existing structures for rehabilitation works shall be generally avoided “which affected the foreseen budgets at each market resulting in the reduction of scope.” Final Report For Consultancy Services And Support To The Department Of Housing And Infrastructure Development In The Ministry Of Local Government And Housing For The Urban Markets Rehabilitation Works In Lusaka, Kitwe And Ndola, pp.30-32 & 37*

▪ **Indicator 7.5.3: Increase in traded volumes in urban markets**

There is no evidence of increased traded volumes in urban markets, as the EU project was far more on building infrastructure and support their improved management than the realisation of their potential impact on surrounding rural areas.

The EDF10 Urban food vouchers project (€4.6m) might have impacted traded volumes but this is not specifically monitored.

▪ **Indicator 7.5.4: Increased number of food vouchers**

In the frame of the EDF10 Urban Food Voucher project 23,200 households (139,200 beneficiaries approximately 76,560 females and 62,640 Males) were targeted in 4 provinces under use of existing community and government structures to identify the most vulnerable ones. While the 2010 ROM report does not provide any quantitative findings but appreciates the innovated approach for food delivery (e-vouchers) the evaluators found during their field visit from interviews with World Vision (on 14/12/2011) that way more households were actually reached by the (small-scale) project and more food vouchers were thus distributed in targeted districts. However, the element of sustainability was highlighted as a big challenge for both beneficiaries and project implementation authorities (eg no money was set aside for seeds in order to continue guaranteeing the access to food).

Extracts:

*“It is not clear that funds to continue the flow of benefits and services delivered through this project will come from GoZ. However, WFP is taking action to help ensure that the National Social Protection Strategy is revised to include food safety nets using food vouchers to complement cash voucher programmes and to budget for this intervention...the Project is using an innovative approach for food delivery (e-voucher system) with significant potential for cost effectiveness, impact and sustainability. The innovative nature of the e-voucher system poses implementation challenges, but, the implementing partners, led by WFP, are highly motivated and committed to addressing them.” EDF10 Urban Food Vouchers Project, 2010 ROM report, p. 3-4.*

**JC 7.5: The improvement of urban markets infrastructure supported smallholders production**

EU successfully designed and constructed or rehabilitated eleven selected urban markets in the cities of Lusaka, Kitwe and Ndola. This significantly increased the number of shops and markets in those cities.

One of the commendable works of EU is the enactment of the new Market and Bus Stations Act, which became effective on 19th October, 2007 when it was gazetted. This Act makes the formation of market boards possible, which are responsible of management of the markets but answerable to the local authority. The Boards include representatives of different stakeholders, including marketers and customers. This was expected to ensure that the renovated markets will be sustainably maintained and improved. The documentation does not provide an assessment of the extent of implementation of this new organisation and the efficiency demonstrated in managing renovated markets. The field mission found that works completion was delayed in most cases and difficulties faced with contractors. (I-7.5.1)

The EU project improved significantly the initial sanitary conditions of the targeted markets. Some shortcomings were identified by the TA at the end of redevelopment, affecting the extent of improvement or compromising their sustainability: garbage management, access to water in particular. The water and sanitation issues were poorly handled at all the affected markets especially the operation of installed water facilities. The trained operators at provisional acceptance were changed without passing on the knowledge to the assigned new ones and the liability of the contractor with his sub-contractors and suppliers were not effectively utilized. (I-7.5.2) Shortcomings have not found solutions though they are more related to management weaknesses than project's defaults. The contractors resist addressing maintenance issues such as blocked drains, missing taps, etc. The legislation is in place but not implemented, with fights between the Board and political spheres.

There is no evidence of increased traded volumes in urban markets, as the EU project was far more on building infrastructure and support their improved management than the realisation of their potential impact on surrounding rural areas. (I-7.5.3) The impact of Food Voucher initiative on local production was not followed, besides the 23,000 households supported.

**JC 7.6: The food security policy and programming framework has improved**

▪ **Indicator 7.6.1: Policy and programming documents cover major shortcomings of food security strategy with related realistic action plans**

The sector in Zambia comprises over 1.1 million small and medium scale households, providing livelihood for more than 50% of the population. Production concentrates on rain fed maize (the main staple crop). The sector absorbs approximately 67% of the labour force and remains the main source of income and employment for the rural population. Maize harvests have varied between 1.4 million metric tonnes in the 2006/07 season, to a mere 1.2 million during the 2007/08 season, and up again to 1.8 million for the 2008/09 season. Given Zambian abundant natural endowment with land and water, agriculture has the potential to become the key for rural growth and poverty reduction.



At the beginning of the reference period, extreme poverty was manifested in widespread food insecurity. The Government Living Conditions Monitoring Survey (LCMS 2004) suggests that 53% of the people cannot meet basic food needs in any year. These are the chronically food insecurities. A number of factors have contributed to continuous food shortages in Zambia. The list includes poverty resulting in low-risk investments with lower yields, recurrent droughts, lack of infrastructure and deficient investments in agriculture, little or no attention paid to smallholder agriculture, policies that favour urban businesses over farmers, policies that distort and interfere with markets, etc. The chronically food insecure have grown over time as shocks such as drought cause formerly food secure households to sell the assets needed for future productivity.

The policy framework in the agricultural sector has been significantly improved over the last years with the adoption in the mid-2000s of the NAP and of the Private Sector Development (PSD) agenda. Past interventions mainly focused on production improvements while ignoring the role of markets. The new framework resulted in more attention being paid to the whole agricultural value chain, acknowledging the key role played by input suppliers and agribusiness firms.

Some inconsistencies remain, however, between policy statements and actual implementation. Agricultural diversification and the development of private-led marketing systems are major objectives in the ZNDP, the National Action Plan (NAP) and its implementing strategies. At the same time, the biggest share of MACO's budget finances the provision of subsidised fertiliser and buying of maize from farmers, while spending on research and extension services is inadequate.

The EU intervention intended to improve the food security policy framework was the SADFSP, and particularly its component 1. This project was designed to be fully implemented through the Ministry's structure and was paving the way for a future sector support programme under EDF10 (€30 m have been allocated to the Agricultural sector in the National Indicative Programme (NIP)

Task forces were to be established at decentralised levels while TA was positioned with MACO's central services, and notably the Policy and Planning department. The project failed to contribute to elaborating a renewed policy framework, mainly due to the inadequate interpersonal skills of the first TA team leader, and also by the lack of clarity in the responsibility distribution in the FA. Component 1 was implemented by the FAO through a NGO, and against a strong resistance of other ministries implied in the Food Security Matrix. It can be inferred from the overall administrative context that the MACO departments at all levels were not responsive and did not support the EU initiative.

Extracts:

*"During the EDF9 Country Strategy Paper (CSP) Mid-Term Review, the Government and the EU agreed to extend EU support to the Agricultural sector. The project "Support to Agricultural Diversification and Food Security in Western and North Western Zambia" was supposed to make resources available to MACO so it could design and implement a National Food Security Strategy as well as deliver extension services to the farming community." Support to the Agricultural sector Performance Enhancement Programme (PEP) – Final, 2010, p.5*

*"The adoption of the NAP and of the Private Sector Development (PSD) agenda favoured the approval of a new breed of projects. Inadequacies observed in past interventions, which mainly focused on production improvements while ignoring the role of markets, convinced many donors to adopt different approaches. This resulted in more attention being paid to the whole agricultural value chain, acknowledging the key role played by input suppliers and agribusiness firms." Formulation of Agriculture Sector Performance Enhancement Programme for Zambia, 2010., pp.7,11*

*"Formation and operationalisation of food security task forces at national, provincial and district levels – National and provincial task forces have been formed with monitoring matrices formulated. No district food security task force has been formed in all the four pilot districts (two in each project province)." SADFSP - Mid Term Review - October 2008, p.33*

*"The interpersonal and team building skills of the first Technical Team Leader alienated staff, colleagues and partners instead of involving them. There was insufficient pro-active engagement between MACO departments. Directors felt excluded. Some departments were not included (i.e. Seeds and Research) which slowed implementation. Directors and national level technical experts (i.e. Chief Veterinary Officer) were not sufficiently involved in initial project planning processes.*

*No 'stepping in' by GRZ to fund project activities was found during this study. GRZ funding was reduced to both target provinces at the beginning of SADFSP implementation. It is normal for provinces in Zambia to experience reduced GRZ funding when project implementation begins. In some districts District Agricultural Coordinators (DACOs) reported that GRZ funding remains at below pre-SADFSP levels.*

*NSAs have shown that they can efficiently and effectively introduce innovative approaches. In particular Keepers Zambia Foundation (KZF) micro projects introduced successful market linkage and farmer*

*input procurement approaches. Micro Bankers Trust (MBT) have also introduced group saving and milk bulking methodologies. Better results were achieved with increased 'backstopping' either by NSAs or TA visits. NSAs have largely complemented CEO activities. NSAs with established district level presence have achieved better results." SADFSP, final evaluation, pp.1-2*

*"The actual targets and indicators are not clear and defined, and unless corrective action is taken the results will be ambiguous and mostly unusable. There is no clear statement of what the national food strategy should consist of, and since no meaningful sentinel data is identified or collected, there will be no reliable food security early warning system available as has been developed in other countries. This should be clearly stated objective of any food security strategy". SADFSP Mid Term Review, October 2008, p.24*

*"The Ministry of Agriculture and Cooperative (MACO) is responsible of providing sufficient support to the food security policy. The Ministry has not assumed full ownership of the project and grasped its policy implications. There is no a clear understanding of the OO and PP by the members of the Planning Department of the MACO. On the other hand, the NSAs have been far more involved and willing to cooperate with the programme as their participation was more demand driven, through a call for proposals. The programme is not capable of adhering to a steady and comprehensive timetable, due to the number of revisions, which indicates managerial weaknesses. Conservation farming is the most positive element concerning environment, while other crosscutting issues are not considered to a sufficient extent. TA has taken a low profile, while trying not to influence MACO staff." ROM report 2010.*

*"Due to lack of clear lines of responsibilities at the outset between the TA team and the MACO headquarters no work was done by the TA on this component until September 2007 when the first service contract was signed between MACO and ACF. (...) SADFSP had little or no impact with regard to improving food security policy and programming framework. It did not contribute to wider policy or sector objectives. Reasons for this failure include: (i) Under estimation of the challenges involved in facilitating multi-actor inter-ministerial working groups, and (ii) Incorrect selection of an institutional home and facilitator of the Food Security Task Force and Strategy and (iii) lack of prioritisation of Component 1 by the Project Management Team." Mid Term Review - October 2008 (Page 6, 9)*

▪ **Indicator 7.6.2: Improving coverage of chronic food security needs by budget allocations and other resources**

As far as the EU intervention failed to contribute in improving the policy framework, it can hardly be inferred that it has an effect on budget allocations of GRZ. M&E reports are unanimous to assess that extension services in pilot provinces were left to EU financial resources, with even decreasing budget allocations. In the same time, it seems common (and has been confirmed in field visit interviews) that when a province is externally supported, GRZ passes budgetary resources to other provinces.

Extracts:

*"Even if relations with the institutions are quite good for the moment, no step has been taken to ensure the future of the activities developed so far. Very little improvement has been noticed on the potential sustainability of all elements of the programme since the last monitoring mission. The support from MACO is very limited concerning policy inputs and absent concerning the financial aspect. The concept of food security is not the main priority of the ministry. For component 1 and 2 MACO relies totally on funds allocated by the programme through the PEs for its performance. All the efforts and training provided to MACO staff and farmers may thus not have a lasting positive effect, even if human resources are available. As no exit strategy is been clearly identified, the future of these two components is uncertain. The programme pays for the costs of the extension services, taking over the financial responsibility of MACO. This is pure substitution, and is not recommendable for any project or programme. The profitability of the alternative proposals by NSA has not yet been sufficiently demonstrated. The needs of NSA were clearly identified from the start and they took part in each step of the decision process. The present situation will continue for both component 1 and 2 after the end of the programme. No exit strategy is proposed and adapted by the TA." ROM Report 2010.*

*"Very little was done by the programme to address the delays in implementing the various activities. The absence of a clear work programme with tight supervision from the Project Support Unit and due respect for the time table did not allow the programme to perform as well as expected. Some budget allocations of funds have been revised at the last moment before presenting the elements to the monitoring team and the Delegation of the European Union (EU DEL), showing once more the deficiencies in establishing reliable accounting reports on the prevailing financial situation. The MACO staff, and particularly the Planning Department, does not demonstrate major interest in diversification and food security planning. The capacity of MACO staff in taking the lead of the programme is still questionable for component 2. The NSA involvement in the third component is satisfactory. As already highlighted in previous reports (ROM and Mid-Term review), the logframe (LF) is too unfocused. It is not utilised*

as a management tool because of the lack of baseline data at the start of the programme, weaknesses in the collection of information in the provinces and at headquarters. The baseline study had to be repeated. The work plan is not accurate, nor has it been adapted to present the current actual situation. No corrective measures are proposed in the last bi-annual report.

(...) It is difficult to get a clear picture of quality and the degree of ownership by farmers regarding the new techniques presented by the programme. TA limits its work to an advisory role and does not want to exert any kind of influence on MACO and on the progress of the programme to avoid substitution. (...) Effectiveness of the programme is in general not properly monitored. MACO does not accept full ownership over the Food Security Unit (FSU). Component 2 is successful in delivering training and capacity building to partners. Component 3 brings alternative production practices in the two provinces. However, results will remain much localised. The separation of the various activities between different ministries and departments has created additional coordination and ownership problems. (...) Impacts are currently considered to be well behind schedule for all three components. In absence of comprehensive support from MACO and full ownership of the programme it is difficult to believe in that a coherent policy can be developed. Very little additional impact has been registered since the previous monitoring. This is partly due to the conception of the programme, where food security has to be put in place through the improvement of the extension services. For the NSA component, the activities have started to show some positive results, but it remains to be proved if the activities will have long-term potential impact on food security.” ROM report 2010

“Since average household calorie consumption is very low, and the poor allocate over 70 per cent of their budget to food, real income growth of the poor is crucial to reducing food insecurity in Zambia.” Country Technical Document: Zambia Framing for the NGO programmes (Budget 2006) – Page 1)

▪ **Indicator 7.6.3: Existence of a dedicated needs assessment, monitoring and evaluation system, taken into account by the policy and programming frameworks**

The EU TA support to MACO encompassed reinforcing the M&E system, and improving indirectly its integration in the policy and programming processes. The ROM reports observed repeatedly some weaknesses in baseline data and monitoring instruments.

The low record of the TA under the SADFSP with the central services of MACO strongly limited the improvement of M&E systems. Rather than strengthening MACO’s M&E system the SADFSP has designed its own system. Although Policy and Planning Department (PPD) has the overall responsibility for MACO’s M&E system, to date PPD has taken no ownership of the project’s M&E system. The responsibility of monitoring and evaluating higher level indicators (outcome and impact) lies with PPD while the individual departments within MACO are expected to focus on monitoring lower level indicators (results/outputs and activities).

These limits are also linked to the inability of the project to contribute to elaborate a food security strategy, the lack of ownership of MACO staff and insufficient budget allocation for M&E. The baseline study itself was hardly completed, providing further impediment for developing a reliable M&E system.

Data, sources, extracts:

“No reliable baseline data were collected and Monitoring and Evaluation (M&E) was only seriously addressed after the MTR. The final M&E system established by the project is activity based. While this system provides valuable information, there is insufficient assessment of results and objectives. Importantly, the project failed to monitor its critical assumptions; particularly (i) the continued commitment of MACO to ensure close collaboration with other food security stakeholders; (ii) the commitment to the decentralisation process; and (iii) the trend of GRZ allocations and disbursements for operational costs of MACO’s extension services at provincial and district level. It is suggested that SADFSP could have monitored these assumptions and responded sooner (i.e. within 12 months assumption failure).” SADFSP, Final evaluation, February 2011, pp.1-2

“The M&E system developed by SADFSP is activity based covering only project supported initiatives. While it used provincial, district and community level MACO staff, the SADFSP M&E system was separate from Ministry M&E. The SADFSP MTR identified M&E as an area for urgent attention. As a result the project’s M&E Officer changed and significant short term international consultancy input was used in 2009 and 2010 to improve the situation. The new M&E Officer and short-term TA have been able to establish an activity based M&E system linked to SADFSP budgets. This system is not able to provide insight into what happened as a result of the various project activities. For example, the M&E system is not able to inform users of the results of the SADFSP training program. Similarly the system does not provide information regarding the influence of results on objectives. Importantly, no reliable baseline information was collected for SADFSP. A ‘benchmark’ study was performed but this provides broad information, not tailored to SADFSP indicators. As a result SADFSP M&E does not offer support to

*conclusions on project efficiency, effectiveness or impact.*

*6.20 To address the lack of M&E information, particularly at the objective level, SADFSP performed two studies. These were a Tracer Study (September 2010) and a Household Survey Report (August 2010). The Tracer Study aimed to assess training results including farmer utilisation and adoption of promoted skills. This study showed exceptionally good results with farmers finding the training both useful and effective. However, the Tracer Study methodology is unclear as the questionnaire used with farmers is not presented in the report. It is suggested that farmers were asked if training was useful as opposed to interviewers visiting farms and exploring how farming practices changed as a result of training. In contrast to Tracer Study findings, a high level of training message adoption by farmers was not found during this final evaluations fieldwork. During this final evaluation, farmers rarely identified Component 2 training as beneficial (CAP training was an exception). The Household Survey aimed to evaluate SADFSP impact. The study found that 'beneficiary households were more likely to have more income than non-beneficiary households. Fieldwork observation suggested that Component 2 supported extension services tended to work more with better off households. The Household Survey also found that improved food intake was higher in non-beneficiary households compared to beneficiary households<sup>38</sup>. The Household Survey results are recognised as illustrative as opposed to rigorous due to low sample size<sup>39</sup>. In addition, the lack of appropriate baseline data compromises Household Survey results.*

*6.21 Reasons for poor SADFSP M&E include:*

- M&E has not been prioritised by the Project Management Team,*
- Initial M&E capacity shortfall in the initial TA team (tertiary level expertise should have been recruited to perform the baseline study and establish an M&E system with MACO. This may have required subsequent short term international TA visits), and*
- Non-functioning working relationship between the TA Team and the MACO M&E focal point in the Department of Policy and Planning due to a remuneration dispute. The MACO focal point expected remuneration quoting formal agreements between the parties involved (MACO and SADFSP). The MACO focal point felt this remuneration was stopped by the TA Team Leader.” Final Evaluation of Support to Agricultural Diversification and Food Security in Western and North Western Zambia. Final Report, February 2011 (Pages 29-31)*

*“GRZ fully recognises this and has made agriculture a priority in the FNDP strategy, as an engine for rural growth and poverty reduction. Policy orientations and priority actions are defined in the 2004 National Agriculture Policy (NAP), as well as in the FNDP itself. A broader regional framework under NEPAD is provided by the Comprehensive African Agricultural Development Programme (CAADP). These strong policy orientations however have not fully translated in the past into conducive policies and adequate budgetary allocations (on average around 7% of total expenditure between 2007 and 2009). In spite of a large Fertiliser Support Programme (FSP) introduced in 2001, which is crowding out many other investment needs, production is characterised by poor yields and poor marketing conditions. More recently, the Government has recognised these weaknesses and has embarked on a reform process of the FSP, notably with the intention of introducing an input voucher system that will strengthen the role of the agri-business sector.” Action Fiche Zambia, Food Facility GBS, 2009, pp. 4-5*

#### **JC 7.6: The food security policy and programming framework has improved**

The sector in Zambia comprises over 1.1 million small and medium scale households, providing livelihood for more than 50% of the population. Production concentrates on rain fed maize (the main staple crop). The sector absorbs approximately 67% of the labour force and remains the main source of income and employment for the rural population. Maize harvests have varied between 1.4 million metric tonnes in the 2006/07 season, to a mere 1.2 million during the 2007/08 season, and up again to 1.8 million for the 2008/09 season. Given Zambian abundant natural endowment with land and water, agriculture has the potential to become the key for rural growth and poverty reduction.

The policy framework in the agricultural sector has been significantly improved over the last years with the adoption in the mid-2000s of the NAP and of the Private Sector Development (PSD) agenda. Past interventions mainly focused on production improvements while ignoring the role of markets. The new framework resulted in more attention being paid to the whole agricultural value chain, acknowledging the key role played by input suppliers and agribusiness firms.

The EU intervention intended to improve the food security policy framework was the SADFSP, and particularly its component 1. This project was designed to be fully implemented through the Ministry's structure and was paving the way for a future sector support programme under EDF10 (€30 m have been allocated to the Agricultural sector in the National Indicative Programme (NIP). Task forces were to be established at decentralised levels while TA was positioned with MACO's central services, and

notably the Policy and Planning department. The project failed to contribute to elaborating a renewed policy framework, mainly due to the inadequate interpersonal skills of the first TA team leader, and also by the lack of clarity in the responsibility distribution in the FA. It can be inferred from the overall administrative context that the MACO departments at all levels were not responsive and did not support the EU initiative. (I-7.6.1)

The EU TA support to MACO encompassed reinforcing the M&E system, and improving indirectly its integration in the policy and programming processes. The ROM reports observed repeatedly some weaknesses in baseline data and monitoring instruments.

The low record of the TA under the SADFSP with the central services of MACO strongly limited the improvement of M&E systems. Rather than strengthening MACO's M&E system the SADFSP has designed its own system. Although Policy and Planning Department (PPD) has the overall responsibility for MACO's M&E system, to date PPD has taken no ownership of the project's M&E system. The responsibility of monitoring and evaluating higher level indicators (outcome and impact) lies with PPD while the individual departments within MACO are expected to focus on monitoring lower level indicators (results/outputs and activities). These limits are also linked to the inability of the project to contribute to elaborate a food security strategy, the lack of ownership of MACO staff and insufficient budget allocation for M&E. The baseline study itself was hardly completed, providing further impediment for developing a reliable M&E system. (I-7.6.3)

As far as the EU intervention failed to contribute in improving the policy framework, it can hardly be inferred that it has an effect on budget allocations of GRZ. M&E reports are unanimous to assess that extension services in pilot provinces were left to EU financial resources, with even decreasing budget allocations. In the same time, it seems common that when a province is externally supported, GRZ passes budgetary resources to other provinces. (I-7.6.2)

## **EQ8: To what extent was the EU aid modality combination appropriate to the national context and the EU development strategy?**

- JC 8.1: *Several options of aid modalities have been discussed for aid activities by sector*
- JC 8.2: *Emerging issues were incorporated quickly and effectively into EU programming and policy dialogue*
- JC 8.3: *The synergy between aid modalities has been discussed both within each focal sector and overall*
- JC 8.4: *Combinations of instruments and approaches were defined to suit partners' capacity more than regulations of each financing modality*
- JC 8.5: *Combining EU aid modalities was an inclusive internal strategic process*
- JC 8.6: *Aid modality combinations were the result of complementarity with other donors*
- Support *Aid Modalities Differentiated Portfolio Analysis of EDF Funding to Zambia 2001-2010*

### **JC 8.1: Several options of aid modalities have been discussed for aid activities by sector**

- **Indicator 8.1.1: Reports and notes issued by EU defining comparative advantages of the various instruments and approaches in the context**

Based on the guidance note to the Green Paper on the Future of EU Budget Support made available in October 2010, the EUD Lusaka organised country-level consultations involving Cooperating Partners (including EU Member States) and Non-State Actors at the end of the year 2010. A structured dialogue with the Government has not taken place, despite the fact that copies of the Green Paper had been made available and the NAO (Secretary to the Treasury) has been invited to share comments. In general, the mood surrounding the discussions was one of broad fatigue on issues pertaining to Budget Support.<sup>86</sup> The specific Zambian context reportedly was one of difficult discussions taking place on the relevance and impact of budget support as aid modality and also with donors having challenged the Government on its commitment to Public Finance Management (PFM) and good governance. This seems to have affected the degree of participation and interest in the consultation process on the desirability and priority of budget support as aid modality. Though the scope of the consultation was repeatedly explained, it proved not possible to delink the discussions from the situation experienced locally. It should also be noted that a number of questions listed in the Paper required clarification as they did not come across too clearly. In addition to the internal discussion on the Green Paper within the Delegation, three formal consultation sessions were organised by the EUD with respectively the Member States (Heads of Cooperation), Civil Society Organisations, and CP Economists. A special PowerPoint presentation was used to explain the essentials of budget support. In the EAMR of January 2011 it was mentioned that the permanent problem of late arrival of procedures and manuals in English is a matter of great concern. As reported, this delay has implied an important 'decalage' for the NAO and RAO offices in the implementation of the new rules.

The MTR of the EDF10 CSP made explicit references to the then ongoing General Budget Support (GBS) evaluation carried out in Zambia which is expected to assess the effectiveness of this instrument in supporting policy changes, development results, and domestic accountability, through enhanced dialogue with the government. The exercise therefore is considered a precious input into the Mid-Contract Review of the MDG-Contract. The MoFNP country evaluation on the implementation of the Paris Declaration in Zambia, Phase II refers back to the early ASIP (Agriculture Sector Investment Plan) and its documented methodology as an exemplary single planning, management, monitoring and reporting framework. The EDF10 CSP-NIP document makes explicit reference to the seven key areas according to the model approach of the relevant EC guidelines regarding Sector Policy Support Programmes (SPSPs) to guide the review of the road transport sector budget support programme. In the Access to Justice Project, the three possible Modes of Delivery (Financing Agreement, Local Subsidy Agreement and Direct Procurement), were explained to the representatives of the various AtoJ (Access to Justice) institutions. Formats were made available. The "Tools and Methods Series" launched by EuropeAid (now DEVCO) in 2007 aims to structure the presentation of the methodological documents produced by the Directorate on the "Quality of Operations" and consists of three sub-collections: Guide-

<sup>86</sup> EUD Lusaka; Note on the Local Consultation on the Budget Support Green Paper; 31 December 2010.

lines, Reference Documents and Concept papers. From the different interviews with key stakeholders during the evaluation field visit it transpired that these EU guides and notes to define / explain the comparative advantages of the various instruments and approaches in the specific Zambian context actually have been used by these key stakeholders to a varying degree.

With regard to the earlier EDF9 CSP/NIP, the rationale for the option of general budget support was linked to the considerable amounts of macro-economic support provided earlier in the 1990s to Zambia in the framework of consecutive Sysmin and Structural Adjustment Support programmes, which in a way were budget support systems “avant-la-lettre”. It was assessed that by means of these programmes the EC had significantly contributed to the macro-economic stabilisation of the country, particularly through budget reduction and budget financing. For the subsequent EDF9 CSP/NIP, this macro-economic budget support would be closely linked to the support of the Government’s Poverty Reduction Strategy Paper (PRSP) under preparation, to which the Commission had committed itself.

Data, figures, tables:

**EAMR, Jan 2009, Annex A:** Evaluations in 2008 – Excerpt:

RISP	To assess the performance of the RISP contribution agreements and get recommendation for improvement of implementation and 10 EDF formulation	01.09.08	31.12.08
------	---	----------	----------

Extracts:

**EC – DG DEV (2010):** *Aid Delivery Methods – Guidelines on the Programming, Design & Management of General Budget Support; June 2009*

**EC – DG DEV (2010) p6;** *Green Paper on the Future of EU Budget Support: Budget support as part of a package: Budget support must be more than a financial transfer – it is part of a package including policy dialogue, performance assessment, capacity-building and other supporting interventions.*

**EC – DG DEV (2010) p5;** *Green Paper on the Future of EU Budget Support; Box 3: Evolution of EU Budget Support: Early experience with budget support in the 1990s showed the limits of conditionality as an effective means of promoting reforms; the importance of partner countries owing policies; and the limited effect of targeting funds to specific budget lines. Building on this experience, the Commission adopted a Communication (2000) on “Community support for economic reform programmes and structural adjustment: review and prospects which introduced poverty reduction budget support (PRBS) and an innovative approach to conditionality. This Communication set objectives for budget support that later became part of the aid effectiveness principles. EU budget support programmes were increasingly provided over three-year periods with annual fixed tranches subject to compliance with eligibility criteria and variable tranches linked also to performance against agreed targets on selected outcome indicators, mainly in social sectors. Regarding eligibility criteria for budget support, the Commission (along with most other providers) applies a dynamic approach by requiring relevant, credible commitment to reform and evidence of progress rather than compliance with minimum standards. This approach has allowed the Commission to operate in very diverse contexts, including in countries in situation of fragility, where budget support can underpin stabilisation and avoid deterioration of the economic and political situation. In 2008, the Commission also launched “MDG Contracts” for countries with a tract record of successfully managing budget support and demonstrating commitment to making progress towards the Millennium Development Goals (MDGs). MDG Contracts provide six-year commitments that enable governments to plan longer-term strategies and budgets with greater certainty about future resource inflows.*

**EUD Lusaka (2010) ;** *Note on the Local Consultation on the Budget Support Green Paper; “The EU Delegation in Lusaka, based on the guidance note made available in October, organised country-level consultations involving Cooperating Partners (including EU Member States) and Non-State Actors. A structured dialogue with the Government has unfortunately not been possible. Copies of the Green Paper have however been made available and the National Authorising Officer (Secretary to the Treasury) has been invited to share comments; these are yet to be received. In general, the mood surrounding the discussions was one of broad fatigue on issues pertaining to Budget Support. The specific Zambian context, where difficult discussions are taking place on the pertinence and impact of the modality and where Government is challenged on its commitment to PFM (Public Finance Management) and good governance, seems to have affected the degree of participation and interest in the consultation process. Though the scope of the consultation was repeatedly explained, it has proved impossible to delink the discussions from the situation experienced locally. It should also be noted that a number of questions listed in the Paper required clarification as they did not come across too clear-*

ly.”

*In addition to the internal discussion on the Green Paper within the Delegation, three formal consultation sessions were organised by the EUD as follows:*

- 1. Meeting with Member States (Heads of Cooperation) – 24 November 2010 with main focus on BS underlying principles (UPs) and eligibility criteria (7 Heads of Cooperation participated)*
- 2. Meeting with Civil Society Organisations - 08 December 2010 (3 of the 10 invited organisations attended)*
- 3. Meeting with CP Economists – 15 December 2010 (7 participants – consultation took place during the December 2010 Macroeconomic Group meeting (MEG) (e.g. “benchmarks” to replace the word “conditionalities”)*

*Green Paper discussions within the Delegation focused on political governance issues, in particular on the CPs response to any deterioration in the Ups. Main issues / outcomes from the discussions:*

**EC – DG DEV (2010); Green Paper on the Future of EU Budget Support – Summary PP Presentation Slides 11&12 - 4.4 Programming Budget Support**

- *Programming decision (whether and how much budget support) requires careful analysis of country context and alternative modalities: Political economy analysis, financing needs, absorptive capacity, risks and expected benefits*
- *Need to clarify when/whether to provide both GBS and SBS to same country at same time: GBS can address wider cross cutting issues; SBS can address sector issues more deeply*
  - *Q11: What criteria should the Commission use to inform decisions on how much if any budget support to provide to eligible countries?*
  - *Q12: What are the advantages and disadvantages of providing both general and sector budget support within the same country, or having one single budget support instrument? In which context would SBS be considered a more effective type of budget support?*
  - *Q13: What are the advantages and disadvantages, as well as the practical arrangements to ensure consistency and efficient coordination, of using a broad palette of aid instruments alongside GBS/SBS?*

**Ministry of Finance and National Planning (2011), p. xii** *Country Evaluation of the Implementation of the Paris Declaration in Zambia, Phase II - Has the implementation of the Paris Declaration strengthened the contribution of aid to sustainable development results (development outcomes)? How? – Core Question 3. The continued fragmentation of aid modalities places a huge administrative burden on sector capacity and is a reflection of the waning trust and confidence of development partners in national systems.*

**EAMR Jan 2011, p1:** *The permanent problem of late arrival of procedures and manuals in English is a matter of great concern. This delay has implied an important “decalage” for the NAO and RAO offices in the implementation of the new rules. Several meetings were held by the Delegation with the local counterparts to explain and discuss the new rules. The Delegation has formally asked HQ to be one of the host countries for the seminars in EDF procedures.*

**EAMR Jan 2011, p6:** *In line with the Division of Labour principles, the Delegation continued to play a very active role in the Cooperating Partners Group whilst at the same time ensuring adequate local EU coordination (also in relation to the Fast Track Initiative on DOL and substantive discussions around notably the Green Paper on Budget Support)*

**MTR EDF10 CSP Conclusions, p8:** *The initial response strategy of the Community as expressed in the CSP 2008-2013 under the EDF10 remains relevant since it supports the main objectives of the National Development Strategy. The strategy has provided also an appropriate framework to absorb additional funds allocated to address the effects of the global financial crisis and the food prices crisis. The EU remains convinced that the budget support modality provides the levels of ownership of development and permits the GRZ to allocate resources in accordance with national priorities. Recent concerns on the effectiveness of Public Financial Management (PFM) systems, which could challenge GRZ eligibility to budget support have been identified and are being addressed by GRZ through a detailed roadmap with support from the CPs. The on-going GBS evaluation carried out in Zambia will assess the effectiveness of this instrument in supporting policy changes, development results, and domestic accountability, through enhanced dialogue with the government. Such exercise will be a*



precious input into the Mid-Contract Review of the MDG-Contract that is planned for 2011, when the MDG-eligibility criteria will be re-assessed and a decision will be taken on the final amount of the MDG-Tranche for the period 2012-2014.

**Ministry of Finance and National Planning (2011), p. xii** - Country Evaluation of the Implementation of the Paris Declaration in Zambia, Phase II. Has the implementation of the Paris Declaration strengthened the contribution of aid to sustainable development results (development outcomes)? How? – Core Question 3. The GRZ insisted on an end to all area based programmes and asked donors to support agriculture only through a single planning framework of ASIP (Agriculture Sector Investment Programme). Management for results was far much more vigorous than with a clear results based M&E framework and Key Performance Indicators (KPIs) at sectoral level that fed into the overall macro level indicators. An external institution – the University of Zambia (UNZA) – was contracted to undertake Annual Sector Performance Analysis (ASPA). The ASPA fed into the GRZ/CP Annual Reviews where performance in the previous year was reviewed. This was the basis for the Annual Work Plan and Budget (AWPB) preparation for the following year (Agricultural Statistics, Policy and Planning Department, Ministry of Agriculture and Water Development, 1993, 1994, 1995, 1996 and 1997; ASIP Mid-Term Review Summary Report, 1998 pages 52 to 58; INESOR, ASPA Reports 1999 and 2000).

**Ministry of Finance and National Planning (2011), p26** : The Division of Labour (DOL) has arguably been the most visible instrument for implementing the JASZ and the Paris Declaration in Zambia. Despite the prolonged period of negotiation between GRZ and CP, the final outcome was more a reflection of the current or proposed commitments of CPs, rather than a restructuring of CP engagement to support the implementation of the Fifth National Development Plan – FNDP.

**EDF10, CSP-NIP 2008-2013 Annex 12 Road transport 2.4) Lessons learnt pp. xcii-xciv**; Based on the anticipated further success of the SPSP, the EDF10 programme is designed to continue with the support to the sector mainly through SBS. In that context, it will however be important to carry out an assessment of the seven key areas according to the model approach of the relevant EC guidelines. This will be done in the framework of the Mid-Term Review of the SPSP which is scheduled for the end of the 2<sup>nd</sup> semester 2007. A close collaboration between the economic section and the infrastructure section would then be required. The issue of sector financing will have to be critically looked at.

**EDF9, CSP-NIP 2001-2007; p20**: Chapter 5.1.4: Macro-economic support and capacity building for economic governance: Provided that this effort is deployed, macro-economic support by the EC will continue to be disbursed in the form of budgetary aid, either channelled directly through the Treasury or through special arrangements under discussion with GRZ and donors. Under the EDF9 macro-economic support will take preferably the form of three-year programmes (with annual tranches released on the basis of performance indicators) in order to align this support with the PRSP's time horizon and with the support instruments by the Bretton Woods institutions (PRGF and PRSC).

**Access to Justice Project (2011) - Internal Docs: Meeting Report GIZ 14 Feb 2011 - On Subject: Modes of Delivery: Three possible modes of Delivery – Financing Agreement, Local Subsidy Agreement and Direct Procurement, which are standardise approaches and follow contractual, financial and procurement procedures of GIZ – were explained to the representatives of the various AtoJ (Access to Justice) institutions. Formats were made available. The items of the work plan and budget 2011 were broken down according to agreed upon outputs, institutions and budget items.**

**Reactions from institutions: Altogether all AtoJ institutions welcomed GIZ's proposals for direct engagement and procurement of vehicle and IT equipment in particular since this would result in efficient use of funds, i.e. lower prices. The institutions acknowledged GIZ's efforts to encourage a speedy budget execution and expressed consent that the EC funds need to be effected within the tight schedule of the EC-GIZ agreement of December 2010. The proposed procedures underscore the willingness and capacity of the AtoJ institutions to perform under the agreed upon decentralised approach.**

**In conclusion, it is clear that for Zambia and other aid-dependent countries the time has come to change how aide programmes are designed, how aid is delivered, how the incentives of donor agents and recipient-government officials are arrayed, and how aid-financed projects are evaluated. For the variety of reasons described above aid continues to fail to produce its expected and necessary impact. The challenge of aid dependency is systemic, and involves donors and recipient countries alike. Perverse and conflicting incentives, a pervasive focus on instrumental goals over ultimate outcomes, inaccurate assumptions and distorted expectations, and administrative mechanisms that resist beneficial change all serve to undermine the fundamental purposes of aid. Addressing these challenges will**

*not be easy, but as the saying goes, nothing worthwhile ever is.*

**Mutesa, Fred & Ngoma Isaac (2010):** *Review of the Combi-Financing Instrument – Innovative Mode of Delivery;*

**EC –EuropeAid (2011);** *Engaging Non-State Actors in New Aid Modalities – for better development outcomes and governance; Reference Document N° 12; January 2011*

**“Tools and Methods Series” launched by EuropeAid (now DEVCO) in 2007.** *This collection aims to structure the presentation of the methodological documents produced by Directorate on “Quality of Operations”. The collection includes three sub-collections: Guidelines, Reference Documents and Concept papers. Some relevant titles in relation to the evaluation indicator 1.1 on reports and notes by EU defining comparative advantages of the various instruments and approaches in the context:*

*Guidelines*

- *Guidelines (n°1) – “The Programming, Design and Management of General Budget Support”*
- *Guidelines (n°2) – “EC Support to sector programmes: covering the three financing modalities: Sector budget support, Pool funding and EC procurement and EC project procedures” – 2007*
- *Guidelines (n°3) – “Making technical cooperation more effective” – 2009*
- *Guidelines (n°4) – “Guidelines on the Integration of Environment and Climate Change in Development Cooperation” – 2009*

*Reference documents*

- *Reference document (n°5) – “Sector Approaches in Agriculture and Rural Development” – 2009*
- *Reference document (n°6) – “Toolkit for Capacity Development” – 2009*
- *Reference document (n°7) – “Water Sector Development and Governance: Complementarities and synergies between Sector-wide Approach and Integrated Water Resource Management” – 2009*

▪ **Indicator 8.1.2: Lessons learned from previous or other aid modalities documented and integrated in strategic programming documents**

The available documentation and the direct feedback from the interviews with the main stakeholders concerned during the field phase provide evidence of lessons learned from previous or other aid modalities documented and integrated in strategic programming documents. Some illustrations from different sectors and/or actors are reflected in the below compilation of extracts (obviously not pretending to be exhaustive neither implying that discussion and duly taking into consideration of lessons learned are the common modus operandi when preparing strategic programming document): (i) The lessons learnt under chapter 4.1.2 of the EDF9 CSP-NIP 2001-2007 for example refer to main lessons learnt from the Structural Adjustment Fund (SAF) programmes with regard to strengthening of financial management, institutional reforms and manpower development in order to continue the implementation of budget support programmes; (ii) The lessons learnt section under Annex 12 of the EDF10 CSP-NIP 2008-2013 on the road transport sector consists of more than two and a half pages focusing on lessons learned from other sector budget support programmes and “project mode” operations; (iii) The ETR of the regional integration / infrastructure programme SPSP I explicitly focused on lesson learnt and the latest sector developments to review the SPSP II Financing Agreement especially with regard to the sector budget support features and modalities; (iv) The lessons learnt from the cancelled EDF9 project designed to support Non State Actors where taken in for the design of a new project under EDF10 no longer implemented through the NAO (since no longer considered feasible), with now direct management by the Delegation (with appropriate TA support) being considered as an option, possibly using joint financing systems (pool funding arrangements) in line with the Paris declaration like the Foundation for Civil Society in Tanzania, the Civil Society Support mechanism in Mozambique, or the Independent Development Fund in Uganda.

On the other hand, one of the main findings of the 2011 evaluation study of budget support to Zambia is that joint knowledge management has been weak. This particularly relates to the different interpretations among Cooperating Partners about how to craft and implement conditionality and disbursement mechanisms, and how to design and implement joint monitoring, amongst others. Relevant information such as budget analyses, sector assessments, disbursement activities have been mostly made on an ad hoc basis and were widely dispersed among Cooperating Partners. This situation has caused a huge duplication of work by individual Cooperating Partners and GRZ and obstructs a more efficient

use of invested human capital. The absence of a permanent PRBS secretariat responsible for joint knowledge management has been a heavy burden for establishing a more solid, fact-based dialogue process and ensuring actual use of lessons learned in strategic programming documents.

Reportedly and as transpired from the field interviews, difficulties arose and keep arising in finding the right balance between really looking at macro-issues (in the case of GBS) or at the sector as a whole (in the case of SBS) on the one hand and the risk of sliding back in the “project mode” with regard to the physical interventions and their execution financed under the GBS and SBS tranches on the other. Major area of dispute however has shown to be the ultimate rationale of budget support which by some is promoted as effective mechanism for bringing about sustainable development and poverty alleviation mainstreamed in national strategies and systems (the developmental perspective), while for others the accountability and transparency of public sector development management are the ultimate rationale for opting for this aid modality (the governance and accountability perspective). From interviews with different key stakeholders it is learned that harmonizing and synchronizing both views remains a major challenge to effectively realize the full potentials and added value of the instrument. This also confirms the conclusions of the recent 2011 budget support evaluation entitled “Between High Expectations and Reality: An Evaluation of Budget Support in Zambia” summarizing that overall the Zambian experience confirms that budget support cannot simply ‘buy’ fundamental institutional reform, nor can it reduce poverty in a matter of a couple of years. Aid agencies can only expect to push through sustainable reform when there is a critical level of government ownership. But on the other hand, this cannot be used as an ex-post reason to argue that budget support is an ineffective instrument.

Data, figures, tables:

*JAR 2003, p29; 4.6.4 SYSMIN - All SYSMIN funds have been disbursed in terms of Balance of Payments support that is €50m by 12 December 2002. It is worth noting that the new PRBS will be disbursed through direct budget support, i.e. not through earmarking or double signature accounts as was the case with the SYSMIN transfers.*

Extracts:

*EDF9, CSP-NIP 2001-2007; p.20: Chapter 5.1.4: Macro-economic support and capacity building for economic governance: During the 1990s, Zambia has received considerable amounts of macro-economic support in the framework of consecutive Sysmin and Structural Adjustment Support programmes. In this manner, the EC has significantly contributed to macro-economic stabilisation of the country, particularly through debt reduction and budget financing. Zambia has acceded to HIPC debt relief and recently passed the test of the second year of the economic reform programme (supported through an IMF-PRGF-arrangement). A full-PRSP is expected to be agreed in the course of 2001/02. Economic reform will thus continue to feature as a top priority on the government’s agenda for the next years. The EU already committed itself to support the PRSP process. In its policy dialogue with the Government, the Commission and other donors emphasised the need: (i) for a more comprehensive and participatory analysis of poverty in Zambia, adding to the economic dimension also the capability and security dimensions of poverty; (ii) to pursue public finance management reforms towards more effectiveness and accountability; and (iii) to monitor outcome indicators as a way of measuring progress in the access and quality of social services, as well as in the efficiency/effectiveness of public expenditure...*

*EDF10, CSP-NIP 2008-2013; Annex 12 Road transport 2.4) Lessons learnt pp xcii-xciv; The Lessons Learnt section in Annex 12 on the road transport to the CSP-NIP consists of 2 and a half pages. Lessons learnt focus on sector dialogues, monitoring and assessment of sector performance, launching of sector studies, transparency of procurement procedures, etc. Some quotes: “Certainly, the utilisation of sector budget support can certainly not overcome the problems in sector financing, but it gives the EC the means to make it a top priority of the future sector dialogue between the CPs and the GRZ and to jointly discuss the way forward on sector financing enhancement agreed upon by all parties. Difficulties arise to find the right balance between really looking at the sector as a whole in the spirit of sector budget support and the risk of sliding back in the “project mode” with regard to the physical interventions and their execution financed under the SBS tranches. To find a right balance is sometimes difficult... The EC is the only CP using sector budget support in that magnitude in Zambia. Other CPs are mainly operating in the project mode but within the framework of a sector approach in support of ROADSIP II. Based on the anticipated further success of the SPSP, the EDF10 programme is designed to continue with the support to the sector mainly through SBS. In that context, it will however be important to carry out an assessment of the seven key areas according to the model approach of the relevant EC guidelines. This will be done in the framework of the Mid-Term Review of the SPSP*

which is scheduled for the end of the 2<sup>nd</sup> semester 2007. A close collaboration between the economic section and the infrastructure section would then be required. The issue of sector financing will have to be critically looked at.

**Sofreco (2006);** *Evaluation of the Commission's Support to Zambia – Country Level Evaluation; Final Report; June 2006: Conclusion on "Efficiency": "It is too early to appreciate the efficiency of general budget support. However, some positive aspects are already visible: clear procedures for the transfer of funds; mutually agreed indicators for the assessment of GBS; multi-donor cooperation in GBS. In the Transport Sector, the move towards sector support has improved efficiency. However, efficiency of EC project support is limited, due to: slow project identification, design and contracting; bureaucratic procedures; EC tender procedures not conducive to project implementation; high turnover of Zambia EU Delegation staff; limited institutional and sectoral capacity at the EU Delegation; in particular, the absence of a macroeconomist for the last six months is a serious handicap.*

**EAMR Jan 2011, p12:** *GRZ to implement [regional integration –infrastructure] sector corrective actions agreed with CPs. EUD to consider extension of 2 short-term TA assignments (engineering and financial specialist) to support RDA. GRZ and CPs to agree in January 2011 medium and long-term corrective actions to be included in a "road sector management plan" that will guide the future sector dialogue. Office of the Auditor General to assess adherence to these measures. EUD/NAO to facilitate an ETR of the SPSP I. This assignment will also use the "lessons learnt" and the latest sector developments to review the FA SPSP II EDF10 if necessary and reformulate a meaningful capacity building programme to be later financed under EDF10 SPSP II. Such a programme would holistically look at the sector including issues of tertiary education and sector governance issues. Following the implementation by GRZ of the proposed remedial actions and completion of the revision of ROADSIP II, a 7 key areas assessment study could be carried out in the 2nd quarter 2011 before releasing any tranches under SPSP I and II. EUD/DEVCO to discuss feasibility / opportunity of carrying over of SBS tranches not disbursed to date.*

**JAR 2010, p13:** *In 2010, and notably as a result of protracted discussions with the Government on the scope of the programme, the EU was compelled to cancel the EDF9 project designed to support Non State Actors (EU: €5m). Lessons from this disappointing experience have been reflected upon and taken into account for the design of the EDF10 programme (EU: €5.5m) which will be committed in 2011.*

**MTR EDF10 CSP Conclusions, p8:** *Under the EDF10, Zambia is benefiting from an enhanced and more predictable form of budget support, the MDG-Contract (€225m over six years).*

**JAR 2007, p22:** *The FNDP is a results-based plan that focuses on agreed targets and results, therefore a sound National Statistics Strategy becomes a necessary precondition for FNDP monitoring, evaluation, and informed decision-making. There are concerns about the co-ordination of the data collection process; this relates to the disparate nature of data collection, which is often directly carried out by the line ministries without the engagement of the Central Statistical Office (CSO). Consequently the CSO is not in a position to disseminate these data. Secondly, it makes a co-ordinated or integrated approach to data collection difficult; correspondingly there is inadequate effort to ensure that the data collected permit the calculation of the indicators agreed for FNDP monitoring. There are also concerns on the quality/reliability of data collected more generally. In 2007, the long-standing informal FNDP M&E Group was formalised under the JASZ, and has been mandated to coordinate CPs' inputs to monitoring at sectoral, central (through the CSO) and decentralised levels. It also ensures a coordinated approach to CPs support to NSS. The Group meets at least once a quarter under the co-chairmanship of GTZ, DFID and EC.*

**JAR 2007, p31:** *The 2007 national budget execution showed some limitations on the expenditure side. Of the total amount released by the Ministry of Finance and National Planning (MoFNP), only 89.7% was spent, because ministries and agencies were unable to absorb all the funds, particularly on capital projects. The partial execution of the budget reflects delays in public procurement (though not always at the central level), capacity constraints in planning, and overall low absorption capacity in the MPSAs. The government has taken steps to prevent a repeat of these difficulties in the 2008 budget execution (in particular, in relation to the public procurement process. On the revenue side, outcomes rebounded to outperform projections, reflecting also higher income tax payments from mining companies. A new fiscal regime for the mining sector is expected to generate substantial additional government revenue. In implementing the new regime, it is important to ensure that private investor's confidence is maintained and that the additional resources are used transparently and effec-*

tively.

**JAR 2003, pp 25-26;** 4.3.2 Developments in the Education Sector: The Government has implemented an Education Strategic Plan (ESP) which was presented to the donor community in February 2003. A Memorandum of Understanding was signed at the same occasion, providing the legal and sector dialogue framework for sector support. Several EU-Member States (Denmark, Ireland, the Netherlands, Finland, and the United Kingdom) already signed the MoU. The EC plans to sign the MoU after approval of its financing proposal. The strategic plan outlines important funding gaps, exacerbated in 2003 by tight budgetary discipline that froze the payroll, thus preventing recruitment of teachers necessary in consideration of the Free Basic Education policy launched in 2002... The ESP is also articulated in an Annual Work Plan that follows a National Implementation Framework. In 2003 these developments still overlapped with the previous pool-supported modality (of which the EC was not part), BESSIP (Basic Education Sub Sector Investment Programme). It was the first attempt of a swap in the education sector in Zambia and much has been learned from the experience, both at Government and donor levels. However, its systems must now be internalised in the Ministry of Education. For this reason, 2003 has been essentially a year of transition. Decentralisation is going on, with many education boards already being established. Procurement of educational materials should also be decentralised from 2004 onwards.

**DIE – IOB (2011), pp ii-iii;** Evaluation of Budget Support in Zambia – Synthesis Report, Main Findings of the Evaluation: Regarding policy and governance reforms, budget support has performed below its potential. While achievements in PFM reforms and the strengthening of the Auditor General can be related to the budget support process, the instrument was not effective in realising broader objectives. The PRBS group was not able to set up a coherence incentive system through conditionality and alignment that could have compensated weaknesses of GRZ. Beyond some improvements, the PRBS group did not harmonise disbursements and conditionality to a satisfactory level, nor was it able to set up a joint knowledge management system that would have contributed to strategic consistency in the group's relation with GRZ. The root causes of this lack of harmonisation relate to the disagreement among Cooperating Partners about the hierarchy of objectives of budget support: Some Cooperating Partners perceive the financing function related to poverty alleviation as the main objective of budget support, while others give priority to institutional / governance reforms. Thus, Cooperating Partners were often unable to signal joint and consistent priorities to the GRZ through dialogue and incentives. Interfering headquarters, who responded more to domestic political constellation than to requirements in Zambia, hindered the harmonisation and alignment attempts of aid managers in Lusaka.

**DIE – IOB (2011), p. vii;** Evaluation of Budget Support in Zambia – Synthesis Report, Main Findings of the Evaluation regarding Joint Knowledge Management: “Joint Knowledge Management: Related to different interpretations among Cooperating Partners about how to craft and implement conditionality and disbursement mechanisms, the potential for joint knowledge management including joint monitoring and learning has been underexplored. Joint knowledge management has been weak. Relevant information such as budget analyses, sector assessments, disbursement activities have been mostly made on an ad hoc basis and were widely dispersed among Cooperating Partners. This situation has caused a huge duplication of work by individual Cooperating Partners and GRZ and obstructs a more efficient use of invested human capital. The absence of a permanent PRBS secretariat responsible for joint knowledge management has been a heavy burden for establishing a more solid, fact-based dialogue process. It is also worthwhile mentioning, that the present endeavour of jointly evaluating the instrument's effectiveness in recent years was paralleled by several uncoordinated ad hoc evaluations and assessments by individual Cooperating Partners. These parallel evaluations and assessments created an additional administrative burden for GRZ.”

**EUD Lusaka; “Rationale for EDF10 NSAs capacity building project in Zambia”; Internal Note; 2011: p3;** Point(14) lesson learned: Finding effective and agreeable implementation modalities will be challenging. At this point implementation through the NAO may not be feasible and direct management by the Delegation – with appropriate TA-support – needs being considered as an option. Using joint financing systems (pool funding arrangements) in line with the Paris declaration like the Foundation for Civil Society in Tanzania, The Civil Society Support mechanism in Mozambique, the Independent Development Fund in Uganda, may be another option that would enable more secure funding arrangements which are independent of day to day management by donors.

Field Visit Additional Information I-8.1.2:

**DIE & IOB (2011), pp 14-15:** In Zambia, budget support has developed into a highly visible and relevant instrument of development cooperation. GRZ and PRBS partners have set up an institutionalised dialogue process. This mechanism served as the platform for discussing all relevant issues, including funding and disbursement procedures, conditionality, capacity building and institutional reform. The share of budget support as a percentage of OECD external assistance has increased. The resources represented a highly important share of the government's fiscal space. Budget allocations in most poverty-relevant sectors have increased absolutely as well as relatively. Overall, increases in these sectors were higher than the budget support inflows...

Overall, the results of this evaluation contribute to the debate on the potential of budget support. On the one hand, the Zambian experience confirms that budget support cannot simply 'buy' fundamental institutional reform, nor can it reduce poverty in a matter of a couple of years. Aid agencies can only expect to push through sustainable reform when there is a critical level of government ownership. On the other hand, this cannot be used as an ex-post reason to argue that budget support is an ineffective instrument.

▪ **Indicator 8.1.3: Monitoring and evaluation focused on instrument and approach efficiency and ability to achieve EU assistance's goals**

From the available documentation, including ROMs, CRIS files, review and evaluation reports, and as confirmed during the field interviews, there is no evidence that monitoring and evaluation (systematically) focused on instrument and approach efficiency. There are no specific indicators or database filter criteria related to aid modality, method of implementation, or financing modality, which are explicitly and/or systematically used for project and/or portfolio monitoring. By way of illustration, the standard excerpt of EAMR Reporting Item 3 "Implementation" is formulated as: Indicate the status of implementation of ongoing programmes (including thematic) by making reference to corresponding Implementation Reports in CRIS: identify major results (measured by indicators on project/programme level in July and January report and measured by CSP-level indicators in January report) and identify major obstacles and any remedial actions. The project and portfolio performance M&E systems challenges are more fundamental as illustrated in the country evaluation report of the implementation of the Paris Declaration in Zambia: "A significant proportion of investments do not have adequate monitoring frameworks and systems in place to enable results-oriented decision making and reporting. It is difficult to trace whether the Paris Declaration (PD) has been an influencing factor in managing for results at sector level. Similarly, there is no evidence that the PD has been a determinant factor in influencing mutual accountability due to the asymmetric accountability relationships between government and the development partners."

A crucial fundamental issue is that general budget support monitoring and evaluation basically covers the higher results levels (especially the outcomes and impact levels therein) and the inputs level (especially PFM aspects) but not the operational level of activities and direct outputs. It as such only covers the lower and upper levels of the results chain (for projects, programmes and strategies alike). It thus possibly misses out on the efficiency dimension of integrated performance monitoring and evaluation<sup>87</sup> as only the economy and effectiveness dimensions of the so-called "3Es" of performance management are covered.

This was one of the main issues brought to the attention of the evaluators by the NAO Support Office on the occasion of the evaluation preparatory meeting early September 2011 and confirmed during the evaluation field mission of December 2011 by the main stakeholder parties concerned (GRZ and CPs alike).

Strengthening M&E "tout court" of projects and portfolio remains a / the major challenge for enhanced portfolio performance. This was (indirectly and partially) recognised as such in the EDF10 CSP-NIP document as a *conditio sine qua non* towards attaining MDGs: "The use of responsive monitoring and evaluation of services delivery in both the education and health sectors, focusing primarily on the assessment of outcomes and impact, needs to be promoted. Capacity strengthening in monitoring services delivery in thus expected to be among the priority Government interventions." The Country evaluation of the implementation of the Paris Declaration in Zambia however sees improvements over time: "Capacities for results-driven strategies are getting stronger. The Fifth National Development Plan has provided a framework for that through the Key Performance Indicators consultatively developed by all major stakeholders. These are used as basis to measure implementation progress at sector as well as national

<sup>87</sup> A practical illustration in relation to the health sector is included in the information matrix under Annex XI, in relation to indicator 8.1.3 (Sector "Field interviews and additional information")

level. The Ministry of Finance has established a Department in the last two years mandated with monitoring and evaluation of development initiatives. However, there is still a long way to go as frameworks are still weak due to poor staffing. Nevertheless, the MFNP has continued to produce an annual report of the NDP to show progress made. Perhaps what is missing is a forum for a robust discussion of the report by all the key stakeholders such as the Annual Poverty Conference during the PRSP implementation.” The further strengthening of Fifth NDP and upcoming Sixth NDP performance monitoring and evaluation and the required capacity strengthening of the MoFNP’s Department of Monitoring and Evaluation there-to where amongst the main issues brought to the attention of the EU country strategy evaluation team by the different stakeholders concerned (both GRZ and CPs) during the December field visit. It was also emphasised that this requires a necessary strengthening of such performance M&E systems at the sectoral / thematic level (in the sectoral / thematic ministries and agencies) and at the level of the local government units (particularly Districts) with the Provinces as intermediate level. At each level, civil society needs to be duly involved in M&E to ensure ownership, transparency and accountability. The consultations furthermore indicated that the MoFNP M&E Department at the helm of this umbrella M&E system would be needing to steer, coordinate and integrate those system components at national level.

Robust monitoring and prompt decision making based on the monitoring early warning information as essential performance management tools and practices do not appear to be in place yet. The need for such effective holistic M&E system to track the implementation of activities and monitor results was stressed already in the FNDP progress reports as early as 2007, amongst others by the Governance Secretariat and was repeated ever since.<sup>88</sup> However, no concerted action appears to have been taken. Such holistic M&E system requires the necessary complementarity, in not integration, of both the GBS and SBS monitoring systems in sectors covered by both budget support modalities, which is still something to be aspired for. This for example is explicitly envisioned by the Health Sector Performance Monitoring Framework (HPMF) under the EDF10 “Supporting Public Health Service Delivery in Zambia” Sector Policy Support Programme (SPSP) which covers direct output indicators performance monitoring complementary to the inputs and outcome & impact performance monitoring under the General Budget Support, thus ensuring integrated performance monitoring of the entire programme vertical logic from inputs to impact.<sup>89</sup> By way of illustration, at the end of this section on indicator 8.1.3 a special assessment is included on the monitoring of general and sector budget support and disbursement criteria with health sector as case.

Data, figures, tables:

**EAMR, Jan 2007, Annex A: Evaluation Plan**

Review Education Strategic Plan	Education pool funding is done through joint agreed modalities. This review corresponds to an end of project evaluation as the EC support will end in 2007	Q1 2007	Q1 2007
---------------------------------	--	---------	---------

**MTR EDF10 CSP Conclusions, p11.**

*Different EAMRs: Standard Excerpt of EAMR Reporting Item 3 “Implementation” is formulated as: Indicate the status of implementation of ongoing programmes (including thematic) by making reference to corresponding Implementation Reports in CRIS: identify major results (measured by indicators on project/programme level in July and January report and measured by CSP-level indicators in January report) and identify major obstacles and any remedial actions.*

*DIE – IOB (2011) – p158; Evaluation of Budget Support in Zambia – Synthesis Report; Annex VII Budgets and expenditure by function 2005-2009.*

*FA 10-ACP-2A-005 - Annex II; p9: SPSP Supporting Public Health Service Delivery in Zambia; Annex 1: Technical and Administrative Provisions for Implementation - Table D: Performance Indicators and Targets for Variable Tranches 2009 and 2010: “The selected indicators / targets are defined in the current PAF 2007-2009 in the following terms: ...”*

*FA 10-ACP-2A-005 - Annex II; p10; SPSP Supporting Public Health Service Delivery in Zambia; Annex 1: Technical and Administrative Provisions for Implementation; Chap. 5.4 Performance indicators variable tranches in 2011: The selected indicators / targets are defined in the HPMF in the following terms: - Table F: Health Performance Indicators with Baseline and Targets for 2010*

<sup>88</sup> See the summary table on SNDP governance annual reporting on lessons learnt and recommendations in the Annex Xi information matrix related to JC 6.6.

<sup>89</sup> This is further illustrated in the section at the end of the discussion of this indicator 8.1.3 under the title “On the Monitoring of General and Sector Budget Support and Disbursement Criteria: The Health Sector as Case”.

EDF 10 Mid-Term Review: Synthesis of Recommendations regarding NIP Reallocations (Oct 2009)									
10th EDF CSP - NIP	Initial NIP			Current NIP*			MTR proposal		
	Amount (in M€)	of which SBS (in M€)	amount as % sub-total	Amount (in M€)	Of which SBS (in M€)	amount as % A-env	Amount (in M€)	of which SBS (in M€)	amount as % A-env
<b>A envelope</b>	<b>475</b>		<b>100%</b>	<b>475</b>		<b>100%</b>	<b>475</b>		<b>100%</b>
- GBS	232		49%	232		49%	232		49%
- focal area 1 Regional Integration/Transport infrastructure	117	69.3	25%	118		25%	128		27%
- focal area 2 Health	59	59	12%	59	59	12%	59	59	12%
- non-focal areas:									
- Food security and agriculture diversification	30		6%	30		6%	20		4%
- Support to Governance	25		5%	25		5%	25		5%
- Support for NSAs	5.5		1.10%	5.5		1.10%	5.5		1.10%
- Support for EPA/TRA	2		0.40%	2		0.40%	2		0.40%
- TCF	3		0.60%	3		0.60%	3		0.60%
- Reserve	1.5		0.30%	0.5		0.30%	0.5		0.30%
<b>B envelope**</b>	<b>14.8</b>		<b>100%</b>	<b>49.43</b>		<b>100%</b>	<b>37.33(b')</b>		<b>100%</b>
- AIDCO implementation	11.1		75%	45.73			34.63		
- ECHO implementation	3.7		25%	3.7			2.7		
<b>Total</b>	<b>489.8</b>		<b>100%</b>			<b>100%</b>	<b>478.7</b>		<b>100%</b>
<b>Change in country allocation</b>									
- A-envelope							<b>0</b>		
- B-envelope							<b>-12.1</b>		

\* After taking into account adjustments resulting from ad hoc reviews

\*\* Increased by €4.63 m (special B-envelope) and by €30 m (V-FLEX)

**Extracts:**

**EDF9, CSP-NIP 2001-2007; p.20** – Chapter 5.1.4: Macro-economic support and capacity building for economic governance: Provided that this effort is deployed, macro-economic support by the EC will continue to be disbursed in the form of budgetary aid, either channelled directly through the treasury or through special arrangements under discussion with GRZ and donors... The EU will adopt an assessment and disbursement mechanisms that avoid the past stop/go situation and that will allow more/less financing on the basis of results measured through performance indicators... Though in principle the budgetary assistance will not be targeting a specific sector or expenditure category, the importance of social sectors for poverty reduction and EC prior involvement will justify to measure in particular the impact of budgetary aid on social sector policies.

**EDF10 CSP-NIP 2008-2013 p41:** In order to support the significant efforts towards attaining MDGs undertaken under the FNDP 2006-2010, the fulfilment of specific commitments by the government is assumed in relation to public expenditure and service delivery in social sectors. As 4<sup>th</sup> element (d) is listed: “the use of responsive monitoring and evaluation of services delivery in both the education and health sectors, focusing primarily on the assessment of outcomes and impact, needs to be promoted. Capacity strengthening in monitoring services delivery in thus expected to be among the priority Government interventions. FNDP indicators are expected to be used.

**Ministry of Finance and National Planning (2011), p23:** The GRZ has explicitly stated in its National Aid Policy that its preferred modality of aid is Direct Budget Support... Projections made in the current MTEF for future support to the health and education sectors indicate that financing through SWAPs will drop in the coming years... The JASZ evaluation found that the objective of replacing separate CP country strategies with the JASZ was not realised.

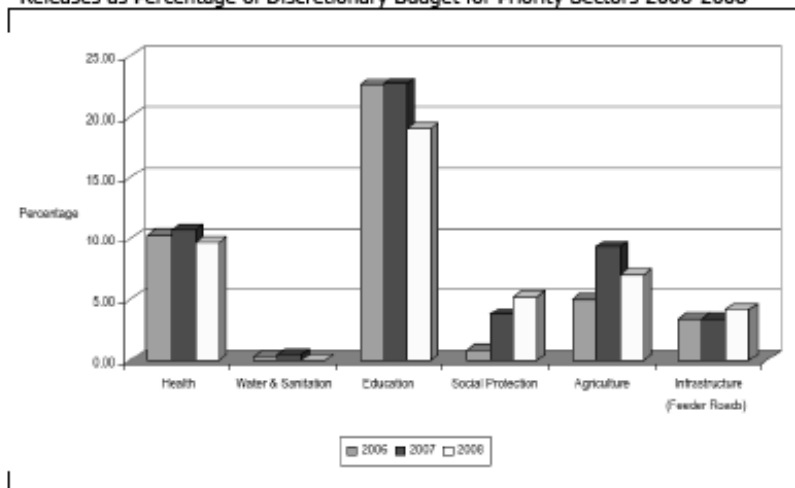
**Ministry of Finance and National Planning (2011), p. xii - Country Evaluation of the Implementation of the Paris Declaration in Zambia, Phase II.** Has the implementation of the Paris Declaration strengthened the contribution of aid to sustainable development results (development outcomes)? How? – Core Question 3. A significant proportion of investments do not have adequate monitoring frameworks and systems in place to enable results-oriented decision making and reporting. It is difficult to trace whether the PD has been an influencing factor in managing for results at sector level. Similarly, there is no evidence that the PD has been a determinant factor in influencing mutual accountability due to the asym-



metric accountability relationships between government and the development partners.

**EAMR Jan 2011, p23:** Budget support: EUD was actively involved in the two yearly PRBS reviews which are critical milestones in the Budget Support life cycle, notably when reviewing the PAF. Based on a the Joint Annual Review in the Health Sector and the assessment of the PAF indicators, the Delegation decided to propose for the 2010 tranche of the SBS, that the fixed tranche of €8.5m is disbursed and variable tranche is withheld due to poor progress on the relevant indicators. Sector dialogue in the health and in the road sectors focussed on the follow-up of the 2009 mismanagements in the Ministry of Health and financial over commitments in roads.

Releases as Percentage of Discretionary Budget for Priority Sectors 2006-2008



Source: FNDF Mid-Term Review (GRZ 2009)

**JAR 2010, p9;** Regarding Sector Budget Support – Public Expenditure Management & Financial Accountability (PEMFA): "..., a comprehensive evaluation of PEMFA conducted in 2010 recognised that some components scored successes; among others, the setting up of the new Public Procurement Agency and the strengthening the Institute of Chartered Accountants, and the Zambia Macroeconomic Model. The evaluation also states that "over the PEMFA period there appears to have been demonstrable improvement in key PFM areas as measured by the high level PEFA indicator set".

**JAR 2010, p10;** Regarding Sector Budget Support – Health Sector: In 2010 the sector was still marred by the 2009 crisis that saw its origin in the misappropriation of funds by a few public servants in the line Ministry. The Netherlands and Sweden which were contributing to a basket fund arrangement interrupted their disbursements, and the Ministry had to embark on a range of corrective actions, which focused a large part of its administrative capacity on addressing Governance issues...Though progress on implementing corrective actions was acknowledged in the latter part of the year, the Government's request for the EU Sector Budget Support tranche (fixed tranche of €8.5m and variable tranche of €1.5m) was only received in December 2010 making it impossible for the Commission to process the disbursement in-year (only the fixed tranche would have been disbursed in any case). The situation certainly contributed to the very limited progress on certain health indicators in 2010, and this in spite of the overall positive economic development. As a result, Zambia's road to attaining the MDG goals 4 and 5 was further complicated. In spite of the smooth implementation of HIV/AIDS- programmes, prevalence remains high with 14.3% of the population infected with the virus. The persistently poor health status of the population, which particularly affects the rural poor, presents a significant obstacle towards accelerated poverty reduction. It should be noted however that the Budget Support Evaluation conducted in 2010 concluded that Government and Cooperating Partners had contributed to an improved service delivery and reduction in the incidence prevalence of diseases as tuberculosis and malaria. The impact analysis did find positive impacts on child mortality, maternal death, malaria, and diarrhoea.

**JAR 2010, p11;** Zimba – Livingstone road (also part of the Trans-Africa Highway System / North-South corridor). The project contributed to the establishment of a safe and sustainable national road network through the rehabilitation of 42.8 km of the main road link to Zimbabwe/Botswana/South Africa. This will result in lower vehicle operation costs estimated to a reduction of 10% for heavy goods, large buses and trucks over 7,5t, vehicle operating speeds increased by 45% and a safer travelling environment.

**MTR EDF10 CSP Conclusions, p8:** *The EU remains convinced that the budget support modality provides the levels of ownership of development and permits the GRZ to allocate resources in accordance with national priorities... The use of the SBS modality in both [= health and infrastructure] sectors appears to have made it possible for the GRZ to implement defined strategies which have in turn contributed to attracting FDI [Foreign Direct Investment] as well as local economic growth initiatives.*

**JAR 2007, p22:** *Unlike PRBS 1 (where a separate set of indicators was used), the set of indicators for the VT was extracted from the common Performance Assessment Framework (PAF), jointly agreed between GRZ and CPs in November 2006, and covering three years (2006-2008). A sub-set of 12 indicators had been selected, and the PAF was jointly assessed in June 2007. Overall, the PAF scored at 70%, while the EC indicators scored at 71%, remarkably close to the overall PAF.*

**Ministry of Finance and National Planning (2011), p. x - Country Evaluation of the Implementation of the Paris Declaration in Zambia, Phase II - To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships (process and intermediate outcomes) – Core Question 2. Capacities for results-driven strategies are getting stronger. The Fifth National Development Plan has provided a framework for that through the Key Performance Indicators consultatively developed by all major stakeholders. These are used as basis to measure implementation progress at sector as well as national level. The ministry of finance has established a department in the last two years mandated with monitoring and evaluation of development initiatives. However, there is still a long way to go as frameworks are still weak due to poor staffing. Nevertheless, the MFNP has continued to produce an annual report of the NDP to show progress made. Perhaps what is missing is a forum for a robust discussion of the report by all the key stakeholders such as the Annual Poverty Conference during the PRSP implementation.**

**DIE – IOB (2011); Evaluation of Budget Support in Zambia – Synthesis Report; Annex IV on Reasons for delayed budget support disbursements: Main reason given by EC as Cooperating Partner for delayed budget support disbursement (GB Commitment equal to 37.14m USD): “Delays were mainly of administrative nature, with a number of additional supporting documents requested by EC HQ”.**

**FA 10-ACP-2A-005 - Annex 1; p6; SPSP Supporting Public Health Service Delivery in Zambia; Annex 1: Technical and Administrative Provisions for Implementation Complementarity GBS / SBS:**

*In a sector support that complements GBS (MDG Contract), it is necessary to focus on input/output indicators as well as outcomes (specific of the PRBS PAF), in order to create incentives for the implementation of measures which constitute the prerequisites for the attainment of outcomes. This SBS programme will combine input performance (timely releases to the health sector, specific releases to the district level), with a) in 2009 and 2010, outcome indicators selected from the PAF-Health/HIV that are complementary to the Health/HIV selected indicators under the GBS (MDG Contract) and b) in 2011, outcomes indicators selected from the specific sector performance framework (HPMF). In fact, it is expected that the recently available HPMF will inform and adapt the PAF-Health/HIV in the coming reviews. (page 6)*

*Measuring performance: The development of the FNDP coincided with the start of the Poverty Reduction Budgetary Support (PRBS), a joint general budget support programme, with a Performance Assessment Framework (PAF). These initiatives have stimulated open discussions on the definition of outcome indicators and targets. The Health Management Information System (HMIS) is being revised and significant work has gone into the definition of indicators ensuring that the national priorities including the MDGs and the selected OECD DAC health indicator selected by EU Member States are included in the datasets. In order to contribute towards health sector monitoring and evaluation in Zambia through results-oriented planning, budgeting and aid modalities, which are all focused on accountability for results, the Ministry of Health has developed a Health Sector Performance Monitoring Framework (HPMF). The aim is to compile a detailed logical framework that reconciles the higher level indicators and targets of strategic documents with the input (resources and process benchmarks) and output level indicators especially found in operational documents, like the Annual Action Plan of the Ministry of Health (MoH). The framework should show a clear enchainment, through a sequencing of inputs moving towards output (short-term) and eventually outcome and impact levels (long-term). (p.6)*

**Road Sector SPSP2 Action Fiche:** *“Concerning sector performance monitoring, the present central statistical system providing data to monitor the sector is weak. Limited data for road sector monitoring are provided by the three road agencies Road Development Agency (RDA), National Road Fund Agency (NRFA) and the Road Traffic and Safety Agency (RTSA) as well as the National Construction*

*Council. There is no aggregation of transport sector performance data at the Ministry of Transport and Communication (MCT) in response to its mandate. The Mid Term Review of ROADSIP II is to develop a revised M&E framework for the road sector including input, output and outcome indicators.”*

Field Visit Additional Information on I-8.1.3:

### **Special Assessment on the Monitoring of General and Sector Budget Support and Disbursement Criteria: The Health Sector as Case**

**FA 10-ACP-2A-005 - Annex II; pp.6-11;** “Supporting Public Health Service Delivery in Zambia” – Annex II Technical and Administrative Provisions (TAPS); pp. 4-11. Under chapter 2.3 Performance monitoring and disbursement criteria: Performance monitoring is the responsibility of the Ministry of Health, while the Ministry of Finance and National Planning coordinates monitoring the implementation of the FNDP. In the health sector dialogue the progress in implementing the National Health Strategic Plan is reported on through the routine Health Management Information System (HMIS). The Health components of the PAF (Performance Assessment Framework under the PRBS) and the Health sector Performance Monitoring Framework (HPMF) will be in the coming years the main tools for performance assessment. They provide a synthetic picture - derived from the existing strategic policy frameworks and annual work plans - of the sector commitments, in terms of inputs, output and outcomes. The broad HPMF includes the DAC selected standard indicators.”

PAF indicators for health

The overall budget support criteria for the health sector basically concern common, standard input indicators, notably financial management criteria and indicators formulated in the broader context of the PAF (Performance Assessment Framework) plus one single impact indicator for the health sector. From the above FA-TAPS excerpt it is clear that the HPMF data generated under the health sector budget support programme are expected to supplement the monitoring data generated through the overall budget support component related to the health sector, thus filling the performance assessment gap at the activities – outputs level of the results chain, which is the level of operational performance concerning the efficiency dimension in the “3Es” framework of performance management (Economy basically concerning the inputs level (both quantity and quality); Efficiency concerning the activities and outputs levels of the results chain, and; Effectiveness concerning the higher results levels of outcomes and impact. Further evidence hereto is provided in the same 10-ACP-2A-005 FA-TAPS on the health SPSP under EDF10 when providing summary information on the disbursement criteria for both the fixed annual and the variable tranches as follows:

“The general conditions for the disbursement of all tranches are: (1) Satisfactory progress in maintaining a policy of macroeconomic stability as evidenced by continued implementation of an IMF-backed macroeconomic programme; (2) Satisfactory progress on implementation of the programme to improve and reform public finance management assessed, and; (3) Satisfactory progress in the implementation of the sector policy as assessed through the Joint Annual Reviews and the HPMF. A specific condition for all fixed tranches will be the verification that releases - in the budget year prior to assessment - from Treasury to MoH respect the agreed cash allocation profiles.

Performance conditions for variable tranches: (1) Variable tranches 2009 and 2010: PAF (Current 2007-2009) Health/HIV indicators: HEA 3 Utilisation rate of PHC facilities; HEA 4 Percentage Ministry of Health releases to district level, and; HIV 2. Percentage of HIV positive eligible clients accessing ARVs. The PAF Health/HIV indicators included above are selected from the current 2008-2010 PRBS PAF. (2) Variable tranche 2011: average percentage scoring in 2010 of the selected outcome indicators of the HPMF.” (Op Cit.; p.4)

The HPMF indicators information generated and processed under the health SPSP thus complements / fills the gap left by the General Budget Support monitoring at operational level namely in relation to decision making on the fixed annual tranches: the progress in the implementation of the sector policy. It also complements the PRBS-MDG indicators at the outcome level to support decision making on the variable tranche from 2011 onwards. This is further substantiated by the summary tables on performance indicators used for disbursements under annex I which explicitly mentions this complementarity between GBS / SBS as follows both with regard to input-output operational indicators and selective additional outcome indicators:

“Complementarity GBS / SBS: In a sector support that complements GBS (MDG Contract), it is necessary to focus on input/output indicators as well as outcomes (specific of the PRBS PAF), in order to cre-

ate incentives for the implementation of measures which constitute the prerequisites for the attainment of outcomes. This SBS programme will combine input performance (timely releases to the health sector, specific releases to the district level), with a) in 2009 and 2010, outcome indicators selected from the PAF-Health/HIV that are complementary to the Health/HIV selected indicators under the GBS (MDG Contract) and b) in 2011, outcomes indicators selected from the specific sector performance framework (HPMF). In fact, it is expected that the recently available HPMF will inform and adapt the PAF-Health/HIV in the coming reviews.” (Op. Cit.; p.6)

This complementarity is further detailed in the two tables B and C under Annex 1, chapters 3 and 4 on respectively the general and the specific conditions for the disbursement of each tranche as follows:

**Table B: General conditions for the release of tranches**

Area	Conditions	Verification source
Macro-economic stability	Satisfactory progress in maintaining a policy of macroeconomic stability	IMF PRGF reviews MTEF and budget documentation
Public finance management	Satisfactory progress in the implementation of the PFM reform strategy	PEMFA reports PEFA reviews Delegation annual PFM report
Progress in sector strategic plan	Progress implementing the National Health Strategic Plan 2006-2011 (NHSP)  Progress in meeting HPMF input/output indicators for the year n-1 as reviewed in the JAR and assessed at the Sector Advisory Group meeting held in April of the year n.	MoH submission through joint consultative mechanisms (JAR report and SAG adopted conclusions)

**Table C: Specific conditions for the release of tranches**

Tranche	Amount	Indicative date of disbursement request	Indicative disbursement date	Conditions/criteria/ activities for disbursement	Verification source
1st fixed tranche	€8.5 M	April 2009	June 2009	a. General conditions as given in Table 4.4.1 b. PFM: releases from Treasury to MoH in 2008	a. see table 4.4.1 b. Accountant General
1st variable tranche	€3 M	April 2009	June 2009	a. General conditions as given in Table 4.4.1 b. PAF Health/HIV indicators in 2008: HEA 3. Utilisation rate of PHC facilities HEA 4. Percentage Ministry of Health releases to district level HIV 2. Percentage of HIV positive eligible clients accessing ARVs	a. see table 4.4.1 b. MoH submission after JAR and SAG
2nd fixed tranche	€8.5 M	April 201	June 2010	a. General conditions as given in Table 4.4.1 b. PFM: releases from Treasury to MoH in 2009	a. see table 4.4.1 b. Accountant General

2nd variable tranche	€3 M	April 2010	June 2010	a. General conditions as given in Table 4.4.1 b. PAF Health/HIV indicators in 2009: HEA 3. Utilisation rate of PHC facilities HEA 4. Percentage Ministry of Health releases to district level HIV 2. Percentage of HIV positive eligible clients accessing ARVs	a. see table 4.4.1 b. MoH submission after JAR and SAG
3rd fixed tranche	€7.5 M	April 2011	June 2011	a. General conditions as given in Table 4.4.1 b. PFM: releases from Treasury to MoH in 2010	a. see table 4.4.1 b. Accountant General
3rd variable tranche	€4.5 m	April 2011	June 2011	HPMF: average percentage scoring in 2010 of the selected outcome indicators of the HPMF	MoH submission after JAR and SAG

The specific PFM conditions for fixed tranches and performance evaluation arrangements for variable tranches are reiterated and made more explicit under Chapter 5 of Annex 2 on disbursement arrangements and timetable as follows: (1) As specific PFM condition for fixed tranches 2009, 2010 and 2011 is taken the single condition of “The amount of Treasury releases to the Ministry of Health (Budget Head 46) for the year preceding the assessment/disbursement (which) must attain a minimum of 90% of the agreed cash allocation profiles for the Ministry of Health, and: (2) As performance indicators for the variable tranches in 2009 and 2010 are taken the selected indicators/targets defined in the PAF 2007-2009 as per the below Table D:

**Table D: Indicators and Targets for Variable Tranches 2009 and 2010**

PAF Reference	Indicator construction / calculation	Baseline 2006	Target 2007	Target 2008	Target 2009	Sources of Verification
Indicator HEA 3. Utilisation rate of PHC facilities	<b>Numerator:</b> Number of first attendances and admissions at PHC facilities <b>Denominator:</b> Total population.	1.2	1.3	1.3	1.3	Revised HMIS and JAR
Indicator HEA 4. Percentage Ministry of Health releases to district level	<b>Numerator:</b> Releases of grants to district boards <b>Denominator:</b> Non PEs MoH domestic budget	8%	13%	13%	13%	MOH, revised HMIS and JAR
Indicator HIV 2. Percentage of HIV positive eligible clients accessing ARVs	<b>Numerator:</b> Number of people with advanced HIV/Aids who receive anti retro viral drugs. <b>Denominator:</b> Number of eligible HIV positive clients <b>Note:</b> Denominator values to be determined (TBD)	80,030 / 243,542 32.9%	156,229 / 295,540 (52.9%)	60% / 197,129 / 328,548	70% / 250,068 / 357,240	NAC, revised HMIS and JAR

For the sake of completeness in illustrating the indicators utilisation by both the GBS and SBS programmes for the health under EDF10, below are the excerpts related to performance monitoring and disbursement criteria of the EDF10 umbrella General Budget Support programme “Poverty Reduction Budget Support 3 – Millennium Development Goals Contract for Zambia 2009 – 2014 (abbreviated as PRBS-3 – MDG-C) as far as the health sector is concerned.

Chapter 2.3. on Performance Monitoring and Disbursement Criteria of the FA TAPS of this GBS programme summarizes the general conditions for the disbursement of all tranches (both fixed annual and variable tranches) and the specific conditions for disbursement of the variable component as follows: “General conditions for the disbursement of all tranches: These are: (i) Satisfactory progress in the implementation of the FNDP (Fifth National Development Plan) and its successor plan; (ii) Satisfactory progress in the maintenance of a stability-oriented macroeconomic policy; (iii) Satisfactory progress in the implementation of Zambia’s PFM reform strategy. Specific conditions for disbursement of the variable component: The variable component consists of two elements, the Annual Performance Tranche (APT) and the MDG Tranche (MDGT). Both types of tranches will depend on an assessment of a sub-set of PAF indicators. While the areas of PAF focus identified below remain the same until the MCR, the sub-set of PAF indicators used to assess performance is indicative, as both targets and indicators could change over time, in line with the three-year rolling nature of the PAF.”

These sets and sub-sets of indicators are summarised in tables for both the general and specific conditions for tranche release, with for the specific conditions in accordance with the above two tables for respectively the annual performance tranches and the MDG based tranches.

**Table 3: General Conditions for tranche release**

Area	Condition	Source of verification
National policy and strategy	Satisfactory progress in the implementation of the FNDP and its successor plan.	Annual Progress Report, Economic Report, Final PAF report, Joint Assessment Report (PRBS Review)
Macroeconomic stability	Satisfactory progress in the maintenance of a stability-oriented macroeconomic policy.	MTEF and budget documentation, Joint Assessment Report (PRBS Review), IMF reviews, Dialogue with GRZ
Public Financial Management	Satisfactory progress in the implementation of Zambia's PFM reform strategy.	PEMFA reports, Joint Assessment Report (PRBS Review), PEFA reviews, Ad hoc PERs, Quarterly Expenditure Reports, Minutes Budget Execution working Group, Dialogue with GRZ

**Table 4: Indicators for the Annual Performance Tranche (PAF 2008-2010)**

PAF reference	Description	Baseline 2007	2008	2009	2010	Source of verification
PFM2	Percent of heads whose calculated expenditure is between 95% and 105% of the total funding	91.8%	82%	85%	85%	Monthly releases, publications and monthly expenditure reports for Office of the Accountant General
PFM3	Total Stock of arrears expressed in ZK at the end of the financial year, excluding statutory pension arrears	ZK376.4b	ZK120bn	Negligible amount*	Negligible amount	Budget Office (MoFNP), Office of the Accountant General, Controller of Internal Audit, IDM
PFM4	Proportion of Recommendations in the Auditor General’s Report acted upon as reported in the Treasury Minutes received from the Secretary to the Treasury by the PAC. Production of the Treasury Minutes within the legally stipulated time will receive half scoring	83.2%	80%	85%	85%	Reports from PAC (Parliament) and Treasury Minutes – MoFNP and Auditor General
PFM 5	Expenditure variance between original budget and total expenditure (selected sectors)	14.4% (9.4%)	Less than 20%	Less than 15%	Less than 15%	Office of the Accountant General, Budget Office (MoFNP)

\* Negligible amount is defined as the equivalent of one month allocation to utility bills

The below table 6 shows the Key Performance Indicators (KPIs) for the MDG-based tranche (2008-2010 PAF). PAF indicators HEA1 (institutional deliveries), HEA2 (child immunisation) and HIV3 (HIV pregnant women receiving ARV) which are specific for the health sector. They are complementary to the HEA3, HEA4 and HIV2 indicators forming the basis for decision-making on variable tranches disbursement under the health sector budget support programme. The detailed performance assessment framework (PAF) for Poverty Reduction Budget Support 2008-2010 for the health sector integrating all four above HEA indicators in the summary table right after table 6 on the next page to further complete the health sector budget support picture as far as indicators used for decision-making on variable tranche releases are concerned.

**Table 6: Key Performance Indicators for the MDG-Based Tranche (2008-2010 PAF)**

	PAF reference	Indicator	Baseline 2007	Target 2008	Target 2009	Target 2010
1	HEA1	Institutional deliveries	45%	45%	47%	50%
2	HEA2	Child immunisation	62%	73%	75%	70%
3	EDU1	Districts below 80% enrolment	5	4	2	0
4	EDU4	Districts with PTR over 100	7	3	3	0
5	HIV3	HIV pregnant women receiving ARV	39.1%	60%	70%	80%
6	DTR1	Domestic (non-mining) Tax Revenue (% of GDP)	15.6%	15.4%	16.5%	16.3%
7	AGR1	Agriculture budget releases within MACO in line with MTEF	ZK 699.9bn	462	918.8	As per MTEF
8	INF2	Feeder roads (a) rehabilitated and (b) maintained	(a) 201 (b) 3110	(a) 459.8 (b) 11457.7	As per new Roadship	As per new Roadship
9	PSD2	Number of days to complete documentation for (a) import and (b) export	(a) 64 (b) 53	Customs accredited programme rolled out Border post at Chirundu modernised Reduction in inspections from 80% to 20% at Chirundu Computerisation of ZRA offices and borders	(a) 48 (b) 40	(a) 36 (b) 32

## Social Sectors

### Health

Health Sector Development Indicators for Performance Assessment Framework (PAF)									
Indicators / Issue	Required Action Definition / Calculation	2007 (Baseline Value)		2008	2009	2010	Relationship to NDP	Data Source (Responsible Institutions or Departments)	Assessment, including Comments (Reasons for Variance)
		Target	Actual						
<i>Indicator HEA 1:</i> Percentage of Institutional Deliveries	<b>Numerator:</b> Number of Institutional Deliveries <b>Denominator:</b> Number of expected deliveries <b>Note:</b> When the HMIS allows, this indicator will be changed to deliveries assisted by midwives, nurses, doctors and clinical officer	45%	47%	50%	This is the same indicator as that suggested for the NDP. Difference is in the fact that the NDP has targets to 2010 – set at 55%	Report from the revised HMIS	<b>Reason for Variance:</b> <b>Assessment:</b> <b>Recommendations for the future:</b>		
		2007 = 45% 2006 = 43% 2005 = 43%							
<i>Indicator HEA 2:</i> Percentage of fully immunised children under one year of age in 20 worst performing districts	<b>Numerator:</b> Children under one year of age who are fully immunized (where fully immunized means receiving BCG, DPT 1, II and III, Measles, Hib 1, II and OPV) <b>Denominator:</b> Total children under one year of age	73%	75%	70%	This is the same indicator as that suggested for the NDP. Difference is in the fact that the NDP has targets to 2010 – set at 70%	HMIS	<b>Reason for Variance:</b> <b>Assessment:</b> <b>Recommendations for the future:</b>		
		2007 = 62% 2006 = 67% 2005 = 63%							
<i>Indicator HEA 3:</i> Utilisation rate of PHC facilities	<b>Numerator:</b> Number of first attendances and admissions at PHC facilities <b>Denominator:</b> Total population. The indicator will be replaced in later versions of the PAF	1.3	1.3	1.3	This is a refined indicator to that suggested for the NDP.	HMIS	<b>Reason for Variance:</b> <b>Assessment:</b> <b>Recommendations for the future:</b>		
		2007 = 1.3 2006 = 1.2 2005 = 1.3							
<i>Indicator HEA 4:</i> Percentage Ministry of Health releases to district level	<b>Numerator:</b> Releases of grants to district boards <b>Denominator:</b> Non PEs MoH domestic budget <b>Note:</b> this is a clearer version of the indicator used in previous versions of the PAF. It considers domestic operational grants to district level. It does not include capital developments and drugs for districts. It is buoyant, depending on actual levels of funding.	13%	13%	13%	This is a refined indicator to that suggested for the NDP.	MOH and revised HMIS	<b>Reason for Variance:</b> <b>Assessment:</b> Met <b>Recommendations for the future:</b>		
		2007 = 14% 2006 = 8%							



Field Visit Additional Information on JC 8.1:

**DIE & IOB (2011) p16;** Evaluation Summary and Conclusions: The financing function of budget support in Zambia has performed fairly well, although aid predictability has not improved substantially. The share of budget support has increased over time and represents the lion's share of the government's fiscal space. In addition, the poverty orientation of the budget has gained weight. Relative financial weight: Two trends have to be considered. First, budget support has become more important as a percentage of total aid. In 2009, budget support accounted for about 20% of total aid and 32% of the grants to GRZ. Second, the total share of external support has decreased rapidly from around 30% at the beginning of the last decade to less than 20% in 2010 as a result of an increase in domestic revenue. Nevertheless, the funding dimension of PRBS in Zambia was still considerable and has therefore been politically important. Budget support disbursements represented the lion's share of the government's fiscal space. Thus, the financial component of budget support – if combined properly with the instrument's non-financial components – has had the potential to promote policy and institutional reforms beyond the mere financing of poverty reduction.

**DIE & IOB (2011) p16;** Evaluation Summary and Conclusions: Budget Support and Harmonisation: A Political Economy Perspective – Conditionality and Disbursement Procedures: Overall, the PRBS process in Zambia has not set up a harmonised incentive system that has linked financial and non-financial components of budget support in a coherent manner. The Performance Assessment Framework (PAF) covered too many indicators from different sectors and was not helpful in measuring progress. Both of these elements reflected the fact that there was no common priority framework shared by cooperating partners. There are different interpretations among cooperating partners as to what the focus of the PAF should be. Closely related to the inconsistency of the PAF is the failure of cooperating partners to harmonize their disbursement mechanisms. This leads to differences in the application of fixed and variable tranches and their links to the PAF. These diverse disbursement mechanisms make it more difficult to send out a coherent signal to the GRZ about the relative priorities of cooperating partners.

**MoFNP – 2011 Budget Address Minister of Finance and National Planning to Parliament;** Assessment of the Fifth National Development Plan :

Par. 61. Sir, the implementation of this plan did not come without challenges. One of the lessons we have learned is that we need to better link resource allocations in the Budget to the Plan. There is also greater need for our planning process to be more results oriented, with well-defined measures of success. Most importantly, stronger monitoring tools are needed from the grass roots level up to ensure that results can be measured and feed back to the national planning and budgeting processes.

Par. 62. Mr. Speaker, as we prepare to launch the Sixth National Development Plan, we draw on these experiences, and employ more effective strategies to ensure that it will be an even bigger success. One of the main instruments to achieve more effective linkages between planning and budgeting will be the Planning and Budgeting Bill, which will be presented to this House next year. This Bill will also provide a framework for stronger monitoring and evaluation systems to ensure a more results oriented planning and annual budgeting process.

**MoFNP – 2011 Budget Address Minister of Finance and National Planning to Parliament;** Part III Economic Objectives and Policies for the 2011 Budget: Monitoring and Evaluation; Par. 97-98.

Par. 97. Mr. Speaker, nationwide monitoring of projects requires active participation of all stakeholders, including local communities. This is to ensure that projects are completed in a timely manner and to the required standard. To this effect, all Sector Advisory Groups, and Provincial and District Development Coordinating Committees are encouraged to form monitoring and evaluation sub-committees. These committees are, in turn, encouraged to partner with my Ministry to monitor various development projects in their areas. This will promote local ownership and enhance transparency and accountability in the use of public resources.

Par.98. Sir, one of the lessons learned from the implementation of the Fifth National Development Plan was the need for a more effective, results-driven, monitoring and evaluation framework. As we launch the SNDP, public institutions will be required to be more accountable to their beneficiaries on the expected deliverables of the projects they undertake. In the 2011 Budget, and over the course of the SNDP, the Government will ensure that each public institution is held accountable for delivering its development outputs.

### **JC 8.1: Several options of aid modalities have been discussed for aid activities by sector**

Zambia has been one of the first countries to pilot General Budget Support and Sector Policy Support Programmes (SPSPs – or Sector Budget Support) on a substantive basis. There is evidence that different options of aid modalities have been discussed for aid activities when designing strategies and programming concrete interventions, but this cannot be generalised as a standard procedure for all interventions in all sectors. Rather than a rational decision making process weighting all pro's and con's to decide on the final choice of the aid modality for an intervention, decision making allegedly depended on the drive to go for the novel modality and/or the level of shared enthusiasm and success in consensus building with cooperating partners. This particularly pertains to the aid modality decision making processes in the earlier days of EDF9 programming when procedures and instruments were not so well elaborated and established yet. The choice for General Budget Support stemmed from a continuation of macro-economic support in the framework of the consecutive Sysmin and Structural Adjustment Support programmes, but now aligned with the Government's Poverty Reduction Strategy Paper (PRSP). The choice of aid modality decision making for EDF10 was more rational and along the meanwhile more firmly established procedures. Just by way of example, the Green Paper on the Future of EU Budget Support for example was extensively discussed in-house in the Delegation and also with selective external stakeholders. A special presentation to facilitate the aid modalities dialogue was prepared for that purpose. In general, the mood surrounding the discussions was one of broad fatigue on issues pertaining to Budget Support.<sup>90</sup> The specific Zambian context reportedly was one of difficult discussions taking place on the relevance and impact of budget support as aid modality and also with donors having challenged the Government on its commitment to Public Finance Management (PFM) and good governance. Though the scope of the consultation was repeatedly explained, it proved not possible to de-link the discussions from the situation experienced locally.

Further evidence of discussions on aid modalities in the context of programming and project preparation processes were found, amongst others, in the MTR of the EDF10 CSP, the MoFNP commissioned country evaluation on the implementation of the Paris Declaration in Zambia, Phase II, the EDF10 CSP-NIP document and individual project files as the Access to Justice project. The "Tools and Methods Series" launched by EuropeAid (now DEVCO) in 2007 aimed at structuring the presentation of the methodological documents produced by the EC on the "Quality of Operations". From the field interviews with key stakeholders concerned during the evaluation field visit it was learned that these EU guides and notes to define / explain the comparative advantages of the various instruments and approaches in the specific Zambian context actually have been actually used by these key stakeholders to a varying degree. (I-6.1.1)

In the same way, the available documentation and the direct feedback from the interviews with the main stakeholders during the field phase provide evidence of lessons learned from previous or other aid modalities documented and integrated in strategic programming documents. Some illustrations from different sectors and/or actors are reflected in the compilation of extracts presented in relation to the lessons learned under indicator I-6.1.2 concerned. On the other hand, one of the main findings of the 2011 evaluation study of budget support to Zambia is that joint knowledge management has been weak. This particularly relates to the different interpretations among Cooperating Partners about how to craft and implement conditionality and disbursement mechanisms, and how to design and implement joint monitoring, amongst others. Relevant information such as budget analyses, sector assessments, disbursement activities have been mostly made on an ad hoc basis and were widely dispersed among Cooperating Partners. This situation has caused a huge duplication of work by individual Cooperating Partners and GRZ and obstructs a more efficient use of invested human capital. The absence of a permanent PRBS secretariat responsible for joint knowledge management has been a heavy burden on GRZ and CPs alike for establishing a more solid, fact-based dialogue process and ensuring actual use of lessons learned in strategic programming documents.

Reportedly and as transpired from the field interviews, difficulties arose and keep arising in finding the right balance between systematically focusing on macro-issues (in the case of GBS) or at the sector as a whole (in the case of SBS) on the one hand and the risk of sliding back in the "project mode" with regard to the physical interventions and their execution financed under the GBS and SBS tranches on the other. Major area of dispute however has shown to be the ultimate rationale of budget support which by some is promoted as effective mechanism for bringing about sustainable development and poverty alleviation mainstreamed in national strategies and systems (the developmental perspective), while for others the accountability and transparency of public sector development management are the ultimate rationale for opting for this aid modality (the governance and accountability perspective). From

<sup>90</sup> EUD Lusaka; Note on the Local Consultation on the Budget Support Green Paper; 31 December 2010.

interviews with different key stakeholders it is learned that harmonizing and synchronizing both views remains a major challenge to effectively realize the full potentials and added value of the instrument. This also validates the conclusions of the recent 2011 budget support evaluation entitled “Between High Expectations and Reality: An Evaluation of Budget Support in Zambia” summarizing that overall the Zambian experience confirms that budget support cannot simply ‘buy’ fundamental institutional reform, nor can it reduce poverty in a matter of a couple of years. Aid agencies can only expect to push through sustainable reform when there is a critical level of government ownership. But on the other hand, this cannot be used as an ex-post reason to argue that budget support is an ineffective instrument. (I-6.1.2)

From the available documentation, including ROMs, CRIS files, review and evaluation reports, and as confirmed during the field interviews, it was learned that there is no evidence that monitoring and evaluation (systematically) focused on instrument and approach efficiency. There are no specific indicators or database filter criteria related to aid modality, method of implementation, or financing modality which are explicitly and/or systematically used for project and/or portfolio monitoring. The project and portfolio performance M&E systems challenges are more fundamental as illustrated in the country evaluation report of the implementation of the Paris Declaration (PD) in Zambia: “A significant proportion of investments do not have adequate monitoring frameworks and systems in place to enable results-oriented decision making and reporting. It is difficult to trace whether the PD has been an influencing factor in managing for results at sector level. Similarly, there is no evidence that the PD has been a determinant factor in influencing mutual accountability due to the asymmetric accountability relationships between government and the development partners”.

A crucial fundamental issue is that general budget support monitoring and evaluation basically covers the higher results levels (especially the outcomes and impact levels therein) and the inputs level (especially PFM aspects) but not the operational level of activities and direct outputs. It as such only covers the lower and upper levels of the results chain (for projects, programmes and strategies alike). It thus possibly misses out on the efficiency dimension of integrated performance monitoring and evaluation<sup>91</sup> as only the economy and effectiveness dimensions of the so-called “3Es” of performance management are covered. This was one of the main issues brought to the attention of the evaluators by the NAO Support Office on the occasion of the evaluation preparatory meeting early September 2011 and was further confirmed during the evaluation field mission of December 2011 by the interviewed stakeholder parties (GRZ and CPs alike).

Strengthening M&E “tout court” of projects and portfolio remains a / the major challenge for enhanced portfolio performance. This was (indirectly and partially) recognised as such in the EDF10 CSP-NIP document as a *conditio sine qua non* towards attaining MDGs: “The use of responsive monitoring and evaluation of services delivery in both the education and health sectors, focusing primarily on the assessment of outcomes and impact, needs to be promoted. Capacity strengthening in monitoring services delivery in thus expected to be among the priority Government interventions.” The Country evaluation of the implementation of the Paris Declaration in Zambia however sees improvements over time: “Capacities for results-driven strategies are getting stronger. The Fifth National Development Plan has provided a framework for that through the Key Performance Indicators consultatively developed by all major stakeholders. These are used as basis to measure implementation progress at sector as well as national level. The Ministry of Finance has established a Department in the last two years mandated with monitoring and evaluation of development initiatives. However, there is still a long way to go as frameworks are still weak due to poor staffing. Nevertheless, the MFNP has continued to produce an annual report of the NDP to show progress made. Perhaps what is missing is a forum for a robust discussion of the report by all the key stakeholders such as the Annual Poverty Conference during the PRSP implementation.”

The further strengthening of Fifth NDP and upcoming Sixth NDP performance monitoring and evaluation and the required capacity strengthening of the MoFNP’s Department of Monitoring and Evaluation thereto where amongst the main issues brought to the attention of the EU country strategy evaluation team by the different stakeholders concerned (both GRZ and CPs) during the December field visit. It was also emphasised that this requires a necessary strengthening of such performance M&E systems at the sectoral / thematic level (in the sectoral / thematic ministries and agencies) and at the level of the local government units (particularly Districts, with the Provinces as intermediate level). At each level, civil society needs to be duly involved in M&E to ensure ownership, transparency and accountability. The consultations furthermore indicated that the MoFNP M&E Department at the helm of this umbrella M&E system would be needing to steer, coordinate and integrate those system components at national

<sup>91</sup> A practical illustration in relation to the health sector is included in the information matrix under Annex XI, in relation to indicator 8.1.3 (Sector “Field interviews and additional information”)

level.

In summary, robust monitoring and prompt decision making based on the monitoring early warning information as essential performance management tools and practices do not appear to be in place yet. The need for such effective holistic M&E system to track the implementation of activities and monitor results was stressed already in the FNDP progress reports as early as 2007, amongst others by the Governance Secretariat and was repeated ever since. However, no concerted action appears to have been taken. Such holistic M&E system requires the necessary complementarity, in not integration, of both the GBS and SBS monitoring systems in sectors covered by both budget support modalities, which is still something to be aspired for. This for example is explicitly envisioned by the Health Sector Performance Monitoring Framework (HPMF) under the EDF10 “Supporting Public Health Service Delivery in Zambia” Sector Policy Support Programme (SPSP) which covers direct output indicators performance monitoring complementary to the inputs and outcome & impact performance monitoring under the General Budget Support, thus ensuring integrated performance monitoring of the entire programme vertical logic from inputs to impact.<sup>92</sup> By way of illustration, at the end of this section on indicator 8.1.3 a special assessment is included on the monitoring of general and sector budget support and disbursement criteria with health sector as case. (I-6.1.3)

## JC 8.2: Emerging issues were incorporated quickly and effectively into EU programming and policy dialogue

### Background data:

**EAMR Jan 2011, p.3:** In response to the mismanagement discovered in the Health and Road sectors, and possibly in preparation of investments into the same sectors before the elections, new Permanent Secretaries were appointed. Some positive developments have been witnessed notably in relation to the implementation of corrective action plans but CPs continued to express concern on the pace of measures taken to address sector shortcomings.

**Oden, B. & Wohlgemuth, L. (2011), p16:** Aid Dependence: Quantitatively Zambia’s aid dependence has decreased in recent years. Wohlgemuth and Saasa report that while aid accounted on average for 43 per cent of the total state budget in the period 2000-2005, this share dropped to around 25 per cent in 2006 and 2007. The share of GBS increased rapidly from 2006 to 2007 and increased slightly in 2008. It should be noted that programme aid, and in particular GBS, creates a different type of dependence for the receiving government than project aid. The obvious advantage of GBS for the government is the increased ownership and the need for alignment into the national budget system. The potential disadvantage is increased short term vulnerability, should one or more major donors change their mind and freeze already committed GBS funds due to political issues that the donor government finds difficult to handle vis-à-vis its own citizens and tax payers. The corruption affair in the Ministry of Health has already been mentioned. The effects for the Zambian government of this case were however limited, as only a few donors (Sweden, the Netherlands, Canada and the Global Fund) suspended their disbursements. Should instead the UK and the EU Commission freeze their disbursements, the GBS inflow would have been reduced by half. The Zambian government would then face a sudden and significant liquidity shortage. Should the disbursement of a similar amount be delayed in a major infrastructure project or other parallel development intervention, then this would create a development obstacle, but not a dilemma for budget liquidity and need for immediate funding from other sources.

**Ministry of Finance and National Planning (2011), p. x** *To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships (process and intermediate outcomes) – Core Question 2.* Increased leadership and ownership by the government is reflected in the collaborative development planning processes, national strategies and operational frameworks which have been strengthened since the advent of the Paris Declaration. However, there has been a lost opportunity to maximise the benefits of the return to national development planning, This has been primarily as a result of weak linkage between national development planning on the one hand and budgeting, including prioritisation of funding, on the other. This poor link is largely due to low staffing levels in the critical departments.

<sup>92</sup> This is further illustrated in the section at the end of the discussion of this indicator 8.1.3 under the title “On the Monitoring of General and Sector Budget Support and Disbursement Criteria: The Health Sector as Case”.

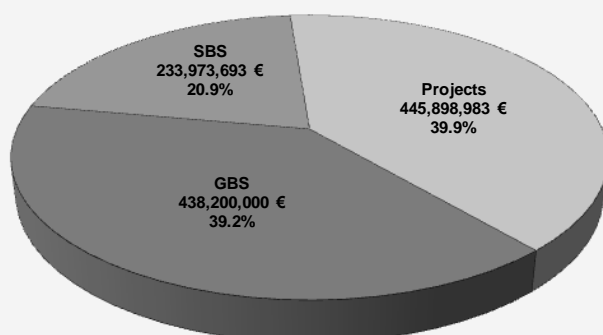
▪ **Indicator 8.2.1: Mix of instruments, approaches and financing modalities different according to sector specific factors**

The Zambia projects portfolio and the sectoral and PCM documentation generally attest to it that the mix of instruments, approaches and financing modalities tends to be different according to sector specific factors. Sectoral analyses are amongst the determining factors for decision making on the appropriate aid modality although that the available documentation does not allow for overall generalisation across the board. The July 2007 EAMR stressed for example that ongoing and forthcoming sector projects and programmes are and will be embedded in the existing dialogue mechanisms. The go for sector budget support (SPSP) in the health sector under the EDF9 was based on the assessed higher than average capacity at the MoH compared to other government departments, with a core of committed staff, and with a strategic plan and sector dialogue in place, aimed at greater transparency and a more results oriented process (JAR 2003). For education, the assessments (JAR 2007) by the CPs have been somehow varied leading different CPs opting for different aid modalities. Several CPs, including the EC Norway and UK moving to general budget support, and Ireland and Denmark remaining a pool funding support in place, and the Netherlands possibly adopting a mixed (pool/budget support) approach. This JAR 2007 assessment in the end was substantially altered with the EC moving out of education as a focal sector. General Budget Support (GBS) basically benefits the social sectors, as it in first instance is geared to poverty reduction (1st generation GBS with PRSP link – under EDF9) and the attainment of the MDGs (2nd generation GBS under EDF10).

The 2011 Paris Declaration Effectiveness report on Zambia established a clear link between ministries / sectors with a Sector Wide Approach (SWAp) and interest on aid effectiveness. The 2011 Budget Support Evaluation in Zambia concluded that two factors are important for budget support being effective. First of all, sectors of interest must be supported by strong Government ownership. This was missing for the rural water and sanitation supply, where NGOs remained the main providers. Second, budget support can only work if policies of Government and objectives of Cooperating Partners are aligned. This has been the case for the health and education sectors, and less the case for the agricultural sector where “an inherent contradiction between ownership and donor influence became apparent.” The support modalities through which funding to CSOs is channelled shows a high degree of diversity (capacity development and financial support) and are basically provided to annual work programmes and budgets of CSOs (project support and direct support), whereas core funding for multiannual plan implementation (sort of budget support) is a rather rare modality. The combi-financing approach is just one of the several support modalities through which CPs channel funding to CSOs in Zambia. Under the EDF9, SPSP support was provided to three sectors: transport, education and health, whereas under the EDF10 sector budget support covered the transport and health sectors, whereas possibly the support to the electoral system also can be considered as a sort of (sub-)sector budget support (trust fund setting). The 2011 MTR of the EU-SADEC co-operation under the EDF10 considers the large Public Finance Management (PFM) programme – PEMFA – managed as a basket fund by several CPs working closely together to support the agreed strategy, whereas for the EU strictly speaking it is a general budget support intervention.

Data, figures, tables:

**Figure PF-1 : Breakdown of Total EDF Resources Allocation to Zambia in the Period 2001 - 2010 by Aid Method / Modality**



Source: EU CRIS database

**The overview table on page 13 of this EQ8 information matrix**

**JAR 2007, p26;** 2.6.1 Budget lines: The current budget lines project portfolio managed by the Delegation comprises 30 NGO projects for a total grant amount of €€25m in the following sectors: Food aid/Food Security, Water Supply and Sanitation, Basic Health, Social Services, Environment and Rural Development.

EDUCATION SWAP						
DONOR	2006	2007	2008	2009	2010	Total by donor
Denmark	3.0	8.0	5.0	5.0	5.0	26.0
DfID	5.0	1.7	1.8	1.8	1.8	12.1
Norway	15.9	14.4	15.0	15.0	15.0	75.3
Netherlands	13.0	21.4	23.8	23.8	23.8	105.8
Sweden	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.0	0.0	0.0
Finland	4.8	4.7	0.0	0.0	0.0	9.5
EU	2.9	2.9	0.0	0.0	0.0	5.8
USAID	1.4	0.0	0.0	0.0	0.0	1.4
Ireland	5.3	0.0	0.0	0.0	0.0	5.3
UNICEF	3.0	5.0	11.0	10.0	6.0	35.0
<b>TOTAL EDUCATION SWAP</b>	<b>54.3</b>	<b>58.1</b>	<b>56.6</b>	<b>55.6</b>	<b>51.6</b>	<b>276.2</b>

**Extracts:**

**EAMR Jul 2007, p2:** Quality. The ongoing and forthcoming sector projects and programmes are and will be embedded in the existing sector dialogue mechanisms, i.e. joint broad ownership through the use of existing coordinating fora, and through the full use monitoring and reporting modalities in place for sector support (e.g. frame monitoring activities within existing joint sector reviews when possible). This will enhance sustainability, increased pertinence and provide early warning signals through enhanced ownership and broadened monitoring. Transaction costs will be minimised with the focusing on the NAO office of most EDF related operations. The use of centralised, long term technical assistance-staffed implementation units will be avoided and use of local expertise maximised. Ownership of the EDF portfolio of project will be enhanced through increased focus on capacity building of the NAO functions within the Economic and Technical Co-operation department of Ministry of Finance. A new EDF training cycle is planned for November 2007.

**JAR 2007, p24:** 2.3.2 Education: The EDF9 pool funding mechanism, supported through a €10m programme came to an end in 2007. Several Co-operating Partners, including the EC, will move to general budget support (Norway, UK). Only Ireland and possibly Denmark are likely to maintain a pool funding support in place, with the Netherlands possibly adopting a mixed (pool/budget support) approach. The need to preserve a strong sector dialogue in spite of this shift of funding modalities remains a very high priority for all the current education donors.

**JAR 2003, pp 24-25:** Capacity at the MoH and at CBoH is higher than the average government department in Zambia. There is a core of committed staff. The National Health Strategic Plan and a sector dialogue that is very open have led to increased public spending pro capita on health, mostly through increased external funding. Dialogue is articulated in quarterly Health Steering Committees, six-monthly Consultative meetings, and weekly Resources Allocation Sub-Committees. The Ministry of Health is embarking in an overhaul of sector dialogue mechanisms, aiming at greater transparency and at a more results oriented process.

**JAR 2003, p30:** 5.1 Programming: iii) Macroeconomic support: The EC-Poverty Reduction Budget Support under the EDF9 was approved by the end of 2003 (see section 4.1.3). The implementation of the PRBS will dominate the agenda in 2004 regarding this focal area of the EC intervention. Though in principle the budgetary assistance will not be targeting a specific sector or expenditure category, the importance of social sectors as well as sound economic and public financial management for poverty reduction and EC prior involvement in those areas will justify a close and structured policy dialogue with the Government to increase the efficiency and effectiveness of the EC support and prevent the past stop/go situation.

**Ministry of Finance and National Planning (2011), p. ix:** Regarding the GRZ, commitment to aid effectiveness principles varies between ministries and departments. Within the Ministry of Finance and National Planning, for example, those closest to the management of the aid cooperation agenda such as the ETC continue to be interested. Others are less concerned and show little interest in this

agenda. Perhaps this is a natural occurrence. Natural as well is that ministries with SWAps have sustained their interest and continued engagement. Less interest on the aid effectiveness is being displayed by those without SWAps. An example is that the level of seniority of civil servant representatives from sector ministries seems to be declining at the High Level Policy Dialogue meetings.

**Ministry of Finance and National Planning (2011), p. x:** To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships (process and intermediate outcomes) – Core Question 2. Harmonisation is well accepted by development partners particularly with respect to programme based approaches but standardised performance indicators and reporting still need to be harmonised. In terms of alignment, development partners have aligned most of their policies and programmes to the national development plan but have not linked most of their project or programme implementation processes to country systems. Managing for development results is being done mostly at project level. Zambia has recently conducted a Review of Mutual Accountability to investigate further outcomes. Despite recognizing the need for harmonisation and alignment of donor systems and processes to local ones, many CPs were still relying on their own systems and processes, mainly due to difficulties arising from their headquarters or foreign policy requirements. As a result, many of the expected benefits from greater transparency and oversight have not yet materialised.

**DIE – IOB (2011), p. iv;** Evaluation of Budget Support in Zambia – Synthesis Report, Main Findings of the Evaluation regarding budget support and sector results: “The convergence of fundamental sector interests and strategies between GRZ and Cooperating Partners has been conducive for the effectiveness of budget support. When these interests and strategies diverged, budget support was not effective in realising objectives of Cooperating Partners.” The findings show that two factors are important for budget support being effective. First of all, sectors of interest must be supported by strong Government ownership. This was missing for the rural water and sanitation supply, where NGOs remained the main providers. Second, budget support can only work if policies of Government and objectives of Cooperating Partners are aligned. Health and education sectors were not only highly important for most members of the PRBS group, but their policy interests converged with a relatively similar perspective of the GRZ on sector objectives and strategies. This convergence provided a relatively high potential for making budget support effective in channelling increasing financial resources to the sectors and to promote policy improvements through a harmonised and aligned dialogue. In contracts, when the objectives between Cooperating Partners and GRZ diverged as in the agricultural sector, an inherent contradiction between ownership and donor influence became apparent. While there was agreement on the objectives, GRZ and Cooperating Partners disagreed on the strategy. As a result, PRBS funds were used for instruments that were deemed ineffective by Cooperating Partners.

**Democratisation, State and Civil Society – Good Governance Programme (2011), p4 – Aid modalities in the governance cross-cutting thematic area CSOs:** The support modalities through which CPs channel funding to CSOs in Zambia show a high degree of diversity and reflect interests of funding organisations and their financial capacity as well as the ability of CSOs to present their cases. Aid modalities include capacity development across a broad range of interventions such as support for sensitisation and planning workshops and seminars, public events, training and networking, etc. Financial support comes as direct and in certain situations such as activities within annual or strategic plans and also as ad hoc funding of emerging topics. Financial support is predominantly provided for annual work programmes and budgets of CSOs. Core funding for multiannual plan implementation, though a preferred option from the point of view of CSOs is a rather rare modality. The prevailing support modalities can be broadly classified into three main categories: (i) project versus core/programme support; (ii) direct versus indirect support, and (iii) unilateral versus joint support. Donors and development agencies have been providing direct support to civil society organisations as some kind of matching support to state institutions. Direct funding of activities and specific thematic priorities within annual plans and medium term strategic plans is the most common form. Funding in the form of core or unspecified contributions to annual budgets is the exemption.

**Mutesa, Fred & Ngoma Isaac (2010);** Review of the Combi-Financing Instrument – Innovative Mode of Delivery; 2010: Contextually, the combi-financing approach is just one of the several support modalities through which CPs channel funding to CSOs in Zambia. These can be broadly classified into three main categories, namely: project versus core / programme support, direct versus indirect support, and unilateral versus joint support. 4.2. Recommendations: Finally, this review would lie to conclude by reiterating some salient points which we consider to be cardinal to the improved performance of the combi-financing modality. (i) Development of adequate absorptive capacities: This review has

*identified that care must be taken to ensure that partner institutions have adequate institutional absorptive capacities before large amounts of money are disbursed to them. Failure to do so would condemn many well-meaning organisations to unnecessary failure. (ii) Structured dialogue and feedback reporting mechanisms: Whereas this review has confirmed that capacity support, dialogue and networking are some of the unique advantages of the combi-financing modality over other donor support models to CSOs, the mechanics of these still remain unsatisfactory to all partners. It is important therefore to develop clearer and more predictable mechanisms to address some of the observed inconsistencies.*

***EUD Lusaka; MTR of EU-SADC Co-Operation under the EDF10 (2011) - Evaluation of Regional (RSP/RIP) – National (CSP/NIP) Coherence, Zambia Delegation Contribution; 30 Aug 2011 - Are there joint-funded programmes in the country? A large PFM programme – PEMFA – is managed as a basket fund (although for EU it is strictly speaking budget support), by several CPs working closely together to support the agreed strategy. There are SBS in health and roads, where several CPs jointly support sector strategy. A basket fund also exists in the field of electoral support.***

▪ **Indicator 8.2.2: Mix of instruments, approaches and financing modalities changed over the period along with the context**

At the end of this information matrix on EQ8 on aid modalities synergies and efficiency, a portfolio analysis of the European Development Fund (EDF) support to Zambia in the period 2001-2010 is presented, including breakdowns by aid modality and by management mode<sup>93</sup>. Statistical overviews are provided of the evolution of the Zambia CSP-NIP portfolio under the EDF8, 9 and 10 for the period 2001-2010 broken down by aid methodology / modality for the respective EDFs, including financial figures (allocations, contracted amounts and paid amounts). In the ten year period 2001-2011 a total of 64 interventions have been financed by the European Union (as assigned a special CRIS code). Of these, by far the majority (54 or 84.4% of the total) are of the project approach (PA) type, 6 (or 9.4%) are Sector Policy Support Programmes (SPSPs) and 4 (6.3%) are General Budget Support (GBS). A more balanced picture of the relative importance of the three main aid modalities emerges when comparing the amounts involved (allocated/committed, contracted, and paid) in each of the three. Of the about 1.1 billion Euro country strategy financing in the 2001 – 2010 period, an about equal amount has been allocated to general budget support (39.2%) and project approach (39.9%). Sector Budget Support has been allocated about one fifth of the total resources (20.9%). However, and in directly reply to the present indicator query, there are important evolutions in aid modality over time in the mix of instruments, approaches and financing modalities along with the subsequent EDF cycles. The EDF8 portfolio solely consisted of project approaches (all 23 interventions). The three General Budget Support (GBS) interventions under EDF9 represented almost half of the total allocated resources (47.0%) which further increased to 55.3% under the EDF10. Sector Budget Support (3 SPSPs in resp. transport, education and health) took up 29.4% of the EDF9 resources, to be slightly reduced to 25.9% of the EDF10 resources (3 SPSPs in transport, health and electoral systems). Overall the share of project approach (PA) financing has been reduced from 100% under the EDF8, over 23.5% under the EDF9 to 18.8% under the EDF10.

In as much as actual payments in relation to the allocated/committed amounts are considered a proxy indicator for efficiency of aid delivery (e.g. in relation to absorptive capacity), as far as the EDF9 financing is concerned of the GBS budgetary resources 94.4% have been paid, 87.5% of the SPSP resources and 66.1% of the project approach resources. Unfortunately no data are available on actual expenditures in relation to the intended uses / for the intended results (performance budgeting and expenditures monitoring). Broken down by EDF strategy / programme cycle, a total of 95.2% of the (pre 2001-2010 period) EDF8 resources committed still in the 2001-2010 period have been contracted and paid out as of the end of this period (thus 4.8% not yet paid out as of 2010). For the EDF9 covering the period 2001-2007, this amounts to 85.7%, implying that 14.3% of the committed EDF9 resources have not been paid yet (with 5.6% of the total committed EDF9 resources not having been contracted yet). In the first half period 2008-2010 of the total EDF10 six year period (2008-2013), about one fourth (25.5%) of the committed / allocated resources have been paid (68.0% of the committed EDF10 resources have been contracted). The portfolio efficiency analysis by aid method / modality expressed as per cent amount paid of total allocated / committed resources shows that 72.8% of the committed project approach resources in the ten year period 2001-2010 have been actually paid, against 60.7% for the GBS

<sup>93</sup> In the context of the discussion of this indicator 8.2.2. only the portfolio analysis by aid modality is discussed. For further details on the management mode, kindly refer to the analysis at the end of the EQ8 information matrix. The management modes covered in the analysis are the categories used in the CRIS project summary sheets (decentralised, partially decentralised and centralized management, the latter further sub-divided in three sub-categories).



modality and 49.4% for the SPS modality. For EDF9 which covers the completed CSP-NIP cycle 2001-2007, the total paid amounts in percentage of the total allocated/committed resources amount to respectively 66.1% for the Project Approach, 94.4% for General Budget Support and 87.5% for Sector Budget Support.

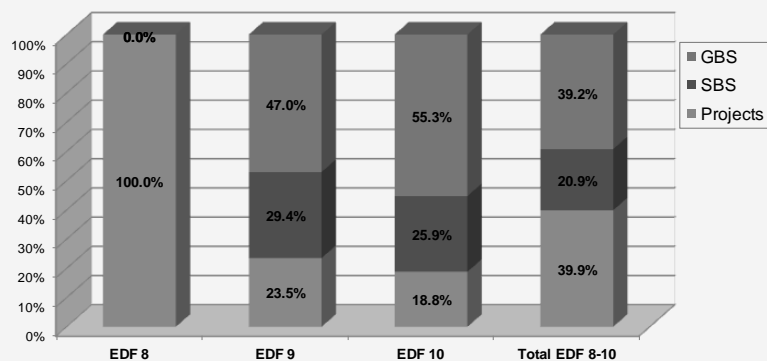
The scope of the pooled support from Cooperating Partners in the health sector was originally restricted to recurrent expenditures at district level but gradually the “basket” expanded both vertically (e.g. higher level hospitals) and horizontally to include more cost items (capital expenditure, technical assistance) as such gradually paving the way for sectoral budget support (JAR 2003). Whereas education was a focal sector under the EDF9 benefiting from sector budget support, it no longer figured as priority focal sector under the EDF10. The MTR of the Fifth National Development Plan (FNDP) reported in this connection on the education sector pool performance “...documented major inefficiencies with the current sector pool by having a dual planning, accounting and reporting system for domestic and donor funding from Ministry of Education headquarters down to the school level. Based on the findings of the PETS, the local donor group undertook a Fiduciary Risk Assessment (FRA) in August 2008 to explore ways to improve the sector pool and propose a more efficient channel for donor funding, including those from the FTI. The main recommendation of the FRA is to move the sector pool to targeted sector budget support. In essence, this modality entails that donors would continue to provide an earmarked financial contribution in support of MoE instead of full-fledged general budget support. However, rather than disbursing to an MoE managed account with specific accounting and reporting requirements, as in the past sector pool, donor funds would be mingled with GRZ funding to finance any activity in the mutually agreed MoE’s annual work plan and budget. This funding modality attempts to address both the identified weaknesses in the past pool and to reap the efficiency gains from closer alignment of donor support to national systems, as outlined in Zambia’s Aid Policy and Strategy in line with the Paris Declaration on Aid Effectiveness.

Over time, the budget support financing instruments got more refined and more performance based. This particularly relates to the tools to assess progress and results as basis for decision making on the release of the variable tranches. Whereas under EDF9 these variable tranches for general budget support were related to / based on PFM and PRSP indicators performance, under the EDF these were additionally determined by achievements in relation to the attainment of the MDGs. The Sector Budget Support modality in relation to the Sector Policy Support Programmes (SPSPs) initially only had fixed annual tranches, but in the process under EDFX also variable tranches were introduced based on achievements on Key Performance Indicators. As far as General Budget Support (GBS) is concerned, in reaction to the international economic and financial crisis, the Commission decided to create an ad-hoc Vulnerability FLEX mechanism to be financed under the reserves of the national and regional indicative programmes of the EDF10. In 2009 Zambia was considered eligible under V-FLEX on the basis of economic and social vulnerability criteria, the nature of the residual financing gap and the capacity of the EC to quickly provide meaningful support. The €30m V/Flex allocated to Zambia which was disbursed end 2009 contributed to close the financing gap, thus maintaining priority expenditure, especially in the social sectors and infrastructures. The EDF portfolio analysis at the end of this evaluation matrix section on EQ9 includes a more detailed analysis of the technical evolution of the EU budget support tools applied in Zambia.

Delegated cooperation arrangements, sometimes referred to as combi-financing agreements, has become a preferential specific instrument by the EU (an arrangement where one donor remains a “silent partner” and channels funding to an “active partner” who then channels the funds to the intended partner CSOs of need. Of the total EDF resources allocation to Zambia in the period 2001-2010, a total of 56.9% (or €63m) were under decentralised management (DM), whereas 40.6% (or €454m) under Centralised Management (basically CM, but also CM-IO or ICM-DA) and 2.5% under Partially Decentralised Management as main management mode / modality. A more detailed portfolio analysis by method of implementation / management mode is provided at the end of this EQ-9 information matrix.

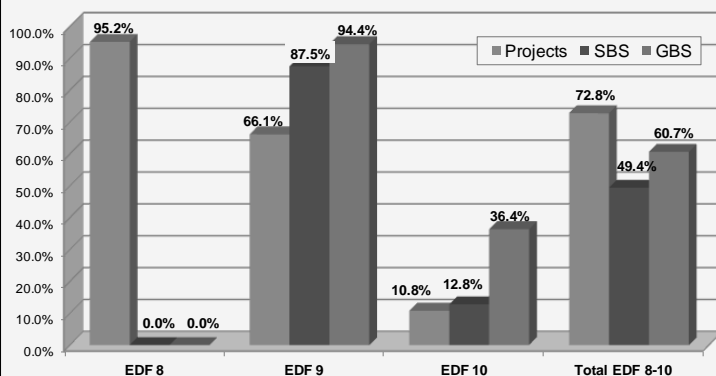
[Data, figures, tables:](#)

**Figure PF-2 : Trends in Total EDF Commitments by Aid Modality in the Period 2001-2010 (for EDF 8, 9 and 10)**



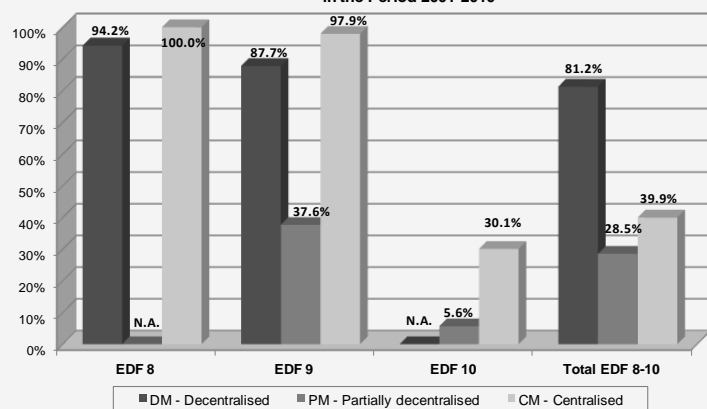
Source: EU CRIS database

**Figure PF-3 : Actually Paid in Percentage of Total Commitments, Broken Down by Aid Modality and per EDF in the Period 2001-2010**



Source: EU CRIS database

**Figure PF-7 : Actually Paid in Percentage of Total Commitments, Broken Down by Method of Implementation / Management Mode and per EDF in the Period 2001-2010**



Source: EU CRIS database

**The different EU response strategy portfolio tables and figures at the end of this section on EQ-8 especially prepared for this evaluation.**

**Evaluation Summary Table:** The Zambia CSP-NIP portfolio summary table of EDF8, 9 and 10 bilateral funding (period 2001-2010 by aid method / modality: Summary table compiled for this evaluation based on the summary project data from the EU CRIS database system.

**JAR 2010, p4:** The MDG-C and PEMFA budget support disbursements (€40.3m) were authorised in December. However, in spite of progress in the implementation of the Road Sector corrective action plan, the delayed formalisation of the ROADSIP II bankable document prevented the EU from disbursing SBS to that sector. Also, the Health Sector Budget Support request could not be disbursed as planned in 2010. Zambia missed out €32.5m (€8.5m for health and €24m for roads) as a consequence.

**JAR 2010, p4:** In 2009, the funding for Zambia was topped-up by a €30m allocation under the V-FLEX programme (General Budget Support) bringing the EDF total to €505m. Finally, Zambia also benefits from financial support through other EU funding sources (such as the Water and Energy Facilities, Thematic budget lines, Food Facility and the accompanying measures for sugar producing countries) which complement the interventions financed under the EDF.

**JAR 2010, p6:** In 2010, Zambia also continued benefiting from programmes funded under the 8th and EDF9 and the levels of commitments and payments in the last three years is as indicated in the below table. Disbursements were also lower in 2010 as both the Road (€24m) and Health Sector (€8.5m) budget support transfers could not be authorised by year-end.

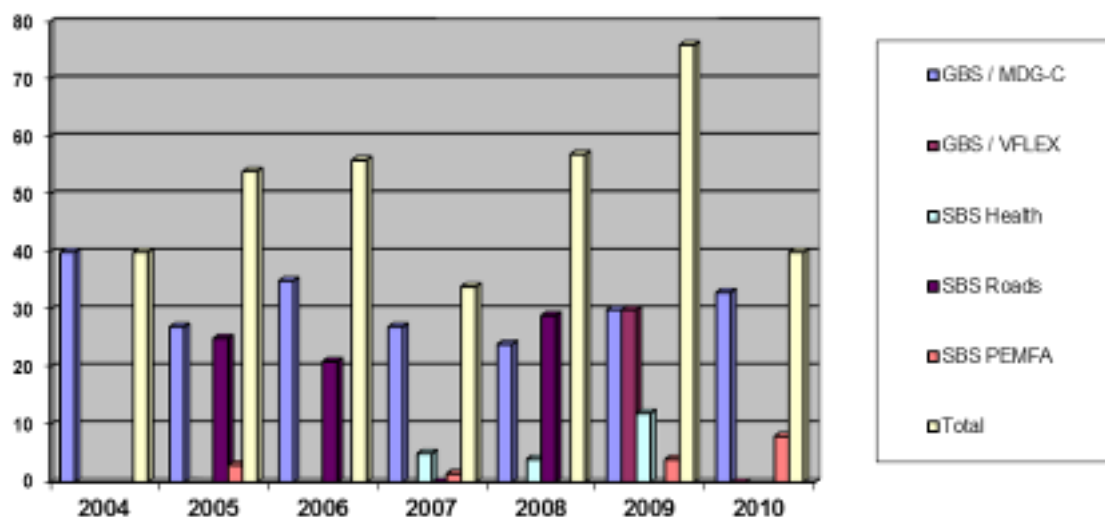
<b>8<sup>th</sup>, 9<sup>th</sup> and EDF10 financial performance 2008-2010:</b>			
<b>8<sup>th</sup>, 9<sup>th</sup> &amp; EDF10</b>	<b>2008 (M€)</b>	<b>2009 (M€)</b>	<b>2010 (M€)</b>
<b>Global commitment</b>	346	35	55.9
<b>Individual commitments</b>	68.6	261	9.3
<b>Payments</b>	101.5	80.8	70.4

**JAR 2010, p8:** Reporting on General and Sector Budget Support: Zambia has been eligible to Budget Support since 2004, when a first tranche of General Budget Support was disbursed under the EDF9. Since then, and combining all the EDF Budget Support operations, a total of €361m has been transferred to Zambia (an average of €51.7m per year). Following issues in the road sector which prevented the disbursement of the corresponding Sector Budget Support, 'only' €40.3m was disbursed in 2010.

**Overview of EDF Budget Support Disbursements in the Period 2004-2010:**

<b>Modality</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>GBS / MDG-C<sup>94</sup></b>	39.500 00	26.500.000	35.200.000	27.083.000	24.167.450	30.000.000	32.812.500
<b>GBS / V-F</b>	0	0	0	0	0	30.000.000	0
<b>SBS Health</b>	0	0	0	5.000.000	3.570.000	11.500.000	0
<b>SBS Roads</b>	0	25.400.000	21.000.000	0	29.400.000	0	0
<b>SBS PEMFA</b>	0	2.500.000	0	1.500.000	0	4.000.000	7.500.000
<b>Total:</b>	<b>39.500.000</b>	<b>54.400.000</b>	<b>56.200.000</b>	<b>33.583.000</b>	<b>57.137.450</b>	<b>75.500.000</b>	<b>40.312.500</b>

<sup>94</sup> The MDG-Contract Budget Support modality was introduced by the Commission under the EDF10; in the case of Zambia the Financing Agreement was signed in 2009 and the first disbursement authorised that same year.



*DIE – IOB (2011), p 160; Evaluation of Budget Support in Zambia – Synthesis Report – Annex VIII: Sector Budgets and expenditures*

*EAMR, Jan 2011, p7: Out of the €475m allocated to Zambia under the EDF10, €406,9m (85%) had been committed and €78,7m (16.5%) disbursed by end 2010.*

Extracts:

*JAR 2003, p25: The scope of the pooled support from Co-operating Partners (CPs) was originally restricted to recurrent expenditure at district level (health centres and first level hospitals). In 2002 the Government and the Co-operating Partners discussed and eventually agreed to move towards an expansion of the basket, both “vertically” to include more cost centres (higher level hospitals, Central Board of Health, other autonomous boards) and “horizontally” to include more cost items (capital expenditure, technical assistance etc). This started being implemented from mid-2003 with the inclusion of general hospitals, after capacity building assessments looking at financial management and compatibility of MISs. [= moving towards sector budget support]*

*JAR 2010, p10: “On Sector Budget Support – Roads: “On the basis of a special audit by the Office of the Auditor General, submitted in May to the Public Accounts Committee of Parliament, an intensified CP/GRZ sector dialogue was launched and corresponding remedial actions agreed to. In support to the Government measures, the EU funded the secondment to the Road Development Agency of engineering and financial management experts. The implementation of immediate corrective actions eventually made it possible for donors' financial re-engagement in the sector. However, in the absence of progress on the revision of the ROADSIP II policy framework, EDF Sector Budget Support could not be disbursed in 2010 which resulted in Zambia losing out €23.95m (4th & 5th variable tranches floating from 2009 - €8.5m & €3.15m - and release of the 1st fixed tranche floating from 2009 - €12.3m).”*

*MTR EDF10 CSP Conclusions, p8: In reaction to the international economic and financial crisis, the Commission decided to create an ad-hoc Vulnerability FLEX mechanism to be financed under the reserves of the national and regional indicative programmes of the EDF10. In 2009 Zambia was considered eligible under V-FLEX on the basis of economic and social vulnerability criteria, the nature of the residual financing gap and the capacity of the EC to quickly provide meaningful support. The €30m V/Flex allocated to Zambia which was disbursed end 2009 contributed to close the financing gap, thus maintaining priority expenditure, especially in the social sectors and infrastructures.*

*EAMR, Sep 2004, p2: The Mid-Term Review was successfully concluded and the conclusions jointly reached by the Commission and the NAO are waiting for approval of the EDF Committee in October 2004. The main conclusion is that Zambia's B-Envelope (€110 M) will be integrated, almost completely, in the A-Envelope, allowing for an increase of the Poverty Reduction Budget Support of €65M in the years to come. It will also allow us to step up our co-operation programme in the area of food security, including co-operation with Non-State Actors by approximately €22M.*

**Ministry of Finance and National Planning (2011), p. xii:** *Has the implementation of the Paris Declaration strengthened the contribution of aid to sustainable development results (development outcomes)? How? – Core Question 3. The agriculture sector may have benefited from enhanced dialogue structures that have emerged since the adoption of the PD. However, the same contentious issues under ASIP still poison the CP/GRZ relationship – fertilizer subsidies and maize marketing – such that the aid relationship in agriculture is not as amicable as in health (save for differences resulting from the alleged theft of funds in 2009) and indeed education for that matter. This seems to show that PD principles could not be expected to work in the same way in all sectors.*

**FNDP – MTR p78;** *Chapter 6.3.7. Education Sector Pool Performance - Effects on financing modalities / EU approaches: The recent education PETS and an earlier tracking exercise from 2007 documented major inefficiencies with the current sector pool by having a dual planning, accounting and reporting system for domestic and donor funding from Ministry of Education headquarters down to the school level. Based on the findings of the PETS, the local donor group undertook a Fiduciary Risk Assessment (FRA) in August 2008 to explore ways to improve the sector pool and propose a more efficient channel for donor funding, including those from the FTI. The main recommendation of the FRA is to move the sector pool to targeted sector budget support. In essence, this modality entails that donors would continue to provide an earmarked financial contribution in support of MoE instead of full-fledged general budget support. However, rather than disbursing to an MoE managed account with specific accounting and reporting requirements, as in the current sector pool, donor funds would be mingled with GRZ funding to finance any activity in the mutually agreed MoE's annual work plan and budget. This funding modality attempts to address both the identified weaknesses in the current pool and to reap the efficiency gains from closer alignment of donor support to national systems, as outlines in Zambia's Aid Policy and Strategy in line with the Paris Declaration on Aid Effectiveness.*

**Democratisation, State and Civil Society – Good Governance Programme (2011), p7;** *Delegated Cooperation and combi-financing arrangements as novel approach (Governance – CSOs): In addition to direct funding and bilateral support under longer-term engagement and partnership between aid agencies and organisations from civil society a specific mode is the delegated cooperation arrangement, sometimes referred to combi-financing agreements. Delegated cooperation is a specific instrument that is applied by the European Union, however, predominantly through aid agencies in the context of government to government cooperation. In the combi-financing arrangement, one donor remains a “silent partner” and channels funding to an “active partner” who then channels the funds to partner CSOs of need. Pioneers in the combi-financing approach have been Irish Aid and DFD with GTZ's Good Governance Programme. The aim is to sustain partner CSOs, in this case five larger umbrella and thematic focused national CSOs that have been supported under the arrangement since 2007. The combi-financing as practiced in Zambia is a novel approach in financing partner CSOs. In many respects it's in tune with global trends on harmonisation of support among CPs as articulated in the Paris Declaration on Aid Effectiveness. In the world of changing aid architecture, the combi remains unique features that make it attractive to both CPs and partners CSOs. Dialogue, capacity support and networking are some of the features peculiar to the modality of this instrument. Reduced transaction costs for both CPs and partner CSOs is another unique characteristic. It is also true, however, that the delegated cooperation agreement is not without challenges of its own which include issues of appropriateness of capacity support, delays in disbursement of funds, lack of structured feedback format, attribution gap, independence versus appendage, gate-keeper influence and restricted dialogue.*

▪ **Indicator 8.2.3: Policy dialogue reporting incorporated emerging issues**

With the JASZ a well elaborated institutional platform is in place for facilitating policy dialogue between the Government of Zambia and the Cooperating Partners. This structure in principle should make it possible to rapidly react to emerging issues of common interest and concern through broad based and encompassing policy dialogue for (remedial) actions to be taken where necessary. Also the different reporting mechanisms including the Joint Annual Reports (JAR) are venues for policy dialogue reporting on emerging issues. The desk study of these reports provided empirical evidence of this capacity and actual practice.

An example in case is the reporting on the road sector which had been overshadowed by the results of a comprehensive financial, technical and procurement audit under the Office of the Auditor General following Cooperating Partners (CPs) serious concern on sector specific Public Finance Management (PFM) issues raised during the April 2009 Joint Donor Forum. This led to CPs putting on hold funding

for new road projects including the release of SPSP I tranches 4 and 5 amounting to €8,5m + €3,15m = €11,65m (5th variable tranche only qualifies for 75% release). The audit findings in summary reveal (i) mismanagement of resources and disregard of AWP, (ii) irregularities in procurement, (iii) sub-standard execution of or road works, (iv) unsubstantiated payments to contractors and (v) the non-observation of Regulations and Acts governing the sector. The 2009 Ministry of Health case of mismanagement of public funds had an impact on the relations between the Government and the group of General Budget Support donors (and also within the latter group), although it reportedly was only one of different issues triggering the formal dialogue on underlying principles which was launched by the donors in June 2009. In mid 2010 new governance concerns by the donors returned the issue of the volume of the GBS to the surface and made some donors deciding not to disburse its GBS.

By opening up these governance issues and making them widely visible, the JASZ and related policy dialogue instruments and reporting mechanisms fulfil important transparency enhancement functions. At the same time, the two mismanagement cases are also concrete illustrations of the inherent weaknesses of these dialogue platforms. They have not been able to address and solve the issues in a coordinated, decisive and uniform manner. On the contrary, they prove to have failed to adequately remedy the situation even in spite the corrective measures proposed and special instruments developed as governance action plans for GRZ to comply with. Despite the existence of the policy dialogue platforms as the JASZ, the CPs failed to achieve a consensus on reacting in a unified manner to the situation. The result was an even worsening situation, resulting in high level diplomatic rows between GRZ and CPs. The JASZ and related fora were not able to prevent the issues from spreading out and contaminating the entire dialogue in all its facets. The issue directly affected the overall cooperation strategy and programme, and as such even impacted on the country's MDGs and poverty alleviation performance. A recent EUD note (2011) on the health sector budget support disbursements in 2010 clarified that as a result of the health sector misappropriation / mismanagement case and of the Governance Action Plan drawn up to remedy the situation, the Ministry continued to implement the remedial measures for strengthening financial governance which had been agreed with the Cooperating Partners.

During field visit discussions with the different parties concerned, at the Delegation, with Member States and other Cooperation Partners, it were particularly the inadequacies of the JASZ in its present format as harmonisation forum which were stressed. The criticism amongst others pertained to inefficiencies related to the complex if not cumbersome processes and procedures to arrive at decision making, the differences in policies and strategies of individual CPs which impeded consensus building and the weaknesses of the instruments at its disposal, particularly with regard to performance monitoring. Another main issue emanating from the evaluation field phase was that the political dialogue has not been proactive enough and the aid methods have not been flexible enough in adapting to the new macro-economic situation gradually emerging from the middle of the 2001-2010 ten year period under review. This period saw Zambia in the process of becoming a lower middle income country, with increasing direct foreign investments (especially from the BRIC countries and particularly from South Africa), increased revenues from the copper mines following intensified world demand and concomitant higher commodity prices, and with as a result increasingly more substantive public resources from taxation of the mines and less dependent on foreign assistance as argued elsewhere in this report.

In the same context, the recent 2011 evaluation of budget support in Zambia covering the period 2005-2010 concluded<sup>95</sup> that budget support as an instrument for promoting policy reforms and governance has not performed to its anticipated potential as an instrument for promoting policy reforms and governance. While important achievements were made in the areas of PFM, the Office of the Auditor General, decentralisation, budget cycle procedures and tackling corruption, budget support has not been able to influence institutional reforms or influence policy in such a way as to substantially improve governance. While the period between 2006 and 2010 shows an overall upward trend regarding some core governance indicators, the ownership of improving core aspects of governance has decreased over the last two years. The instrument had little systemic effect on the general situation of the rule of law in Zambia. The report however concluded that nevertheless budget support is one of the few external factors that have built up a certain leverage, which has worked against a deterioration of governance in the last two years.

**Extracts:**

***EARM Jan 2011, p12:** The road sector has been overshadowed by the results of a comprehensive financial, technical and procurement audit under the Office of the Auditor General following Cooperating Partners (CPs) serious concern on sector specific Public Finance Management (PFM) issues*

<sup>95</sup> DIE & IOB (2011) ; p15

raised during the April 2009 Joint Donor Forum. This led to CPs putting on hold funding for new road projects including the release of SPSP I tranches 4 and 5 amounting to €8,5m + €3,15m = €11,65m (5th variable tranche only qualifies for 75% release). The audit findings in summary reveal (i) mismanagement of resources and disregard of AWP, (ii) irregularities in procurement, (iii) sub-standard execution of or road works, (iv) unsubstantiated payments to contractors and (v) the non-observation of Regulations and Acts governing the sector.

**Oden, B. & Wohlgemuth, L. (2011), p16;** on general budget support: General budget support: GBS is potentially one of the most powerful instruments when it comes to improved donor harmonisation, alignment and increased ownership. In absolute terms the GBS to Zambia more than doubled between 2005 and 2008 – from 72 to 155m USD. Its share of total net ODA inflow was in the range of 16-18 per cent during 2007 and 2008, historically the highest level up to that point. The largest GBS providers in 2008 were the UK, EC and Norway. The largest donor in Zambia, the USA, does not use this aid modality.

The GBS modality is vulnerable to incidents reducing the trust between the partners, for instance corruption incidents. In Zambia the highly publicised affair of corruption within the Ministry of Health in 2009 is one example. It had an impact both on the relations between the Government and within the group of GBS donors, although it was only one of many issues triggering the formal dialogue on underlying principles which was launched by the donors in June 2009. In mid 2010 new governance concerns by the donors, related to the new role of former president Chiluba, returned the issue of the volume of the GBS to the surface and made some donors, including Sweden, reluctant to disburse already committed GBS. Later in the year Sweden decided not to disburse its GBS.

**DIE – IOB (2011) p156 ;** Evaluation of Budget Support in Zambia – Synthesis Report; Draft; Annex V – the 2009 corruption scandal in the health sector: The dialogue mechanism and its effectiveness has been put to the test after in 2009 a whistle blower tipped the Anti-Corruption Commission (ACC) about theft in the MoH involving the disappearance of over K27 billion in 2008-2009 and estimated at over K64 billion since 2006 (The actual figures are yet to be established and the case is currently with the courts of law). A number of donors, including the most important ones in the health sector – the Netherlands, Sweden, the GAVI Alliance and the Global Fund to Fight AIDS, Tuberculosis and Malaria – immediately took the decision to suspend and/or delay aid disbursements. During the year, Cooperating Partners complained about the lack of vigour of GRZ in tackling this case of corruption (as well as tackling corruption in general) and at one time aid flows to the Ministry of Health dried up completely.

Resumption of disbursements was made dependent on an action plan, including recovery and repayment of misappropriated funds, prosecution of the officers involved and preventive measures. Sweden and the Netherlands proposed a joint Swedish – Dutch (SIDA/DGIS) position on the conditions to be met by GRZ before a resumption of gradual release of committed funds for the MoH could be considered. Structural measures should include strengthening MoH's financial management capacity such as the revival of the Audit Committee, the annual external performance audits, and the institutionalisation of core values of integrity and good management practices within the MoH.

#### Field Visit Additional Information on I-8.2.3:

**EUD Lusaka (2011), Note on the Health Sector Budget Support Disbursements 2010:** The Ministry continued to implement the remedial measures for strengthening financial governance, which had been agreed with Cooperating Partners following a case of mismanagement in 2009: A review of the "Governance Action Plan", a set of actions for building structures for effective management of the 'district basket' (a special arrangement for channelling donor funds to the district level services), was carried out in November 2011 and confirmed that satisfactory progress has been made. A "Capacity Building and Transition Plan", which is based on a 2010 audit by the Office of the Inspector General (OIG) of the Global Fund for Aids, Tuberculosis and Malaria (GFATM), appears to be on track. In addition, the Government repaid to the Global Fund the amounts not accounted for in 2009. On this basis, GFATM recently signed two new agreements totalling USD 141.8m (\$66m for round 8 and USD 75m for round 10). Finally, the Government plans to launch in December 2011 a comprehensive "Governance and Management Capacity Strengthening Plan" (G&MCSP). The G&MCSP is to consolidate all presently ongoing capacity building activities – including the EU supported roll out of IFMIS (Integrated Financial Management and Information System) – into one comprehensive concept for capacity building in the public health services. The development of this comprehensive capacity building concept is a prerequisite for release of disbursements from certain donors.

#### Field Visit Additional Information on JC 8.2:

**MoFNP (2004) p28; Annual Economic Report; Chapter 5 External Sector Developments, 5.3. External Aid:** In 2004, a total of US \$789.1m was expected as external aid out of which US \$475.6m was to be in form of project support and US \$313.5m as programme support. Preliminary data indicates that only US \$297.9m, representing 38 per cent of the total funds expected was received... As for programme support, the inflows received during the year were only 21 per cent of the US \$313.5m that was expected (see Table 5.3). The lesser than programmed inflows received were due to administrative bottlenecks by Government and cooperating partners as well as failure, by Government, to meet certain conditionalities for the disbursement of funds.

**Programme Support (in US\$ millions), 2000-2004**

	2000	2001	2002	2003	2004
United Kingdom	21.7	0	0	0	0
USAID	1.5	0	0	0	0
Netherlands (Firth Dimension)	8.4	20.6	0	0	0
France	0	0	0	0	0
China	0	0	0	2	0
Germany	0	0	0	0	0
Others	0	0	0	0	0
Total Bilateral Financing	31.6	20.6	0	2	0
World Bank	140.3	43.9	56.3	19.9	20.7
IMF	26.5	95.3	172.8	0	0
EU	0	10.5	68.7	34.9	44.1
ADB	13.3	0	13.2	0	0
Total Multilateral	180.1	149.7	311	54.8	64.8
<b>Total Programme Support</b>	<b>211.7</b>	<b>170.3</b>	<b>311.0</b>	<b>56.8</b>	<b>64.8</b>

Source: Ministry of Finance and National Planning

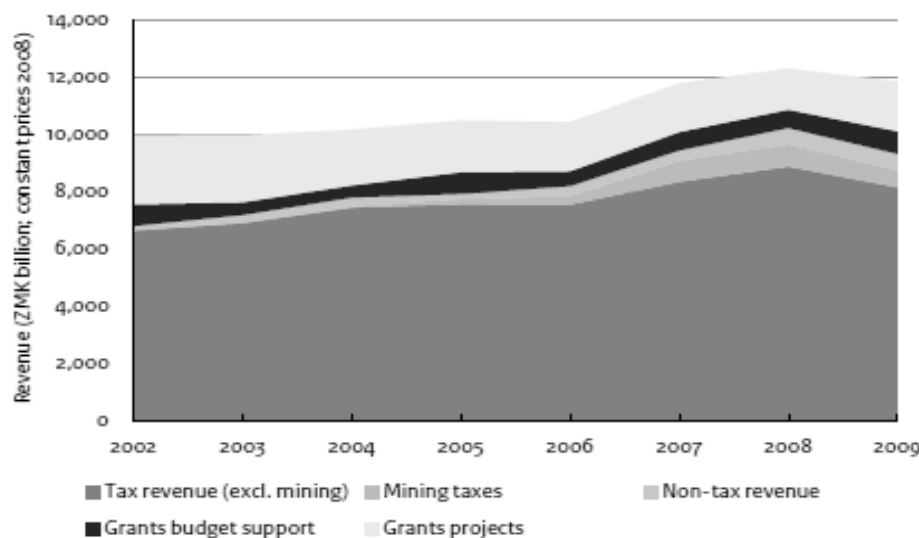
	2002 Actual	2003 Proj	2003 Actual	2004 Proj	2004 Actual
Bilateral	274.1	316.4	183.1	307.3	138.4
Multilateral	161.0	300.0	164.6	168.3	94.8
<b>Total</b>	<b>435.0</b>	<b>616.4</b>	<b>347.6</b>	<b>475.6</b>	<b>233.2</b>

Source: Ministry of Finance and National Planning

**Project Financing (in US\$ millions), 2002-2004**

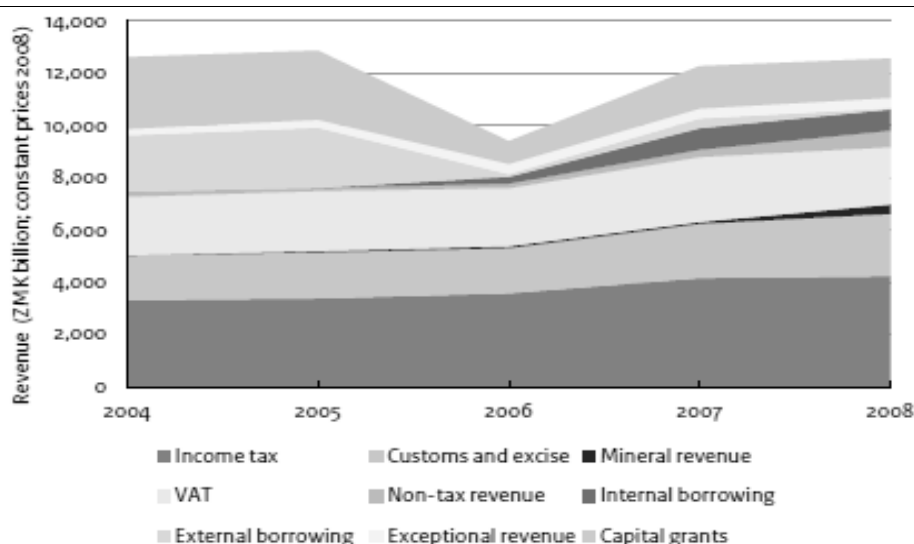
**DIE & IOB (2011) Annex VI; GRZ Revenue 2002-2009**

**Government of Zambia Revenue 2002-2009, CP Data**



Source: Whitworth (2010); MoFNP Financial Reports; cited in DIE&IOB (2011) p.266  
 Remark: 2009 data are provisional





**Government of Zambia Revenue 2002-2009, MoFNP Data**

Source: MoFNP Financial Reports and authors' calculations; cited in DIE&IOB (2011) p.266  
 Remark: 2009 data are provisional

**DIE & IOB (2011) p15; Evaluation Summary and Conclusions:** Budget support as an instrument for promoting policy reforms and governance - Budget support has not performed to its anticipated potential as an instrument for promoting policy reforms and governance. While important achievements were made in the areas of PFM, the Office of the Auditor General, decentralisation, budget cycle procedures and tackling corruption, budget support has not been able to influence institutional reforms or influence policy in such a way as to substantially improve governance. While the period between 2006 and 2010 shows an overall upward trend regarding some core governance indicators, the ownership of improving core aspects of governance has decreased over the last two years. The instrument had little systemic effect on the general situation of the rule of law in Zambia. Nevertheless, budget support is one of the few external factors that have built up a certain leverage, which has worked against a deterioration of governance in the last two years.

**JC 8.2: Emerging issues were incorporated quickly and effectively into EU programming and policy dialogue**

The mix of EU aid programming instruments, approaches and financing modalities generally has been adapted well to sector specific factors and also has changed over the period along with the context. An analysis of the Zambia projects portfolio and the sectoral and PCM documentation generally attest to it that this mix tends to be different according to sector specific factors. Sectoral analyses indeed have been amongst the determining factors for decision making on the appropriate aid modality, although that this cannot be across the board.

For example, the July 2007 EAMR stressed that ongoing and forthcoming sector projects and programmes are and will be embedded in the existing dialogue mechanisms. The go-signal for sector budget support (SPSP) in the health sector under the EDF9 was based on the assessed higher than average capacity at the MoH compared to other government departments, with a core of committed staff, and with a strategic plan and sector dialogue in place, aimed at greater transparency and a more results oriented process (JAR 2003). For education, the assessments (JAR 2007) by the CPs have been somehow varied leading different CPs opting for different aid modalities. The 2011 Budget Support Evaluation in Zambia concluded that two factors are important for budget support being effective. First of all, sectors of interest must be supported by strong Government ownership. This for example was missing for the rural water and sanitation supply, where NGOs remained the main providers. Second, budget support can only work if policies of Government and objectives of Cooperating Partners are aligned. This has been the case for the health and education sectors, and less the case for the agricultural sector where “an inherent contradiction between ownership and donor influence became apparent.

The support modalities through which funding to CSOs is channelled shows a high degree of diversity

(capacity development and financial support) and are basically provided to annual work programmes and budgets of CSOs (project support and direct support), whereas core funding for multiannual plan implementation (sort of budget support) is a rather rare modality. The combi-financing approach is just one of the several support modalities through which CPs channel funding to CSOs in Zambia. Under the EDF9, SPSP support was provided to three sectors: transport, education and health, whereas under the EDF10 sector budget support covered the transport and health sectors, whereas possibly the support to the electoral system also can be considered as a sort of (sub-)sector budget support (trust fund setting). The 2011 MTR of the EU-SADEC co-operation under the EDF10 considers the large Public Finance Management (PFM) programme – PEMFA – managed as a basket fund by several CPs working closely together to support the agreed strategy, whereas for the EU strictly speaking it is a general budget support intervention. (I-8.2.2 (fig. PF-1))

In the ten year period 2001-2011 a total of 64 interventions have been financed by the European Union (as assigned a special CRIS code). Of these, by far the majority (54 or 84.4% of the total) are of the project approach (PA) type, 6 (or 9.4%) are Sector Policy Support Programmes (SPSPs) and 4 (6.3%) are General Budget Support (GBS). A more balanced picture of the relative importance of the three main aid modalities emerges when comparing the amounts involved (allocated / committed, contracted, and paid) in each of the three. Of the about 1.1 billion Euro country strategy financing in the 2001 – 2010 period, an about equal amount has been allocated to general budget support (39.2%) and project approach (39.9%). Sector Budget Support has been allocated about one fifth of the total resources (20.9%). However, and in directly reply to the present indicator query, there are important evolutions in aid modality over time in the mix of instruments, approaches and financing modalities along with the subsequent EDF cycles. The EDF8 portfolio solely consisted of project approaches (all 23 interventions). The three General Budget Support (GBS) interventions under EDF9 represented almost half of the total allocated resources (47.0%) which further increased to 55.3% under the EDF10. Sector Budget Support (3 SPSPs in resp. transport, education and health) took up 29.4% of the EDF9 resources, to be slightly reduced to 25.9% of the EDF10 resources (3 SPSPs in transport, health and electoral systems). Overall the share of project approach (PA) financing has been reduced from 100% under the EDF8, over 23.5% under the EDF9 to 18.8% under the EDF10 (fig.PF-2, I-8.2.2).

In as much as actual payments in relation to the allocated/committed amounts are considered a proxy indicator for efficiency of aid delivery (e.g. in relation to absorptive capacity), as far as the EDF9 financing is concerned of the GBS budgetary resources 94.4% have been paid, 87.5% of the SPSP resources and 66.1% of the project approach resources. Unfortunately no data are available on actual expenditures in relation to the intended uses / for the intended results (performance budgeting and expenditures monitoring). Broken down by EDF strategy / programme cycle, a total of 95.2% of the (pre 2001-2010 period) EDF8 resources committed still in the 2001-2010 period have been contracted and paid out as of the end of this period (thus 4.8% not yet paid out as of 2010). For the EDF9 covering the period 2001-2007, this amounts to 85.7%, implying that 14.3% of the committed EDF9 resources have not been paid yet (with 5.6% of the total committed EDF9 resources not having been contracted yet). In the first half period 2008-2010 of the total EDF10 six year period (2008-2013), about one fourth (25.5%) of the committed / allocated resources have been paid (68.0% of the committed EDF10 resources have been contracted). The portfolio efficiency analysis by aid method / modality expressed as per cent amount paid of total allocated / committed resources shows that 72.8% of the committed project approach resources in the ten year period 2001-2010 have been actually paid, against 60.7% for the GBS modality and 49.4% for the SPS modality. For EDF9 which covers the completed CSP-NIP cycle 2001-2007, the total paid amounts in percentage of the total allocated/committed resources amount to respectively 66.1% for the Project Approach, 94.4% for General Budget Support and 87.5% for Sector Budget Support (fig.PF-3, I-8.2.2).

The scope of the pooled support from Cooperating Partners in the health sector was originally restricted to recurrent expenditures at district level but gradually the “basket” expanded both vertically (e.g. higher level hospitals) and horizontally to include more cost items (capital expenditure, technical assistance) as such gradually paving the way for sectoral budget support (JAR 2003). Whereas education was a focal sector under the EDF9 benefiting from sector budget support, it no longer figured as priority focal sector under the EDF10. The MTR of the Fifth National Development Plan (FNDP) reported in this connection on the education sector pool performance “...documented major inefficiencies with the current sector pool by having a dual planning, accounting and reporting system for domestic and donor funding from Ministry of Education headquarters down to the school level. Based on the findings of the PETS, the local donor group undertook a Fiduciary Risk Assessment (FRA) in August 2008 to explore ways to improve the sector pool and propose a more efficient channel for donor funding, including those from the FTI. The main recommendation of the FRA is to move the sector pool to targeted sector budget support. In essence, this modality entails that donors would continue to provide an earmarked financial

contribution in support of MoE instead of full-fledged general budget support. However, rather than disbursing to an MoE managed account with specific accounting and reporting requirements, as in the past sector pool, donor funds would be mingled with GRZ funding to finance any activity in the mutually agreed MoE's annual work plan and budget. This funding modality attempts to address both the identified weaknesses in the past pool and to reap the efficiency gains from closer alignment of donor support to national systems, as outlined in Zambia's Aid Policy and Strategy in line with the Paris Declaration on Aid Effectiveness.

Over time, the budget support financing instruments got more refined and more performance based. This particularly relates to the tools to assess progress and results as basis for decision making on the release of the variable tranches. Whereas under EDF9 these variable tranches for general budget support were related to / based on PFM and PRSP indicators performance, under the EDF these were additionally determined by achievements in relation to the attainment of the MDGs. The Sector Budget Support modality in relation to the Sector Policy Support Programmes (SPSPs) initially only had fixed annual tranches, but in the process under EDFX also variable tranches were introduced based on achievements on Key Performance Indicators. As far as General Budget Support (GBS) is concerned, in reaction to the international economic and financial crisis, the Commission decided to create an ad-hoc Vulnerability FLEX mechanism to be financed under the reserves of the national and regional indicative programmes of the EDF10. In 2009 Zambia was considered eligible under V-FLEX on the basis of economic and social vulnerability criteria, the nature of the residual financing gap and the capacity of the EC to quickly provide meaningful support. The €30m V/Flex allocated to Zambia which was disbursed end 2009 contributed to close the financing gap, thus maintaining priority expenditure, especially in the social sectors and infrastructures. The EDF portfolio analysis at the end of this evaluation matrix section on EQ9 includes a more detailed analysis of the technical evolution of the EU budget support tools applied in Zambia.

Delegated cooperation arrangements, sometimes referred to as combi-financing agreements, has become a preferential specific instrument by the EU (an arrangement where one donor remains a "silent partner" and channels funding to an "active partner" who then channels the funds to the intended partner CSOs of need. Of the total EDF resources allocation to Zambia in the period 2001-2010, a total of 56.9% (or €636m) were under decentralised management (DM), whereas 40.6% (or €454m) under Centralised Management (basically CM, but also CM-IO or ICM-DA) and 2.5% under Partially Decentralised Management as main management mode / modality. A more detailed portfolio analysis by method of implementation / management mode is provided at the end of this EQ-9 information matrix (I-8.2.2)

With the JASZ a well elaborated institutional platform is in place for facilitating policy dialogue between the Government of Zambia and the Cooperating Partners. This structure in principle should make it possible to rapidly react to emerging issues of common interest and concern through broad based and encompassing policy dialogue for (remedial) actions to be taken where necessary. Also the different reporting mechanisms including the Joint Annual Reports (JAR) are venues for policy dialogue reporting on emerging issues. The desk study of these reports provided empirical evidence of this capacity and actual practice.

An example in case is the reporting on the road sector which had been overshadowed by the results of a comprehensive financial, technical and procurement audit under the Office of the Auditor General following Cooperating Partners (CPs) serious concern on sector specific Public Finance Management (PFM) issues raised during the April 2009 Joint Donor Forum. This led to CPs putting on hold funding for new road projects including the release of SPSP I tranches 4 and 5 amounting to €8,5m + €3,15m = €11,65m (5th variable tranche only qualifies for 75% release). The audit findings in summary revealed (i) mismanagement of resources and disregard of AWP, (ii) irregularities in procurement, (iii) sub-standard execution of or road works, (iv) unsubstantiated payments to contractors and (v) the non-observation of Regulations and Acts governing the sector. The 2009 Ministry of Health case of mismanagement of public funds had an impact on the relations between the Government and the group of General Budget Support donors (and also within the latter group), although it reportedly was only one of different issues triggering the formal dialogue on fundamental underlying principles and values which was launched by the donors in June 2009. In mid-2010 new governance concerns by the donors returned the issue of the volume of the GBS to the surface and made some donors deciding not to disburse its GBS.

By opening up these governance issues and making them widely visible, the JASZ and related policy dialogue instruments and reporting mechanisms fulfil important transparency enhancement functions. At the same time, the two mismanagement cases are also concrete illustrations of the inherent weaknesses of these dialogue platforms. They have not been able to address and solve the issues in a co-

ordinated, decisive and uniform manner. On the contrary, they prove to have failed to adequately remedy the situation even in spite the corrective measures proposed and special instruments developed as governance action plans for GRZ to comply with. Also, despite the existence of the policy dialogue platforms as the JASZ, the CPs failed to achieve a consensus on reacting in a unified manner to the situation. The result was an even worsening situation, resulting in high level diplomatic rows between GRZ and CPs. The JASZ and related fora were not able to prevent the issues from spreading out and contaminating the entire dialogue in all its facets. The issue directly affected the overall cooperation strategy and programme, and as such even impacted on the country's MDGs and poverty alleviation performance. But a recent EUD note (2011) on the health sector budget support disbursements in 2010 clarified that as a result of the health sector misappropriation / mismanagement case and of the Governance Action Plan drawn up to remedy the situation, the Ministry continued to implement the remedial measures for strengthening financial governance which had been agreed with the Cooperating Partners.

During field visit discussions with the different parties concerned, at the Delegation, with Member States and other Cooperating Partners, it were particularly the inadequacies of the JASZ in its present format as harmonisation forum which were stressed. The criticism amongst others pertains to inefficiencies related to the complex if not cumbersome processes and procedures to arrive at decision making, the differences in policies and strategies of individual CPs which impeded consensus building and the weaknesses of the instruments at its disposal, particularly with regard to performance monitoring. Another main issue emanating from the evaluation field phase was that the political dialogue has not been proactive enough and the aid methods have not been flexible enough in adapting to the new macro-economic situation gradually emerging from the middle of the 2001-2010 ten year period under review onwards. This period saw Zambia in the process of becoming a lower middle income country, with drastically improved direct foreign investments (especially from the BRIC countries and particularly from South Africa), increased revenues from the copper mines following intensified world demand and concomitant higher commodity prices, and with as a result increasingly more substantive public resources from taxation of the mines and less dependence on foreign assistance as argued later in this report.

In the same context, the recent 2011 evaluation of budget support in Zambia covering the period 2005-2010 concluded<sup>96</sup> that budget support as an instrument for promoting policy reforms and governance has not performed to its anticipated potential as an instrument for promoting policy reforms and governance. While important achievements were made in the areas of PFM, the Office of the Auditor General, decentralisation, budget cycle procedures and tackling corruption, budget support has not been able to influence institutional reforms or influence policy in such a way as to substantially improve governance. While the period between 2006 and 2010 shows an overall upward trend regarding some core governance indicators, the ownership of improving core aspects of governance has decreased over the last two years. The instrument had little systemic effect on the general situation of the rule of law in Zambia. The report however concluded that nevertheless budget support is one of the few external factors that have built up a certain leverage, which has worked against a deterioration of governance in the last two years.

### **JC 8.3: The synergy between aid modalities has been discussed both within each focal sector and overall**

- **Indicator 8.3.1: Link between instruments, approaches and financing modalities during the reporting period are analysed in EU (internal) strategy formulation documents**

Evidence of such analyses of links between instruments, approaches and financing modalities in the EU strategy formulation documents are found both at the country strategy formulation level (notably the two CSP-NIPs covering the reporting period) and at regional level (Region of Eastern and Southern Africa and the Indian Ocean – ESA-IO) with direct repercussions for the Zambia national level (e.g. the RSP/RIP of 2008-2013). An example in case is the discussion on the appropriate approach and financing modality for the health sector under the EDF10 CSP-NIP. Earlier in 2005, the development of the Health Human Resources Strategic Plan had led to the identification of an EDF9 sector budget support (€10m) operation specifically addressed to finance the Human Resources plan in support of human resources retention. However, the delayed approval of the health sector budget support financial plan had a negative impact on the implementation of the Human Resources Strategic Plan and undermined the confidence the Ministry of Health had in the predictability of funding with the Sector Budget Support operations. The financing modality worked out as solution consisted of the Poverty Reduction Budget

<sup>96</sup> DIE & IOB (2011) ; p15

Support (PRBS) operation complementing the sector budget support with a focus on activities aimed at improving the retention of health workers in the most deprived and remote settings. The rationale for the complementarity of Sector Budget Support and General Budget Support was widely discussed in the course of the preceding two years (JAR, 2007).

Early under EDF8, support to the transport sector has been entirely given via project support. Under EDF9 and 10, with the involvement of the sector through sector reforms, for the move from ROADSIP I to ROADSIP II the three basic elements to consider ROADSIP II as a “sector programme” according to EC guidelines led to consider support to the sector via Sector Budget Support (SBS). Consequently and in line with the general policy directions on aid delivery and the utilisation of sector budget support as financing modality, the road maintenance support programme which had been initially prepared as “classical project” was ‘retrofitted’ to a “sector policy support programme” (SPSP) in support of ROADSIP II with funding to be channelled through the Treasury to the Road Fund. To that end the EU prescribed seven key areas of assessment (macro-economic framework, sector policy, sector MTEF, accountability and PEM system, donor coordination, programme monitoring, institutional capacity) to decide whether a sector programme and the environment a sector programme is operating in are conducive to follow sector budget support modalities, had been assessed, but only briefly. Identified weaknesses in the management of the road sector at RDA and NFRA levels were addressed through an accompanying capacity building component under classical EDF procedures (= project approach)...

The lessons learned section in Annex 12 on road transport to the EDF10 CSP-NIP consists of not less than two and a half pages and focuses on sector dialogues, monitoring and assessment of sector performance, launching of sector studies, transparency of procurement procedures, etc. in order to arrive at the ultimate decision making regarding the most appropriate aid modality and financing mechanism. Some elements: Difficulties arose to find the right balance between really looking at the sector as a whole in the spirit of sector budget support and the risk of sliding back in the “project mode” with regard to the physical interventions and their execution financed under the SBS tranches.

The discussion of synergies between aid modalities, instruments and approaches can also be found in the regional strategy documents. But as for example is illustrated by the 2008-2013 RSP/RIP, overall this discussion is less prominent and outspoken at regional level compared to the Zambia national level itself. The discussions in first instance relate to the regional financing instruments. These are considered to have considerable potential as a means to improve local ownership of externally supported programmes, to reduce transaction costs and to improve the harmonisation and alignment of aid. At the same time, extending the aid effectiveness agenda to the regional level is a declared commitment on the part of both the EC and the EU Member States. Concrete examples: the COMESA Fund was established in 2002 by a Protocol, and operates with two “windows”: an Adjustment Facility and an Infrastructure Facility. Similarly, EAC established a Partnership Fund in 2006 under which Development Partners contribute to short-term activities aiming to promote implementation of the Treaty and to boost EAC’s integration agenda.

Overall, as is one of the main conclusions and recommendations from the recent evaluation of budget support in Zambia, it appears preferable not to just think in terms of alternative aid modalities, as it is more effective to stress the complementarity of instruments and the right combination for a specific context. The evaluation also shows that GBS is not always the best modality for realizing cooperating partners’ objectives. If there is no common understanding on priorities and strategies, and if partners are unable to influence the agenda through coherent incentives, other aid modalities may be more effective. Also, GBS may be more effective if it is supported by other aid modalities – and in return sector budget support (SBS), basket funding and project aid may be more effective if supported by GBS. This complementarity is assessed not to be automatic, however.

#### Extracts:

*JAR 2007, p23; 2.3. Projects and programmes outside focal sectors - 2.3.1 Health: In 2005 the development of the Health Human Resources Strategic Plan (approved in December 2005), led to the identification of a EDF9 sector budget support (€10m) operation specifically labelled to finance the Human Resources plan in support of human resources retention. This [delayed approval of the Health sector budget support Financial Plan], unfortunately, had a negative impact on the implementation of the Human Resources Strategic Plan and undermined the confidence Ministry of Health had in the predictability of funding with the Sector Budget Support operations. Following the revised disbursement calendar the first disbursement of this support (Financial Agreement signed in February 2007) took place only at the end of December 2007. The financing modality worked out consisted of the Poverty Reduction Budget Support (PRBS) operation complementing the sector budget support operation with a focus on activities aimed at improving the retention of health workers in the most deprived*

and remote settings. The rationale for the complementarity of Sector Budget Support and General Budget Support was widely discussed in the course of the last two years.

**JAR 2007, p17; 2.2.2. Capacity building – PFM:** PFM reforms in Zambia are driven by the Public Expenditure Management and Financial Accountability (PEMFA) programme, which, together with Right-Sizing and Pay Reform and Decentralisation, is one of the three pillars of the GRZ Public Service Reform Programme (PSRP), aiming at improving the quality of public service delivery. The five-year PEMFA programme launched in June 2005 is a comprehensive programme covering 13 components spanning budget planning, budget execution and control, transparency and accountability. The evolution of PFM reforms and their assessment is therefore closely linked (though not exclusively) to progress under PEMFA. The EDF9 PEMFA Financing Agreement (€13m, in addition to the €2.5m from the PRBS 1 already disbursed by end 2005) was signed in March 2006.

**JAR 2007, p21:** Moreover, with growing responsibilities for the Economic and Technical Cooperation (ETC) Department, the TAs to the NAO have found themselves increasingly involved in non-traditional NAO tasks, such as the support to the joint Poverty Reduction Budget Support (PRBS) operation, as well as donor harmonisation processes.

**EDF10, CSP-NIP 2008-2013 – Annex 12 Road Transport, pp. xci – xcii:** (2) EC cooperation in the sector: 2.1) Project Support as financing modality and 2.2) Sector Budget Support as financing modality / Under EDF8, support to the transport sector has been entirely given via project support. Under EDF9 and 10, with the involvement of the sector through the aforementioned sector reforms, the move from ROADSIP I to ROADSIP II, the three basic elements to consider ROADSIP II as a “sector programme” according to EC guidelines led to consider support to the sector via SBS. Basic elements: (i) approved sectoral policy document and an overall strategic framework – PRSP and transport policy of 2002, (ii) a sectoral medium term expenditure framework and an annual budget (financing plan in ROADSIP) and (iii) a coordination process amongst the donors in the sector, led by Government (regular ROADSIP steering committee meetings). Also efforts toward strengthening the management system of the ROADSIP II sector programme (performance monitoring system, agreed upon process for moving towards harmonised systems for reporting, and a systematic client and stakeholder consultation mechanism. Furthermore there were supporting conditions for a “sector programme”. ...

Consequently and in line with general policy directions on aid delivery and the utilisation of sector budget support as financing modality, the road maintenance support programme which had been initially prepared as “classical project” was ‘retrofitted’ to a “sector policy support programme” in support of ROADSIP II with funding to be channelled through the Treasury to the Road Fund.

Since the Zambia case was in fact a “retrofit” exercise, a model approach according to the 2003 Guidelines for EC support to Sector Programmes” has not been entirely followed. To that end the seven key areas of assessment (macro-economic framework, sector policy, sector MTEF, accountability and PEM system, donor coordination, programme monitoring, institutional capacity) to decide whether a sector programme and the environment a sector programme is operating in are conducive to follow sector budget support modalities has only been briefly assessed. Identified weaknesses in the management of the road sector at RDA and NFRA levels were addressed through an accompanying capacity building component under classical EDF procedures.

**EDF10, CSP-NIP 2008-2013 Annex 12 Road transport 2.4) Lessons learnt pp. xcii-xciv:** The Lessons Learnt section in Annex 12 on the road transport to the CSP-NIP consists of two and a half pages. Lessons learnt focus on sector dialogues, monitoring and assessment of sector performance, launching of sector studies, transparency of procurement procedures, etc. Some quotes: “Certainly, the utilisation of sector budget support can certainly not overcome the problems in sector financing, but it gives the EC the means to make it a top priority of the future sector dialogue between the CPs and the GRZ and to jointly discuss the way forward on sector financing enhancement agreed upon by all parties. Difficulties arise to find the right balance between really looking at the sector as a whole in the spirit of sector budget support and the risk of sliding back in the “project mode” with regard to the physical interventions and their execution financed under the SBS tranches. To find a right balance is sometimes difficult... The EC is the only CP using sector budget support in that magnitude in Zambia. Other CPs are mainly operating in the project mode but within the framework of a sector approach in support of ROADSIP II.

Based on the anticipated further success of the SPSP, the EDF10 programme is designed to continue with the support to the sector mainly through SBS. In that context, it will however be important to carry

out an assessment of the seven key areas according to the model approach of the relevant EC guidelines. This will be done in the framework of the Mid-Term Review of the SPSP which is scheduled for the end of the 2<sup>nd</sup> semester 2007. A close collaboration between the economic section and the infrastructure section would then be required. The issue of sector financing will have to be critically looked at.

Project aid will be provided to other small interventions in the transport sector. This programme component should serve for other demand driven transport interventions. The component would be generally open for soundly substantiated interventions/studies in the country context under FNDP across the transport sector.

**RSP & RIP 2008-2013; P20;** Regional Strategy Paper and Regional Indicative Programme 2008-2013 – Region of Eastern and Southern Africa and the Indian Ocean; 2007 - Chapter 3.1.4 Establishing Regional Development Financing Instruments: Regionally owned development financing instruments have considerable potential as a means to improve local ownership of externally supported programmes, to reduce transaction costs and to improve the harmonisation and alignment of aid. At the same time, extending the aid effectiveness agenda to regional level is a declared commitment on the part of both the EC and the EU Member States.

To assist Member states with the regional integration process, Article 150 of the COMESA Treaty provides for the establishment of a “special” Fund for Cooperation, Compensation and Development for tackling the special problems of underdeveloped areas and other disadvantages arising from the integration process. The COMESA Fund was accordingly established in 2002 by a Protocol, and operates with two “windows”: an Adjustment Facility and an Infrastructure Facility. The two windows are interlinked in that the creation of an efficient regional market requires both policy reforms and physical infrastructure development. The Adjustment Facility, which became operational in 2007, aims to support member states in implementing regional integration policies and programmes, which because of their potential short-term negative impact on fiscal revenue or the economic and social costs of adjustment cannot be sustained through their national budget and other national aid programmes. The purpose of the Infrastructure facility is to provide a mechanism through which member states, cooperating partners and private investors can all contribute to seeding regional infrastructure projects. In March 2008, the COMESA Fund Committee, which comprises the Ministers of Finance of Fund member states, agreed a Road Map for the operationalisation of the Infrastructure Facility by 2009. The Fund can receive contributions from member states, cooperating partners and international financing institutions. The EC has already made an initial contribution of €78m to the Adjustment Facility under the EDF9.

Similarly, EAC establish a Partnership Fund in 2006 under which Development Partners contribute to short-term activities aiming to promote implementation of the Treaty and to boost EAC’s integration agenda. The Partnership Fund is the focus for aid coordination activities within EAC. In addition, to address the issue of revenue losses as a result of the CU, EAC has also launched preparations for establishing an EAC Development Fund. This Fund also has the potential to attract funds for major projects and to be the principal channel for upscaled external aid. A protocol to establish the Fund will be completed by December 2008.

- **Indicator 8.3.2: Link between instruments, approaches and financing modalities during the reporting period are analysed for focal sectors in EU (internal) identification or preparation documents**

More or less the same findings and observations apply to the focal sectors identification and preparation documents as reported here above regarding the overall strategy formulation documents in connection with indicator 8.3.1. It should be noted that the project approach is considered the “regular”, “traditional” aid modality, whereas sector budget support (SPSP) is still considered a “special” case requiring special justification. In the context of the Paris Declaration and Accra Agenda of Action on Aid effectiveness, this is a kind of upside down situation. But as reported earlier in the context of the discussion of reports and notes on the comparative advantages of the various instruments and approaches, there appears to be a kind of fatigue in discussing budget support and related issues. Preliminary discussions at the NAO Support Office during the evaluation preparatory mission at the end of August – early September event pointed into the direction of project approaches becoming “on vogue” again, which to a certain extent also was confirmed by interview discussions during the evaluation field visit in December 2011, despite budget support being reconfirmed by the Zambian Government through the NAO as the preferred cooperation modality. This revisiting of the choice of aid modalities no doubt also has to do with the rather sensitive issues surrounding the discussion in relation to good governance

issues, which strongly affected the discussions and in a way muted the political dialogue on the issue.

Extracts:

**Sofreco (2006), p44; Chapter 3.2.4 - Conclusions on Implementation Channels; EC has been the lead donor in providing budget support to GRZ. General budget support may not be the best instrument to address critical elements of poverty in Zambia which is the income inequality, although it has certainly been instrumental to support GRZ in creating macroeconomic stability. The evidence that with a selective choice of indicators certain sectors may be benefiting more from the increased availability of funds is lacking. Implementation channels are a mix of different modes: overall budget support, sector-wide budget support and project support. The introduction of budget support was made possible following improvement of Zambia public financial management, as assessed by the EC and other cooperating partners. Increased harmonisation between different donors, including bilateral donors, has enhanced the financial planning capacity of GRZ. The analysis of macro-economic climate and institutional capacity of the government follows the World Bank / IMF analysis and is sufficient.**

*In non-focal sectors without a sector-wide approach, e.g. the agriculture sector, the main channel of implementation is project funding with international TA being tendered. Project or programme funding goes against the Declaration of Paris about harmonisation of Development Aid which has been signed by the EU Member states and the EC. There is no indication of a proper strategy – be it with or without other donors – to create a situation what would lead to agriculture sector-wide support.*

*Private Sector: For the private sector the main channel is through project funding: No programme funding on the basis of an organisational comprehensive strategic plan exists. Implementation channels in project support include loan facilities and Technical Assistance, both long-term and short-term. Loan facilities appear to be relatively easy to make, but lack of an exit strategy hampers the final destination of the funds made available. Cumbersome and bureaucratic procedures hamper the swift and timely recruitment of short-term TA and disbursement of funds.*

- **Indicator 8.3.3: Follow-up or monitoring reports assess the actual synergy between aid modalities overall and for focal sectors**

This indicator on the assessment in monitoring reports of the actual synergies between aid modalities overall and for focal areas more or less examines the same aspects, covers the same issues as those reported with regard to earlier indicators regarding lessons learned from previous or other aid modalities documented (8.1.2), regarding monitoring and evaluation focused on instrument and a approach efficiency and ability to achieve EU assistance goals (8.1.3) and Link between instruments, approaches and financing modalities during the reporting period are analysed for the focal sectors in EU (internal) identification or preparation documents (8.3.2.).

By way of illustration, in the 2010 JAR is reported as general monitoring assessment of General Budget Support that as far as results are concerned, and based on an assessment of progress in relation to the Performance Assessment Framework (PAF), 2010 was marked by the lowest achievement in the last 4 years. Performance indeed dropped from 70% in 2007, to 66.7% in 2008, 65.6% in 2009 and 58.3% in 2010. Straight comparisons over the years are not entirely possible, as indicators have been strengthened and modified over time. However some sectors have consistently shown a positive trend (Education, HIV/AIDS, most of PFM), while others continue to fail to achieve their targets, e.g. agriculture policy and investments, rural feeder roads, child immunisation in the rural areas. The 'urban-rural divide' has therefore become a recurrent theme during the PRBS reviews.

As far as the findings of the Results Oriented Monitoring (ROM) missions are concerned, the EAMR of January 2011 just briefly indicates that the findings of the 14 projects ROMs were reflected in the projects concerned without further elaboration. In this connection, it may be considered to have a consolidated summary / assessment of the conducted ROMs included standard in the EAMR. Such consolidated analysis then preferably also focuses on issues of actual synergies between aid modalities.

The MoFNP Development Cooperation Report for 2009 especially zeroes in on common basket funding. For MoFNP special accounts with multiple contributors are termed 'common basket funding'. The largest basket funding arrangements are the Education and Health Sector Wide Approaches (SWAs). Other basket funding arrangements include the Rural Electrification Authority (REA), Public Service Management (PSM), Private Sector Development (PSD), and the Public Expenditure Management and Financial Accountability (PEMFA) Programmes. In the EU EDF10- portfolio, this basket funding aid modality is the modus operandi for the Access to Justice programme (co-funded by GiZ and executed under indirect centralised management with delegation agreement with GiZ), for the agricultural sector performance enhancement programme (together with Finland and IFAD) and for the support to the

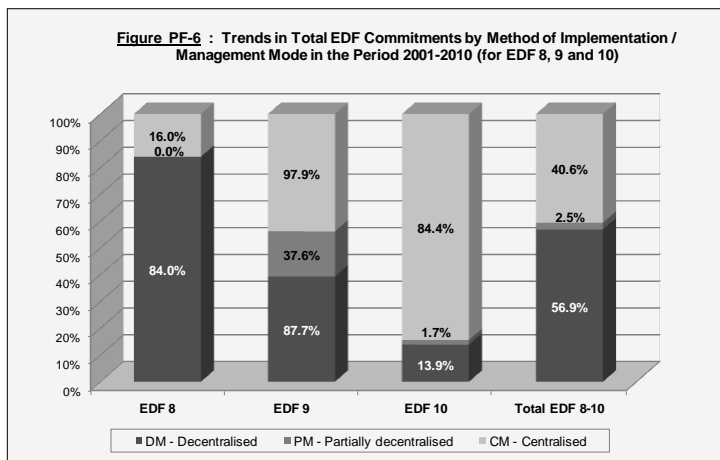


electoral process in a trust fund with 5 other CPs with UNDP as lead of the consortium.

**Extracts:**

**EAMR Jan 2011, p4:** *The findings of the Result Oriented Monitoring on 14 projects were reflected in the projects concerned*

**JAR 2010, p9:** *On General Budget Support: “As far as results are concerned, and based on an assessment of progress in relation to the Performance Assessment Framework (PAF), 2010 was marked by the lowest achievement in the last 4 years. Performance indeed dropped from 70% in 2007, to 66.7% in 2008, 65.6% in 2009 and 58.3% in 2010. Straight comparisons over the years are not entirely possible, as indicators have been strengthened and modified over time; some sectors have consistently shown a positive trend (Education, HIV/AIDS, most of PFM), while others continue to fail to achieve their targets, e.g. agriculture policy and investments, rural feeder roads, child immunisation in the rural areas. The ‘urban-rural divide’ has therefore become a recurrent theme during the PRBS reviews.”*



Source: EU CRIS database

**Field Visit Additional Information on JC 8.3:**

**DIE & IOB (2011) p25; Evaluation Recommendations:** Do not think just in terms of alternative aid modalities – it is more effective to stress the complementarity of instruments and the right combination for a specific context. The evaluation has shown that GBS is not always the best modality for realizing cooperating partners’ objectives. If there is no common understanding on priorities and strategies, and if partners are unable to influence the agenda through coherent incentives, other aid modalities may be more effective. Also, GBS may be more effective if it is supported by other aid modalities – and in return sector budget support (SBS), basket funding and project aid may be more effective if supported by GBS. This complementarity is not automatic, however.

**MoFNP Development Cooperation Report 2009 (2010) p11-13; 3.3 Common Basket Funding** –In this report, special accounts with multiple contributors are termed ‘common basket funding’. The largest basket funding arrangements are the Education and Health Sector Wide Approaches (SWAs). Other basket funding arrangements include the Rural Electrification Authority (REA), Public Service Management (PSM), Private Sector Development (PSD), and the Public Expenditure Management and Financial Accountability (PEMFA) Programmes.

**3.3.1. Education Sector Wide Approach:** A Memorandum of Understanding for donor cooperation in the education sector was signed in 2003 to support the Ministry of Education Strategic Plan, 2003 to 2007. This led to an increase in donor funding. In 2008 the National Implementation Framework was launched and became the main vehicle for implementing the FNDP Education strategy. Table 3.4 shows that funding for the Education SWAp increased from US\$ 61.0m in 2006 to US\$ 100.0m in 2009. However, 2008 saw a decline to US\$ 66.0m due to the decision by four Cooperating Partners (the UK, Norway, Finland and the European Union) to shift their disbursement modality to budget support.

**Education SWAp 2006-2009 by Participating CPs (US\$ million)**

	2006	2007	2008	2009	Total
Denmark	7.0	9.8	5.6	8.4	30.8
World Bank (Fast Track Initiative)	0.0	0.0	0.0	30.0	30.0
Germany (KfW)	0.0	0.0	0.0	10.9	10.9
Ireland	7.1	15.5	22.1	20.1	64.8
Netherlands	13.4	25.6	35.3	29.9	104.2
United States	1.3	1.0	0.0	1.0	3.3
UK	11.2	2.3	0.0	0.0	13.5
Norway	16.1	16.6	1.2	0.0	33.9
European Union	0.0	3.1	1.3	0.0	4.4
Finland	4.9	7.1	0.2	0.0	12.2
<b>Total</b>	<b>61.0</b>	<b>80.8</b>	<b>65.7</b>	<b>100.3</b>	<b>307.8</b>

*Source: Ministry of Finance and National Planning*

### JC 8.3: The synergy between aid modalities has been discussed both within each focal sector and overall

This JC has been assessed on the basis of three indicators related the synergy / link between instruments, approaches and financing modalities in (i) EU strategy formulation documents, (ii) focal sectors identification and or preparation documents, and (iii) overall and focal sectors monitoring reports.

Evidence of such analyses of links between instruments, approaches and financing modalities in the EU strategy formulation documents are found both at the country strategy formulation level (notably the two CSP-NIPs covering the reporting period) and at regional level (Region of Eastern and Southern Africa and the Indian Ocean – ESA-IO) with direct repercussions for the Zambia national level (e.g. the RSP/RIP of 2008-2013). However, this concerns rather individual (if not isolated) cases and as such the assessment cannot be automatically generalised for the overall strategy level and for each and every of its main components.

An example in case is the discussion on the appropriate approach and financing modality for the health sector under the EDF10 CSP-NIP. Earlier in 2005, the development of the Health Human Resources Strategic Plan had led to the identification of an EDF9 sector budget support operation specifically addressed to finance the Human Resources plan in support of human resources retention. However, the delayed approval of the health sector budget support financial plan unfortunately had a negative impact on the implementation of the Human Resources Strategic Plan and undermined the confidence the Ministry of Health had in the predictability of funding with the Sector Budget Support operations. The financing modality worked out as solution consisted of the Poverty Reduction Budget Support (PRBS) operation complementing the sector budget support with a focus on activities aimed at improving the retention of health workers in the most deprived and remote settings. The rationale for the complementarity of Sector Budget Support and General Budget Support was widely discussed in the course of the preceding two years (JAR, 2007).

Early under EDF8, support to the transport sector has been entirely given via project support. Under EDF9 and 10, with the involvement of the sector through sector reforms, for the move from ROADSIP I to ROADSIP II the three basic elements to consider ROADSIP II as a “sector programme” according to EC guidelines led to consider support to the sector via Sector Budget Support (SBS). Consequently and in line with the general policy directions on aid delivery and the utilisation of sector budget support as financing modality, the road maintenance support programme which had been initially prepared as “classical project” was ‘retrofitted’ to a “sector policy support programme” (SPSP) in support of ROADSIP II with funding to be channelled through the Treasury to the Road Fund. To that end the EU prescribed seven key areas of assessment (macro-economic framework, sector policy, sector MTEF, accountability and PEM system, donor coordination, programme monitoring, institutional capacity) to decide whether a sector programme and the environment a sector programme is operating in are conducive to follow sector budget support modalities, had been assessed, but only briefly. Identified weaknesses in the management of the road sector at RDA and NFRA levels were addressed through an accompanying capacity building component under classical EDF procedures (= project approach)...

The comprehensive lessons learned section in Annex 12 on road transport to the EDF10 CSP-NIP focuses on sector dialogues, monitoring and assessment of sector performance, launching of sector studies, transparency of procurement procedures, etc. in order to arrive at the ultimate decision making regarding the most appropriate aid modality and financing mechanism. Difficulties especially arose in finding the right balance between really looking at the sector as a whole in the spirit of sector budget

support and the risk of sliding back in the “project mode” with regard to the physical interventions and their execution financed under the SBS tranches.

The discussion of synergies between aid modalities, instruments and approaches can also be found in the regional strategy documents. But as for example is illustrated by the 2008-2013 RSP/RIP, overall this discussion is less prominent and outspoken at regional level compared to the Zambia national level itself. The discussions in first instance relate to the regional financing instruments. These are considered to have considerable potential as a means to improve local ownership of externally supported programmes, to reduce transaction costs and to improve the harmonisation and alignment of aid. At the same time, extending the aid effectiveness agenda to the regional level is a declared commitment on the part of both the EC and the EU Member States. Concrete examples: the COMESA Fund was established in 2002 by a Protocol, and operates with two “windows”: an Adjustment Facility and an Infrastructure Facility. Similarly, EAC established a Partnership Fund in 2006 under which Development Partners contribute to short-term activities aiming to promote implementation of the Treaty and to boost EAC's integration agenda.

Overall, as is one of the main conclusions and recommendations from the recent evaluation of budget support in Zambia, it appears preferable not to just think in terms of alternative aid modalities, as it is more effective to stress the complementarity of instruments and the right combination for a specific context. The evaluation also shows that GBS is not always the best modality for realizing cooperating partners' objectives. If there is no common understanding on priorities and strategies, and if partners are unable to influence the agenda through coherent incentives, other aid modalities may be more effective. Also, GBS may be more effective if it is supported by other aid modalities – and in return sector budget support (SBS), basket funding and project aid may be more effective if supported by GBS. This complementarity is assessed not to be automatic, however. (I-8.3.1)

More or less the same findings and observations apply to the focal sectors identification and preparation documents as reported here above regarding the overall strategy formulation documents in connection with indicator 8.3.1. It should be noted that the project approach is considered the “regular”, “traditional” aid modality, whereas sector budget support (SPSP) is still considered a “special” case requiring special justification. In the context of the Paris Declaration and Accra Agenda of Action on Aid effectiveness, this is a kind of upside down situation. But as reported earlier in the context of the discussion of reports and notes on the comparative advantages of the various instruments and approaches, there appears to be a kind of fatigue in discussing budget support and related issues. Preliminary discussions at the NAO Support Office during the evaluation preparatory mission at the end of August – early September event pointed into the direction of project approaches becoming “on vogue” again, which to a certain extent also was confirmed by interview discussions during the evaluation field visit in December 2011, despite budget support being reconfirmed by the Zambian Government through the NAO as the preferred cooperation modality. This revisiting of the choice of aid modalities no doubt also has to do with the rather sensitive issues surrounding the discussion in relation to good governance issues, which strongly affected the discussions and in a way muted the political dialogue on the issue. (1.8.3.2).

Indicator I-8.3.3 on the assessment in monitoring reports of the actual synergies between aid modalities overall and for focal areas covers about the same issues as those reported with regard to earlier indicators I-8.1.2, I-8.1.3 and I-8.3.2. By way of illustration, in the 2010 JAR is reported as general monitoring assessment of General Budget Support that as far as results are concerned, and based on an assessment of progress in relation to the Performance Assessment Framework (PAF), 2010 was marked by the lowest achievement in the last 4 years. Performance indeed dropped from 70% in 2007, to 66.7% in 2008, 65.6% in 2009 and 58.3% in 2010. Straight comparisons over the years are not entirely possible, as indicators have been strengthened and modified over time. However some sectors have consistently shown a positive trend (Education, HIV/AIDS, most of PFM), while others continue to fail to achieve their targets, e.g. agriculture policy and investments, rural feeder roads, child immunisation in the rural areas. The 'urban-rural divide' has therefore become a recurrent theme during the PRBS reviews.

As far as the findings of the Results Oriented Monitoring (ROM) missions are concerned, the EAMR of January 2011 just briefly indicates that the findings of the 14 projects ROMs were reflected in the projects concerned without further elaboration. In this connection, it may be considered to have a consolidated summary / assessment of the conducted ROMs included standard in the EAMR. Such consolidated analysis then preferably also focuses on issues of actual synergies between aid modalities.

The MoFNP Development Cooperation Report for 2009 especially zeroes in on common basket funding. For MoFNP special accounts with multiple contributors are termed ‘common basket funding’. The largest basket funding arrangements are the Education and Health Sector Wide Approaches (SWAs). Other basket funding arrangements include the Rural Electrification Authority (REA), Public Service

Management (PSM), Private Sector Development (PSD), and the Public Expenditure Management and Financial Accountability (PEMFA) Programmes. In the EU EDF10- portfolio, this basket funding aid modality is the modus operandi for the Access to Justice programme (co-funded by GiZ and executed under indirect centralised management with delegation agreement with GiZ), for the agricultural sector performance enhancement programme (together with Finland and IFAD) and for the support to the electoral process in a trust fund with 5 other CPs with UNDP as lead of the consortium. (I-8.3.3)

#### **JC 8.4: Combinations of instruments and approaches were defined to suit partners' capacity more than regulations of each financing modality**

- **Indicator 8.4.1: Existence of detailed capacity assessment in EU programming and project implementation**

Capacity assessment of both the main programme/project stakeholders (policy makers, management and staff) and of the core institutions / organisations involved in / responsible for the programme or project is essential for ensuring the viability and ultimate success of the cooperation intervention. This a fortiori pertains to more complex instruments and aid modalities as sectoral budget support and especially general budget support. The 2011 Country Evaluation of the Paris Declaration in Zambia (Phase II) made a review of overall aid coordination and management capacities of the country and concluded that the capacity of Zambia to coordinate and manage aid generally is growing slowly, with improvements in public financial management and procurement. However, major gaps remain in terms of analytical work, policy formulation, strategic planning and monitoring and evaluation capacities. These also have been receiving the least support. Most capacity-building has focused on core ministries, with limited attention to the needs of parliaments, auditors and civil society who play an active role. In direct reaction to the JC, capacity assessment and their results are featured indeed in the EU programming and project/programme implementation documents, but one cannot conclude to this being the general rule and particularly not to this being the basis for comprehensive capacity development strategies and programmes to adequately answer these needs. There is insufficient empirical evidence to support such conclusion even if most (if not all) general and sectoral budget support programmes have an inherent capacity strengthening component built in.

On the other hand there is documented evidence in the EU programming and project implementation documents of the due importance and care being given to capacity elements. The JAR of early 2003 for example indicated that EDF support to the Education Strategic Plan pool was deliberately limited to basic education only with a "designated fund" modality explicitly described in the MoU. The reason provided in the JAR for this prudent approach is that unlike the Health sector, where EDF support to basket funding has been going on for four years already, in education, EDF has been implementing support through a traditional project and therefore still lacks deep knowledge of the specific sector dialogue to make it a suitable candidate for fully fledged sectoral budget support (at present multi-donor basket funding is in place for the education sector, however without active involvement of the EU programmed under EDF10)...

A practical illustration of capacity issues having influenced decision making on re-programming and re-allocations is provided by the EDF10 mid-term review which recommended considering the major restructuring process launched in the agriculture and livestock sector, and given the complementarity existing with interventions under the focal sector 'Regional integration – transport infrastructure' highlighted in the NIP, to reallocate part of the funds between the two sectors to support, amongst others, agricultural market development and cross-border trade.

A more recent example relates to the current capacity assessment in the Access to Justice Programme. The Good Governance Programme in cooperation with the EUD and the Danish Embassy reconfirmed their commitment to support the Access to Justice Programme and thereto is currently undertaking a capacity assessment of the Governance Secretariat and the five criminal justice institutions (Prison Service, Police, Judiciary, Legal Aid Board and the Public Prosecutor's Office). The findings of the assessment are expected not only to highlight the capacity needs of the AJP institutions and to accentuate the interface for civil society engagement in the AJP, but also to provide the necessary information to decide on an adequate funding modality.

At a more general and strategic level, the July 2007 EAMR was unambiguously clear by stating that "The ongoing and forthcoming sector projects and programmes are and will be embedded in the existing sector dialogue mechanisms, i.e. joint broad ownership through the use of existing coordinating

fora, and through the full use of monitoring and reporting modalities in place for sector support (e.g. the framing of monitoring activities within existing joint sector reviews when possible).” At the same time the EAMR indicated indiscriminately, regardless the capacity status of the executing entity / implementing unit that use of centralised, long term technical assistance-staffed implementation units will be avoided and use of local expertise maximised. The EAMR continues that ownership of the EDF portfolio of projects will be enhanced through increased focus on capacity building of the NAO functions within the Economic and Technical Co-operation Department of the Ministry of Finance. But in another EAMR report (2004) it is mentioned that the lack of funding for training activities (for local staff, NAO etc.) seriously impedes the ability of the Delegation to step up knowledge of EDF rules and procedures, both at NAO and line-Ministries.

A related issue reported in the 2011 Evaluation of Budget Support in Zambia is that while budget support and similar aid delivery methodologies require special coordination and managerial capacities, at the same time these capacities are so much stretched in relation to policy dialogue issues that there is limited time left for the planning, steering and management of the actual development actions to the benefit of the targeted beneficiaries (or in short: the policy dialogue agenda negatively impacting on the development agenda). The report continues: “While it would be definitely exaggerated to expect budget support to resolve all challenges at GRZ side, the instrument could have been better adapted to the case of Zambia. Like many other countries in the region, Zambia’s relatively weak systemic capacity to cope with its tremendous political and economic challenges could have been taken into account in a more appropriate way by the PRBS group. The country and its government in particular have not yet developed the level of systemic strength that allows for effectively harmonising and aligning Cooperating Partners according to a coherence strategic framework. Moreover, especially in recent years, GRZ has not shown substantial will to engage in far reaching institutional reforms nor did it show sufficient administrative capacity in several sectors and at the level of inter-sector organisation to coordinate complex development plans and to align Cooperating Partners accordingly. In such a scenario, Cooperating Partners themselves become much more responsible for contributing to coherent policy making and institutional strengthening.”

Also, from the different discussions at EUD, with EU Member States and the CPs during the December field visit to Zambia, it was learned that the present broader political enabling environment in Zambia under the new government appears more conducive and favourable with regard to the different key factors constituting such necessary enabling environment for budget support.

Data, figures, tables:

**EAMR, Jan 2010, Annex A:**

<b>17416</b>	ETR capacity building programme under SPSP I	to formulate the new capacity building programme under SPSP I based on the specific lessons learnt of the SPSP I capacity building programme	Oct-10	Dec-10
--------------	--	--	--------	--------

Extracts:

**Ministry of Finance and National Planning (2011), p. xii** *Has the implementation of the Paris Declaration strengthened the contribution of aid to sustainable development results (development outcomes)? How? – Core Question 3. Overall, there are indications that the capacity of Zambia to coordinate and manage aid is growing slowly, with improvements in public financial management, and procurement. However, major gaps remain in terms of analytical work, policy formulation, strategic planning and evaluation capacities. These have been receiving the least support. Most capacity-building has focused on core ministries, with limited attention to the needs of parliaments, auditors and civil society who play an active role.*

**JAR 2003, p32: v)** *Education: The 9th EC support to the education sector will be provided through support to the Education Strategic Plan pool. The financing decision is due in February 2004. Afterwards, the EC will sign the MoU binding the ‘like-minded’ cooperating partners and the MoE. However, EDF support will initially be directed to basic education only, with a ‘designated fund’ modality explicitly described in the MoU. The reason for this prudent approach is that unlike the Health sector, where EDF support to basket funding has been going on for four years already, in education, EDF has been implementing support through a traditional project approach (ZECAB, funded from EDF8 and due to end in June 2004), and therefore still lacks deep knowledge of the specific sector dialogue.*

**EAMR Jul 2007, p2:** *Quality. The ongoing and forthcoming sector projects and programmes are and will be embedded in the existing sector dialogue mechanisms, i.e. joint broad ownership through the*

use of existing coordinating fora, and through the full use monitoring and reporting modalities in place for sector support (e.g. frame monitoring activities within existing joint sector reviews when possible). This will enhance sustainability, increased pertinence and provide early warning signals through enhanced ownership and broadened monitoring. Transaction costs will be minimised with the focusing on the NAO office of most EDF-related operations. The use of centralised, long term technical assistance-staffed implementation units will be avoided and use of local expertise maximised. Ownership of the EDF portfolio of project will be enhanced through increased focus on capacity building of the NAO functions within the Economic and Technical Co-operation department of Ministry of Finance. A new EDF training cycle is planned for November 2007

**EAMR Sep 2004, p1:** The capacity leap in terms of additional human resources gradually becoming available in the newly deconcentrated Delegation is not matched with the capacity inside the NAO office. This created some problems that have been tackled by stepping up information exchange through formal and informal contacts between the Delegation and the Ministry of Finance + National Planning at all hierarchical levels. We also advised stronger co-ordination inside the Ministry, especially between the directorates directly involved with our programmes, e.g. the Economic Technical Co-Operation Direction, hosting the NAO staff, the Budget Office and the Planning Department in order to further reduce the observed bottle-necks inside the NAO office. However, lack of funding for training activities (for local staff, NAO etc.) seriously impedes the ability of the Delegation to step up knowledge of EDF9 rules and procedures, both at NAO and line-Ministries.

**JAR 2007, p24:** The Joint Annual Review of the Health Sector, conducted in March 2007, had Human Resources as one of its three themes, and it once more allowed to focus field level analysis as well as the policy debate on this issue, keeping it very much on top of the sector agenda.

**Ministry of Finance and National Planning (2011), p. xii;** Has the implementation of the Paris Declaration strengthened the contribution of aid to sustainable development results (development outcomes)? How? – Core Question 3. With respect to administrative efficiency, reports and minutes of the SWAp coordination meetings from 2002 to 2010 showed that a substantial amount of time is spent attending these meetings. MoH staff interviewed indicated that considerable time is spent organising and staging SWAp-specific and other technical meetings. As part of the organisation process, matters arising during the meetings have to be followed-up and action taken, reports produced and circulated to all members in time for the next meeting. The donors who were not pooling resources had their own separate planning, budgeting and reporting formats. This is reported to have increased the administration workload of staff, especially the programme managers at lower levels who have had to regularly submit reports to the Ministry of Health headquarters.

**EDF10 – CSP-NIP 2008-2013 Annex 6 p. xxiii;** The harmonisation / alignment in Zambia. The JASZ: On the Wider Harmonisation in Practice (WHIP) agreement signed by 10 cooperating partners in April 2004 and by 2006 signed by all EU Member States represented in Zambia, the EC and the main non-EU cooperating partners: Government. The WHIP agreement aims to increase Government leadership of coordination by calling for the establishment of an external development assistance policy, with the Ministry of Finance and National Planning at the head, to provide guidelines and procedures to govern various areas including coordination and harmonisation, ODA agreements, and technical assistance as well as financial and accounting systems. In addition, the WHIP agreement called for an Aid Management Capacity Assessment to be undertaken. Key element of the Memorandum is an annex with specific actions and initiatives to be taken.

**MTR EDF10 CSP Conclusions, p9:** Considering the major restructuring process launched in the agriculture and livestock sector, and given the complementarity existing with interventions under the focal sector 'Regional integration – transport infrastructure' highlighted in the NIP, it is recommended to reallocate part of the funds between the two sectors to support, amongst others, agricultural market development and cross-border trade.

**DIE – IOB (2011), pp. v-vi;** Evaluation of Budget Support in Zambia – Synthesis Report, Main Findings of the Evaluation regarding budget support and harmonisation: A political economy perspective: “Based on the common intervention logic of budget support, one could argue it to be crucial for the effectiveness of the instrument that a recipient country not only has a substantial level of ownership for poverty reduction policies and institutional reforms but also possesses the institutional capacity to craft and implement complex development plans. Moreover, the intervention logic requires a recipient country to strongly support the alignment of a heterogeneous set of Cooperating Partners according to its reform strategies and priorities. Consequently, with an increasing level of the recipient country's

systemic capacity to address development issues – that is with increasing levels of democratic accountability, transparency and administrative capability – the endogenous collective action problems of Cooperating Partners are resolved by the recipients. As recipient countries with such systemic capacity will have not only ownership for development oriented processes but also the capability to formulate and implement development oriented reforms, the responsibility for harmonising and aligning donor countries will tend to move relatively smooth to the partner country's government.

While it would be definitely exaggerated to expect budget support to resolve all challenges at GRZ side, the instrument could have been better adapted to the case of Zambia. Like many other countries in the region, Zambia's relatively weak systemic capacity to cope with its tremendous political and economic challenges could have been taken into account in a more appropriate way by the PRBS group. The country and its government in particular have not yet developed the level of systemic strength that allows for effectively harmonising and aligning Cooperating Partners according to a coherence strategic framework. Moreover, especially in recent years, GRZ has not shown substantial will to engage in far reaching institutional reforms nor did it show sufficient administrative capacity in several sectors and at the level of inter-sector organisation to coordinate complex development plans and to align Cooperating Partners accordingly. In such a scenario, Cooperating Partners themselves become much more responsible for contributing to coherent policy making and institutional strengthening.

*Systemic weaknesses in Zambia: The mentioned weaknesses can be summarised as follows: (i) Vague National Development Plan (more focused on past developments than in setting out well-defined scenarios for future policies); (ii) Inter-ministerial incoherency; (iii) Weak aid management, and (iv) Declining political will for political dialogue."*

**Good Governance Programme (2011a);** Capacity Assessment in the Access to Justice Programme: The Good Governance Programme in cooperation with the Delegation of the European Commission in Zambia and the Danish Embassy is committed to support the Access to Justice Programme and is currently undertaking a capacity assessment of the Governance Secretariat and the five criminal justice institutions (Prison Service, Police, Judiciary, Legal Aid Board and the Public Prosecutor's Office). The findings of the assessment will highlight the capacity needs of the AJP institutions. It will also provide the necessary information to decide on an adequate funding modality. Furthermore, it will accentuate the interface for civil society engagement in the AJP.

**EUD Access to Justice Programme (2011);** Capacity In the past, during phase I of the "DANIDA" project, the Governance Secretariat (GS) was the entity in charge of channelling the monies to the 5 institutions benefitting from the AtoJ project. At present, after a capacity assessment and after approving the work plan for 2011, GS only channels monies to LAB and DPP while others receive funds directly from GIZ.

▪ **Indicator 8.4.2: Mix of instruments, approaches and financing modalities different according to sector-specific institutional capacity**

This indicator I-8.4.2 regarding the mix of instruments, approaches and financing modalities being different according to / adapted to sector specific institutional capacity in fact is not significantly different from the earlier indicator I-8.2.1 regarding the mix of instruments, approaches and modalities being dependent on sector specific factors. This for the simple reason that institutional capacity is one of, if not the main sector specific factor itself. As illustrated earlier the mix of instruments, approaches and financing modalities for sectors with established and sustainable institutional capacity as health and transport are substantially different from sectors characterised by relatively low capacity as agriculture / food security and to a certain extent also still education.

An example in case to illustrate project/programme modalities determined / or at least influenced by sector-specific institutional capacity is provided by the 2010 PEMFA (Public Expenditure Management and Financial Accountability) evaluation as commented on in the 2010 JAR as follows: "...the evaluation also highlighted factors that have negatively affected the outcome of the programme, such as: poor project design, with an over-ambitious scope and timescale for a relative low-capacity country such as Zambia; the lack of a Change Management Strategy since inception, key for such a complex programme; the absence on the Zambian side of ownership and strong leadership until very late in programme implementation. This was compelled both by the initial institutional set up (with a programme driven by a Secretariat made up of external consultants), and the pressure exerted by Cooperating Partners."

Generally however, there is still substantive room for improvement in assessing and, especially, taking

into consideration sector-specific institutional capacity for the determination of the ultimate choice / of the best mix of instruments, approaches and financing modalities. The earlier cited recent 2011 budget support evaluation<sup>97</sup> concluded from a police economy perspective that while it definitely would be over-optimistic to expect budget support to resolve all GRZ's challenges, the instrument could have been better adapted to the case of Zambia. Like many other countries in the region, Zambia's relatively weak systemic capacity to cope with its tremendous political and economic challenges could have been taken into account in a more appropriate way by the PRBS group. The country, and particularly its government, has not yet developed the level of systemic strength that allows for effective harmonisation and alignment of cooperating partners according to a coherent strategic framework. In recent years in particular, GRZ has not shown a substantial will to engage in far-reaching institutional reforms. It has also not demonstrated that it has enough administrative capacity in certain sectors and at the level of inter-sector organisation to coordinate complex development plans and to align cooperating partners accordingly. In such a scenario, cooperating partners themselves become much more responsible for contributing to coherent policy making and institutional strengthening.

The evaluation acknowledges that budget support has contributed to the realisation of a number of, albeit modest, objectives and that these results make a significant difference. Yet at the same time the study points out that the incentives created by the PRBS group, and the policy signals they have sent, have often been inconsistent and at times even contradictory. This has unnecessarily narrowed the margin of policy and political reform. The statement that aid cannot buy reforms – while true – thus easily obscures the fact that aid agencies can also miss opportunities in the margins of this reform.

And then there not only are the necessary political, institutional and capacity related dimensions of the necessary enabling environment for budget support, particularly for its variant with flexible tranches related to / dependent on the achievement of predetermined results at outcome and impact level as for example the MDGs. There are also a number of more down to earth, technical and operational preconditions which do not appear to have been fulfilled well to ensure effective and efficient budget support programmes execution. From the interviews during the field visit it for example was learned that the necessary monitoring tools and systems are simply not in place yet to provide reliable, accurate and representative information on these MDG key performance indicators with the necessary frequency and intervals to enable solid, empirically based decision making regarding the release or not of the variable tranches.

#### Extracts:

**JAR 2010, p9;** *On the 2010 PEMFA evaluation: "... the evaluation also highlighted factors that have negatively affected the outcome of the programme, such as: poor project design, with an over-ambitious scope and timescale for a relative low-capacity country such as Zambia; the lack of a Change Management Strategy since inception, key for such a complex programme; the absence on the Zambian side of ownership and strong leadership until very late in programme implementation. This was compelled both by the initial institutional set up (with a programme driven by a Secretariat made up of external consultants), and the pressure exerted by Cooperating Partners."*

**EAMR, August 2004, p3:** *Periodic discussion with the RAO (COMESA) during the reporting period focused on both revealed and supposed difficulties with the new EDF9 rules and regulations for the implementation of the ESA-RIP and the specific problems encountered by different RO's such as COMESA. The recent availability of key Guidelines, including proposed solutions published by AIDCO, allowed for a clarification of the issue.*

**Access to Justice Project – Meeting Report (14 February 2011):** *Three possible modes of Delivery – Financing Agreement, Local Subsidy Agreement and Direct Procurement, which are standard approaches and follow contractual, financial and procurement procedures of GIZ – were explained to the representatives of the various AtoJ institutions. Formats were made available.*

#### Field Visit Additional Information on JC 8.4:

**DIE & IOB (2011) p15;** *Evaluation Summary and Conclusions:* Banerjee and Duflo's message is that one can make a difference by creating the right incentives. In principle, the intervention logic of budget support takes these insights seriously. The logic of providing a harmonised combination of financial inputs and non-financial components (dialogue, conditionality and technical assistance) is congruent

<sup>97</sup> DIE & IOB (2011); p15 and p20



with such a dynamic perspective on ownership. The challenge for aid agencies in Zambia (and elsewhere) has been to implement this intervention logic and to provide a coherent incentive system. The results of this evaluation show that, like any other government, GRZ has responded to external incentives as well. Budget support has contributed to the realisation of a number of albeit modest – objectives and these results make a significant difference. Yet the incentives created by the PRBS group, and the policy signals they have sent, have often been inconsistent and at times even contradictory. This has unnecessarily narrowed the margin of policy and political reform. The statement that aid cannot buy reforms – while true – thus easily obscures the fact that aid agencies can also miss opportunities in the margins of this reform.

**DIE & IOB (2011) p20; Evaluation Summary and Conclusions: Budget Support and Harmonisation: A Political Economy Perspective:** While it would definitely be over-optimistic to expect budget support to resolve all GRZ's challenges, the instrument could have been better adapted to the case of Zambia. Like many other countries in the region, Zambia's relatively weak systemic capacity to cope with its tremendous political and economic challenges could have been taken into account in a more appropriate way by the PRBS group. The country, and particularly its government, has not yet developed the level of systemic strength that allows for effective harmonisation and alignment of cooperating partners according to a coherent strategic framework. In recent years in particular, GRZ has not shown a substantial will to engage in far-reaching institutional reforms. It has also not demonstrated that it has enough administrative capacity in certain sectors and at the level of inter-sector organisation to coordinate complex development plans and to align cooperating partners accordingly. In such a scenario, cooperating partners themselves become much more responsible for contributing to coherent policy making and institutional strengthening.

The above report continues (pp. 21-22) by identifying a number of systemic weaknesses, which are summarily highlighted as follows: (i) Vagueness of the National Development Plan; (ii) Inter-ministerial incoherence; (iii) Weak aid management, and; (iv) Less will for political reform.

#### **JC 8.4: Combinations of instruments and approaches were defined to suit partners' capacity more than regulations of each financing modality**

The statement upon this JC is built around the issue of provisions for capacity assessment in EU programming and project implementation on the one hand (I-8.4.1.) and the mix of instruments, approaches and financing modalities determined (or not) by sector-specific institutional capacity on the other. (I-8.4.2.)

Capacity assessment of both the main programme/project stakeholders (policy makers, management, staff) and of the core institutions / organisations involved in / responsible for the programme or project is essential for ensuring the viability and ultimate success of the cooperation intervention. This a fortiori pertains to more complex instruments and aid modalities as sectoral budget support and especially general budget support. The 2011 Country Evaluation of the Paris Declaration in Zambia (Phase II) made a review of overall aid coordination and management capacities of the country and concluded that the capacity of Zambia to coordinate and manage aid generally is growing slowly, with improvements especially in public financial management and procurement. However, major gaps remain in terms of analytical work, policy formulation, strategic planning and monitoring and evaluation capacities. These also have been receiving the least support. Most capacity-building has focused on core ministries, with limited attention to the needs of parliaments, auditors and civil society who play an active role. In direct reaction to the JC, capacity assessment and its results are featured indeed in the EU programming and project/programme implementation documents, but one cannot conclude to this being the general rule and particularly not to this being the basis for comprehensive capacity development strategies and programmes to adequately address these needs. There is insufficient empirical evidence to support such conclusion even if most (if not all) general and sectoral budget support programmes have an inherent capacity strengthening component built in. (I-8.4.1)

On the other hand, there is documented evidence in the EU programming and project implementation documents of the due importance and care being given to capacity strengthening. The JAR of early 2003 for example indicated that EDF support to the Education Strategic Plan pool was deliberately limited to basic education only with a "designated fund" modality explicitly described in the MoU. The reason provided in the JAR for this prudent approach is that unlike the health sector, where EDF support to basket funding has been going on for four years already, in education, EDF has been implementing support through a traditional project and therefore still lacks deep knowledge of the specific sector dia-

logue to make it a suitable candidate for fully fledged sectoral budget support (at present multi-donor basket funding is in place for the education sector, however without active involvement of the EU programmed under EDF10)...

A practical illustration of capacity issues having influenced decision making on re-programming and re-allocations is provided by the EDF10 mid-term review which recommended considering the major restructuring process launched in the agriculture and livestock sector, and given the complementarity existing with interventions under the focal sector 'Regional integration – transport infrastructure' highlighted in the NIP, to reallocate part of the funds between the two sectors to support, amongst others, agricultural market development and cross-border trade.

A more recent example relates to the current capacity assessment in the Access to Justice Programme. The Good Governance Programme in cooperation with the EUD and the Danish Embassy reconfirmed their commitment to support the Access to Justice Programme and thereto is currently undertaking a capacity assessment of the Governance Secretariat and the five criminal justice institutions (Prison Service, Police, Judiciary, Legal Aid Board and the Public Prosecutor's Office). The findings of the assessment are expected not only to highlight the capacity needs of the AJP institutions and to accentuate the interface for civil society engagement in the AJP, but also to provide the necessary information to decide on an adequate funding modality.

At a more general and strategic level, the July 2007 EAMR was unambiguously clear by stating that "The ongoing and forthcoming sector projects and programmes are and will be embedded in the existing sector dialogue mechanisms, i.e. joint broad ownership through the use of existing coordinating fora, and through the full use of monitoring and reporting modalities in place for sector support (e.g. the framing of monitoring activities within existing joint sector reviews when possible). At the same time, the EAMR indicated indiscriminately, regardless the capacity status of the executing entity / implementing unit, that use of centralised, long term technical assistance-staffed implementation units will be avoided and use of local expertise maximised. The EAMR continues that ownership of the EDF portfolio of projects will be enhanced through increased focus on capacity building of the NAO functions within the Economic and Technical Co-operation Department of the Ministry of Finance. But in another EAMR report (2004) it is mentioned that the lack of funding for training activities (for local staff, NAO etc.) seriously impedes the ability of the Delegation to step up knowledge of EDF rules and procedures, both at NAO and line-Ministries.

A related issue reported in the 2011 Evaluation of Budget Support in Zambia is that while budget support and similar aid delivery methodologies require special coordination and managerial capacities, at the same time these capacities are so much stretched in relation to policy dialogue issues that there is limited time left for the planning, steering and management of the actual development actions to the benefit of the targeted beneficiaries (or in short: the policy dialogue agenda negatively impacting on the development agenda). The report continues: "While it would be definitely exaggerated to expect budget support to resolve all challenges at GRZ side, the instrument could have been better adapted to the case of Zambia. Like many other countries in the region, Zambia's relatively weak systemic capacity to cope with its tremendous political and economic challenges could have been taken into account in a more appropriate way by the PRBS group. The country and its government in particular have not yet developed the level of systemic strength that allows for effectively harmonising and aligning Cooperating Partners according to a coherence strategic framework. Moreover, especially in recent years, GRZ has not shown substantial will to engage in far reaching institutional reforms nor did it show sufficient administrative capacity in several sectors and at the level of inter-sector organisation to coordinate complex development plans and to align Cooperating Partners accordingly. In such a scenario, Cooperating Partners themselves become much more responsible for contributing to coherent policy making and institutional strengthening."

Also, from the different discussions at EUD, with EU Member States and the CPs during the December field visit to Zambia, it was learned that the present broader political enabling environment in Zambia under the new government appears more conducive and favourable with regard to the different key factors constituting such necessary enabling environment for budget support. (I-8.4.1)

This indicator 8.4.2. regarding the mix of instruments, approaches and financing modalities being different according to / adapted to sector specific institutional capacity in fact is not significantly different from the earlier indicator regarding the mix of instruments, approaches and modalities being dependent on sector specific factors. This for the simple reason that institutional capacity is one of, if not the main sector specific factor itself. As illustrated earlier, the mix of instruments, approaches and financing modalities for sectors with established and sustainable institutional capacity as health and transport are substantially different from sectors characterised by relatively low capacity as agriculture / food security

and to a certain extent also still education.

An example in case to illustrate project/programme modalities determined / or at least influenced by sector-specific institutional capacity is provided by the 2010 PEMFA (Public Expenditure Management and Financial Accountability) evaluation as commented on in the 2010 JAR as follows: "...the evaluation also highlighted factors that have negatively affected the outcome of the programme, such as: poor project design, with an over-ambitious scope and timescale for a relative low-capacity country such as Zambia; the lack of a Change Management Strategy since inception, key for such a complex programme; the absence on the Zambian side of ownership and strong leadership until very late in programme implementation. This was compelled both by the initial institutional set up (with a programme driven by a Secretariat made up of external consultants), and the pressure exerted by Cooperating Partners."

Generally however, there is still substantive room for improvement in assessing and, especially, taking into consideration sector-specific institutional capacity for the determination of the ultimate choice / of the best mix of instruments, approaches and financing modalities. The earlier cited recent 2011 budget support evaluation<sup>98</sup> concluded from a police economy perspective that while it definitely would be over-optimistic to expect budget support to resolve all GRZ's challenges, the instrument could have been better adapted to the case of Zambia. Like many other countries in the region, Zambia's relatively weak systemic capacity to cope with its tremendous political and economic challenges could have been taken into account in a more appropriate way by the PRBS group. The country, and particularly its government, has not yet developed the level of systemic strength that allows for effective harmonisation and alignment of cooperating partners according to a coherent strategic framework. In recent years in particular, GRZ has not shown a substantial will to engage in far-reaching institutional reforms. It has also not demonstrated that it has enough administrative capacity in certain sectors and at the level of inter-sector organisation to coordinate complex development plans and to align cooperating partners accordingly. In such a scenario, cooperating partners themselves become much more responsible for contributing to coherent policy making and institutional strengthening.

The evaluation acknowledges that budget support has contributed to the realisation of a number of, albeit modest, objectives and that these results make a significant difference. Yet at the same time the study points out that the incentives created by the PRBS group, and the policy signals they have sent, have often been inconsistent and at times even contradictory. This has unnecessarily narrowed the margin of policy and political reform. The statement that aid cannot buy reforms – while true – thus easily obscures the fact that aid agencies can also miss opportunities in the margins of this reform.

And then there not only are the necessary political, institutional and capacity related dimensions of the necessary enabling environment for budget support, particularly for its variant with flexible tranches related to/ dependent on the achievement of predetermined results at outcome and impact level as for example the MDGs. There are also a number of more down to earth, technical and operational preconditions which do not appear to have been fulfilled well to ensure effective and efficient budget support programmes execution. From the interviews during the field visit it for example was learned that the necessary monitoring tools and systems are simply not in place yet to provide reliable, accurate and representative information on these MDG key performance indicators with the necessary frequency and intervals to enable solid, empirically based decision making regarding the release or not of the variable tranches.

#### **JC 8.5: Combining EU aid modalities was an inclusive internal strategic process**

- **Indicator 8.5.1: Comparative advantages of possible combination of aid modalities included in policy dialogue with NAO and line ministries for focal sectors**

The issue of comparative advantages of possible combination of aid modalities included in the policy dialogue with line ministries for focal sectors has already been addressed in the earlier discussion on the different mixes of instruments, approaches and financing modalities depending on sector specific factors (I-8.2.1) and in relation to JC 8.3 on the synergy between aid modalities, discussed both within each focal sector and overall (indicators I-8.3.1 to I-8.3.3.).

The recent budget support evaluation in Zambia concluded with regard to the financing function of budget support in relation to the developments in budget composition that budget support was predominantly additional to domestic financing and there has been no evidence for substantial crowding out of

<sup>98</sup> DIE & IOB (2011); p15 and p20

domestic resources. Zambia's budget has also become more pro-poor over the past years as poverty related expenditure increased as a share of the total budget and as a share of GDP. Budget allocations and expenditure in Zambia have been roughly in line with strategic priorities as set out in the Fifth National Development Plan. Overall budget increases in social sectors such as health and education over-proportionally stemmed from GRZ contributions.

As far as the policy dialogue with the NAO is concerned, in the EU-ACP relations set-up in line with the Lomé and Cotonou agreements, the National Authorising Officer (NAOs) plays a pivotal role in the overall policy dialogue between the ACP Country and the European Union. This particularly pertains to all matters regarding the Country Strategy Paper and the National Indicative Programme, throughout the integrated programme cycle from preparation to ex-post evaluation. As far as Zambia is concerned, in 2010 the NAO function shifted from the Minister of Finance to the Secretary to the Treasury. The NAO Support Office continued to be located outside the Ministry. As far as the intensity and quality of the EUD-NAO relations and coordination are concerned, in the EAMR July 2011 is reported in this regard that "Government officials involved with EDF issues did not demonstrate much motivation in familiarising themselves with the procedures and requirements of just one particular donor."

On the other hand, from the different contacts with the MoFNP and the NAO support office emanated a positive relationship of which both parties expressed the desire of further strengthening also on issues related to the policy dialogue and the joint search for aid modalities best adapted to the evolving needs and macro-economic situation of the country. The Secretary to the Treasury as NAO reconfirmed budget support to be the preferred aid modality of Zambia and the openness to discuss combinations of aid modalities best fitting the evolving macro-economic and financial situation of the country as a whole and the specific requirements of each sector and thematic area, of local authorities and civil society. The elements of a necessary enabling environment for budget support including policy dialogue at all levels, harmonisation, capacity strengthening, performance monitoring and evaluation systems, amongst others, were confirmed to be requiring special attention. The interviews at EUD and with CPs all pointed at new windows of opportunity with the coming into power of the new government in September 2012.

#### Extracts:

*EAMR Jan 11, p3: Work intensified with the two Ministries responsible for Agriculture and Livestock ahead of the implementation of Performance Enhancement Programme which should bring changes to the overall management of the sector.*

*EAMR Jan 11, p3: The NAO function was shifted from the Minister of Finance to the Secretary to the Treasury. The NAO Support Office continued to be located outside the Ministry. Government officials involved with EDF issues did not demonstrate much motivation in familiarising themselves with the procedures and requirements of just one particular donor.*

*DIE – IOB (2011), p.iii; Evaluation of Budget Support in Zambia – Synthesis Report, Main Findings of the Evaluation regarding the financing function of budget support: Development of budget composition: Budget support was predominantly additional to domestic financing and there has been no evidence for substantial crowding out of domestic resources. Zambia's budget has also become more pro-poor over the past years as poverty related expenditure increased as a share of the total budget and as a share of GDP. Budget allocations and expenditure in Zambia have been roughly in line with strategic priorities as set out in the Fifth National Development Plan. Overall budget increases in social sectors such as health and education over-proportionally stemmed from GRZ contributions.*

#### ▪ **Indicator 8.5.2: EU organised fora and workshops for stakeholders (incl. NSAs) on comparative strengths and weaknesses of various EU instruments and approaches**

There is evidence of the EU organising fora and workshops for stakeholders, both government and non-government on EU procedures, instruments and approaches, which also cover the latter's comparative strengths and weaknesses. There is less evidence that such capacity building events were part of a more comprehensive and structured capacity building programme and process on the topic, rather than these being more ad hoc events. The need for such more systematic and comprehensive capacity strengthening is reported in relation to both national stakeholders as for the Delegation itself. The 2004 EAMR for example reported as risks affecting the work of the Delegation: "Not enough training on EDF rules and procedures has been provided to NAO, RAO, PMUs and Project Managers. Therefore it is possible that not all procedures are followed and can be corrected only when tender dossiers, contract

dossiers, or payment requests reach the Delegation for control and endorsement. This will cause delays in payments and deliveries.” This need was repeated in subsequent EAMRs as for example in the 2007 EAMR which reported: “In conclusion, the Delegation will require in 2006 continued technical guidance from HQ on all the areas and sectors mentioned above. Areas of special relevance are: budget support orientations and modalities (variable tranches), sector support modalities (in particular health and education), institutional framework for private sector, actions with public services and NSA for agriculture/food security and support to electoral process. However, the Delegation insists on a clear definition of competences between AIDCO and DEV on these matters.”

Towards the end of last year 2011, the EUD initiated a structured local consultation with the main stakeholder parties on aid modalities following the issuance by the Commission of the Green Paper on Budget Support. In the EUD note on this Green Paper local consultation is noted: “A structured dialogue with the Government has unfortunately not been possible. Copies of the Green Paper have however been made available and the National Authorising Officer (Secretary to the Treasury) has been invited to share comments; these are yet to be received. In general, the mood surrounding the discussions was one of broad fatigue on issues pertaining to Budget Support. The specific Zambian context, where difficult discussions are taking place on the pertinence and impact of the modality and where Government is challenged on its commitment to PFM (Public Finance Management) and good governance, seems to have affected the degree of participation and interest in the consultation process. Though the scope of the consultation was repeatedly explained, it has proved impossible to delink the discussions from the situation experienced locally. It should also be noted that a number of questions listed in the Paper required clarification as they did not come across too clearly.” (See also the discussion related to Indicator I-8.1.1). On the other hand, the consultations and interviews during the December 2011 evaluation field visit to Zambia led to conclude to a generally more optimistic view regarding the quality and intensity of GRZ-CPs policy dialogue on aid modalities and related issues especially also with the more recent developments in the broader political context.

The subsequent EAMRs alerting about the need for further strengthened capacity building of the main national stakeholders on EDF procedures, aid modalities, approaches and instruments especially zeroed in on the special role and needs of the NAO in this regard. An example in case is the EAMR of July 2007 which indicated: “Ownership of the EDF portfolio of projects will be enhanced through increased focus on capacity building of the NAO functions within the Economic and Technical Cooperation Department of the Ministry of Finance. A new EDF training cycle is planned for November 2007.” The need for continued capacity strengthening via workshops and other fora on the various EU instruments and fora has been a recurrent theme in EUD reporting and was also stressed during the December field interviews. This need for intensified capacity strengthening pertains to both GRZ and CSO stakeholders. EUD also underscored the need for continued in-house capacity strengthening on EU instruments and approaches, particularly also against the background of evolving procedures, processes, systems and tools in relation to the various EU aid modalities.

#### Extracts:

**EAMR Jan 11, p6:** *In relation to Non State Actors, the Delegation participated in the Governance CP Group in the discussions on the NGO Bill which raised concerns: “The Delegation invited NSA to discuss the Commission Green Paper on Budget Support and Direct interactions took place notably in the context of the Calls for Proposals on “Innovative Approaches to Food Security”.*

**JAR 2010, p4:** *Technical Cooperation Reform ‘Backbone strategy’: Seminar held in March in Lusaka to further embed the TC Reform principles in new institutional related programmes (Civil aviation, Agriculture, Statistics, etc.).*

**JAR 2010, p17:** *In relation to Non State Actors, the Delegation participated in the Governance CP Group in the discussions on the NGO Bill which raised concerns. The Delegation invited NSA to discuss the Commission Green Paper on Budget Support and Direct interactions took place notably in the context of the Calls for Proposals on “Innovative Approaches to Food Security”, “Non State Actors and Local Authorities in development” and under the EIDHR. Information meetings were well attended and a large number of proposals were received. The implementation of the civil society project under the capacity building component of PRBS2 was initiated; the project will develop communities’ and local civil society organisations’ ability to monitor budget execution and service delivery in urban and rural areas and to engage in policy dialogue on these issues. A number of civil society organisations at different levels through the NGO umbrella organisation CSPR (Civil Society for Poverty Reduction) will be involved in the implementation of this pilot project.*

**EUD Lusaka (2010)** ; Note on the Local Consultation on the Budget Support Green Paper; “The EU Delegation in Lusaka, based on the guidance note made available in October, organised country-level consultations involving Cooperating Partners (including EU Member States) and Non-State Actors. A structured dialogue with the Government has unfortunately not been possible. Copies of the Green Paper have however been made available and the National Authorising Officer (Secretary to the Treasury) has been invited to share comments; these are yet to be received. In general, the mood surrounding the discussions was one of broad fatigue on issues pertaining to Budget Support. The specific Zambian context, where difficult discussions are taking place on the pertinence and impact of the modality and where Government is challenged on its commitment to PFM (Public Finance Management) and good governance, seems to have affected the degree of participation and interest in the consultation process. Though the scope of the consultation was repeatedly explained, it has proved impossible to delink the discussions from the situation experienced locally. It should also be noted that a number of questions listed in the Paper required clarification as they did not come across too clearly.”

In addition to the internal discussion on the Green Paper within the Delegation, three formal consultation sessions were organised by the EUD as follows:

1. Meeting with Member States (Heads of Cooperation) – 24 November 2010 with main focus on BS underlying principles (UPs) and eligibility criteria (7 Heads of Cooperation participated)
2. Meeting with Civil Society Organisations - 08 December 2010 (3 of the 10 invited organisations attended)
3. Meeting with CP Economists – 15 December 2010 (7 participants – consultation took place during the December 2010 Macroeconomic Group meeting (MEG) (e.g. “benchmarks” to replace the word “conditionalities”)

Green Paper discussions within the Delegation focused on political governance issues,

**EAMR Jul 2007, p2**; Quality. Ownership of the EDF portfolio of projects will be enhanced through increased focus on capacity building of the NAO functions within the Economic and Technical Cooperation Department of the Ministry of Finance. A new EDF training cycle is planned for November 2007.

**EAMR, Jan 2007, p12**: A regional training seminar on sector budget support road transport organised by AIDCO E/7 was hosted by the Delegation in Zambia in May 2006 bringing together transports sector specialist from various Delegations.

**EAMR, Jan 2007, p14**: In conclusion, the Delegation will require in 2006 continued technical guidance from HQ on all the areas and sectors mentioned above. Areas of special relevance are: budget support orientations and modalities (variable tranches), sector support modalities (in particular health and education), institutional framework for private sector, actions with public services and NSA for agriculture/food security and support to electoral process. However, the Delegation insists on a clear definition of competences between AIDCO and DEV on these matters.

**EAMR, Aug. 2004, p7**; Risks affecting the work of the Delegation: Not enough training on EDF rules and procedures has been provided to NAO, RAO, PMUs and Project Managers. Therefore it is possible that not all procedures are followed and can be corrected only when tender dossiers, contract dossiers, or payment requests reach the Delegation for control and endorsement. This will cause delays in payments and deliveries.

▪ **Indicator 8.5.3: Panel of EU aid modalities known by partners**

The suggestion is to combine this indicator with the just preceding indicator I-8.5.2. above since its subject / contents are already covered by the latter indicator, amongst other elements.

Extracts:

**EAMR Jan 11, p30**: On ICS 2, EUD management maintained the vademecum containing the most important documents on ethical conduct, avoidance of conflict of interest, fraud prevention and reporting for irregularities

#### Field Visit Additional Information on JC 8.5:

**JASZ-II (2011), p15;** Chapter 3. *Principles of Cooperation – 3.1.3 Managing for Results: How.* The detailed actions to be taken include the following:

- CPs will support and join GRZ in the *Annual SAG / Poverty Conference* for the debate of the SNDP Annual Progress Report, engaging national and sub-national level institutions as well as NSA. This dialogue provides the basis for subsequent annual planning and budgeting and adjustment of targets, and enhances accountability and transparency.
- The M&E Department of the MoFNP has a key coordinating role in ensuring effecting monitoring and evaluation of the SNDP. Having accurate and comparable data is central to measuring results and managing performance. With this in mind, the selected *Key Performance Indicators*, the PRBS-PAF, and the overall *M&E framework* for the SNDP, and JASZ will be aligned as much as possible. A review of the KPIs will be carried out annually. Deriving information from the regular SNDP Annual Progress Reports. It will be supervised by the MAG and results will be fed into discussions between the Secretary to the Treasury and the Cooperating Partners Group-Troika as well as the High Level Policy Dialogue and the Annual Poverty Conference.
- To bolster the collection and analysis of data, CPs will support GRZ in implementing its *National Strategy for Development of Statistics* (NDS) through capacity development of Management Information Systems (MIS), national M&E systems with the M&E Department in MoFNP and the Central Statistical Office in a lead technical role.
- The *Joint Monitoring, Evaluation and Statistics working group* will provide the forum through which GRZ, CPs and non-state actors will work to improve monitoring and evaluation of the SNDP. Topic related representation of sector CPs in this group will strengthen the link to sector M&E systems and the sector responsibility for M&E at different levels (District, Provincial, National levels).

#### JC 8.5: Combining EU aid modalities was an inclusive internal strategic process

The issue of comparative advantages of possible combination of aid modalities included in the policy dialogue with line ministries for focal sectors has already been addressed in the earlier discussion on the different mixes of instruments, approaches and financing modalities depending on sector specific factors (I-8.2.1) and in relation to JC 8.3 on the synergy between aid modalities, discussed both within each focal sector and overall (indicators I-8.3.1 to I-8.3.3.). Partly as a result of a strategic combination of aid modalities, it has been assessed in general that with regard to its financing function in relation to the developments in budget composition, that budget support was predominantly additional to domestic financing and that there has been no evidence for substantial crowding out of domestic resources. Zambia's budget has also become more pro-poor over the past years as poverty related expenditure increased as a share of the total budget and as a share of GDP. Budget allocations and expenditure in Zambia have been roughly in line with strategic priorities as set out in the Fifth National Development Plan. Overall budget increases in social sectors such as health and education over-proportionally stemmed from GRZ contributions.

The most important component of the inclusive internal strategic process regarding the selection and decision making on the combination of EU aid modalities is the policy dialogue with the national stakeholders, particularly the NAO, the line ministries for focal sectors and the Non State Actors. The issue of comparative advantages of possible combination of aid modalities included in the policy dialogue with line ministries for focal sectors has already been addressed in the earlier discussion on the mix of instruments, approaches and financing modalities which is different according to sector specific factors (I-8.2.1) and in relation to JC 8.3 on the synergy between aid modalities discussed both within each focal sector and overall (indicators I-8.3.1 to I-8.3.3.).

As far as the policy dialogue with the NAO is concerned, in the EU-ACP relations set-up in line with the Lomé and Cotonou Agreements, the National Authorising Officer (NAOs) plays a pivotal role in the overall policy dialogue between the ACP Country and the European Union. This particularly pertains to all matters regarding the Country Strategy Paper and the National Indicative Programme, throughout the integrated programme cycle from preparation to evaluation. As far as Zambia is concerned, in 2010 the NAO function shifted from the Minister of Finance to the Secretary of the Treasury. The NAO Support Office continued to be located outside the Ministry. As far as the intensity and quality of the EUD-

NAO relations and coordination are concerned, in the EAMR July 2011 is reported in this regard that “Government officials involved with EDF issues did not demonstrate much motivation in familiarising themselves with the procedures and requirements of just one particular donor.”

On the other hand, from the different contacts with the MoFNP and the NAO support office emanated a positive relationship of which both parties expressed the desire of further strengthening also on issues related to the policy dialogue and the joint search for aid modalities best adapted to the evolving needs and macro-economic situation of the country. The Secretary to the Treasury as NAO reconfirmed budget support to be the preferred aid modality of Zambia and the openness to discuss combinations of aid modalities best fitting the evolving macro-economic and financial situation of the country as a whole and the specific requirements of each sector and thematic area, of local authorities and civil society. The elements of a necessary enabling environment for budget support including policy dialogue at all levels, harmonisation, capacity strengthening, performance monitoring and evaluation systems, amongst others, were confirmed to be requiring special attention. The interviews at EUD and with CPs all pointed at new windows of opportunity with the coming into power of the new government in September 2012. (I-8.5.1)

There is evidence of the EU organising fora and workshops for stakeholders, both government and non-government on EU procedures, instruments and approaches, which also cover the latter’s comparative strengths and weaknesses. There is less evidence that such capacity building events were part of a more comprehensive and structured capacity building programme and process on the topic, rather than these being more ad hoc events. The need for such more systematic and comprehensive capacity strengthening is reported in relation to both national stakeholders as for the Delegation itself. The 2004 EAMR for example reported as risks affecting the work of the Delegation: “Not enough training on EDF rules and procedures has been provided to NAO, RAO, PMUs and Project Managers. Therefore it is possible that not all procedures are followed and can be corrected only when tender dossiers, contract dossiers, or payment requests reach the Delegation for control and endorsement. This will cause delays in payments and deliveries.” This need was repeated in subsequent EARMs as for example in the 2007 EAMR which reported: “In conclusion, the Delegation will require in 2006 continued technical guidance from HQ on all the areas and sectors mentioned above. Areas of special relevance are: budget support orientations and modalities (variable tranches), sector support modalities (in particular health and education), institutional framework for private sector, actions with public services and NSA for agriculture/food security and support to electoral process. However, the Delegation insists on a clear definition of competences between AIDCO and DEV on these matters.”

Towards the end of last year 2011, the EUD initiated a structured local consultation with the main local stakeholder parties on aid modalities following the issuance by the Commission of the Green Paper on Budget Support. In an EUD note on this Green Paper local consultation is noted: “A structured dialogue with the Government has unfortunately not been possible. Copies of the Green Paper have however been made available and the National Authorising Officer (Secretary to the Treasury) has been invited to share comments; these are yet to be received. In general, the mood surrounding the discussions was one of broad fatigue on issues pertaining to Budget Support. The specific Zambian context, where difficult discussions are taking place on the pertinence and impact of the modality and where Government is challenged on its commitment to PFM (Public Finance Management) and good governance, seems to have affected the degree of participation and interest in the consultation process. Though the scope of the consultation was repeatedly explained, it has proved impossible to delink the discussions from the situation experienced locally. It should also be noted that a number of questions listed in the Paper required clarification as they did not come across too clearly.” On the other hand, the consultations and interviews during the December 2011 evaluation field visit to Zambia led to conclude to a generally more optimistic view regarding the quality and intensity of GRZ-CPs policy dialogue on aid modalities and related issues especially also with the more recent developments in the broader political context. (See also the discussion related to earlier Indicator I-8.1.1)

The subsequent EAMRs have been alerting about the need for further strengthened capacity building of the main national stakeholders on EDF procedures, aid modalities, approaches and instruments. They especially zeroed in on the special role and needs of the NAO in this regard. An example in case is the EAMR of July 2007 which indicated: “Ownership of the EDF portfolio of projects will be enhanced through increased focus on capacity building of the NAO functions within the Economic and Technical Co-operation Department of the Ministry of Finance. A new EDF training cycle is planned for November 2007.” The need for continued capacity strengthening via workshops and other fora on the various EU instruments and approaches has been a recurrent theme in EUD reporting and was also stressed during the December field interviews. This need for intensified capacity strengthening pertains to both GRZ and CSO stakeholders. EUD also underscored the need for continued in-house capacity strengthening



on these EU instruments and approaches, particularly also against the background of evolving procedures, processes, systems and tools in relation to the various EU aid modalities. (I-8.5.2)

The follow-up Joint Assistance Strategy for Zambia II (JASZ II) covering the years 2011-2015 of November 2011 - in which the EU is involved as one of the main Cooperating Partners and has signed up to - zeroes in on a number of political dialogue fora, events, structures and tools to ensure the necessary enabling environment for aid delivery along the most appropriate choice of aid modalities. Provisions explicitly foreseen in the JASZ-II document include that: (i) CPs will support and join GRZ in the Annual SAG / Poverty Conference for the debate of the SNDP Annual Progress Report, engaging national and sub-national level institutions as well as NSA. This dialogue provides the basis for subsequent annual planning and budgeting and adjustment of targets, and enhances accountability and transparency; (ii) The M&E Department of the MoFNP has a key coordinating role in ensuring effecting monitoring and evaluation of the SNDP. Having accurate and comparable data is central to measuring results and managing performance. With this in mind, the selected Key Performance Indicators, the PRBS-PAF, and the overall M&E framework for the SNDP, and JASZ will be aligned as much as possible. A review of the KPIs will be carried out annually. Deriving information from the regular SNDP Annual Progress Reports. It will be supervised by the MAG and results will be fed into discussions between the Secretary to the Treasury and the Cooperating Partners Group-Troika as well as the High Level Policy Dialogue and the Annual Poverty Conference; (iii) To bolster the collection and analysis of data, CPs will support GRZ in implementing its National Strategy for Development of Statistics (NDSD) through capacity development of Management Information Systems (MIS), national M&E systems with the M&E Department in MoFNP and the Central Statistical Office in a lead technical role; (iv) The Joint Monitoring, Evaluation and Statistics working group will provide the forum through which GRZ, CPs and non-state actors will work to improve monitoring and evaluation of the SNDP. Topic related representation of sector CPs in this group will strengthen the link to sector M&E systems and the sector responsibility for M&E at different levels (District, Provincial, National levels). (JC 8.5)

#### **JC 8.6: Aid modality combinations were the result of complementarity with other donors**

- **Indicator 8.6.1: The EU Code of Conduct on Complementarity and Division of Labour used in strategic/programming documents determining donors' aid modalities**

As per the EU Toolkit (2009) for the implementation of complementarity and division of labour in development policy (which includes the 11 principles of the EU Code of Conduct), complementarity is the result of an optimum division of labour (DOL) between various actors in order to achieve optimum use of human and financial resources for enhanced aid effectiveness, i.e. to attain country strategy objectives and achieve better results in poverty reduction. The concluding general principle is to deepen the reform of aid systems with special focus on decentralised structure, institutional incentives and redeployment of financial and human resources. As major constraint is listed under this concluding general principle to avoid negative impact of DOL on global aid volumes and predictability. Complementarity goes much further than just coordination. It means each donor focusing its assistance on areas where it has the most added value, and complementing the activities of others. One of the dimensions of complementarity is the "cross-modalities and instruments complementarity" which looks at strengthening synergies between budget support and projects, grants and loans, etc. The EU Code of Conduct consists of 11 principles on complementarity, of which 5 are explicitly on in-country complementarity (related to increase of donor concentration, redeployment of funds, lead donor arrangements, delegated cooperation, and support to sectors of key priority for poverty reduction).

Since the EU Code of Conduct was adopted in 2009 only, it obviously could not be used in / applied to the EDF8, 9 and 10 strategic/programming documents, simply because these have been concluded earlier already. But there is evidence that, even ahead of their codification, the principles listed in the Code and in the Division of Labour (DOL) already have provided strong guidance to the elaboration of the strategic/programming documents determining donors' (and particularly EU's) aid modalities. This complementarity and Division of Labour was especially facilitated through the Joint Assistance Strategy for Zambia (JASZ) institutional and strategic coordination framework.

In Zambia, in execution of the aid effectiveness agenda, the first Joint Assistance Strategy for Zambia (JASZ) was signed in May 2007 by 17 CPs present in the country, including an agreed Division of Labour (DOL) matrix. The JASZ is the CPs response to the Fifth National Development Plan (FNDP) and the Aid Policy, also adopted in 2007 by GRZ. The Policy states that budget support is the government's preferred aid modality. The EDF10 CSP Mid-Term Review made reference to the 2007 Paris Monitoring survey conducted in 2008 which showed a number of improvements in implementing the Paris Agenda

(PA) in Zambia, notably with respect to CPs alignment, the use of country systems, and aid predictability. Challenges remain in the areas of coordinated technical cooperation, number of PIUs, and on mutual accountability. In response to the launch of the Sixth NDP in February 2011, a JASZ II (including a revised DOL table) has been finalised and signed by the 15 CPs on 28 November 2011. The EU DOL Fast Track Initiative has been playing an important role in stimulating the debate within the CP group but also between the CPs and Government.

A first plan for the Division of Labour (sectors) between cooperating partners has been agreed in 2006, based on the FNDP 2006-2010 framework. At the same time, the terms of reference for lead and active cooperating partners in each sector have been prepared. The EC Delegation assumed the position of lead-cooperating partner for macroeconomic/budget support and for the transport sector, as well as for food security under the agriculture sector and for mining under the private sector. The Delegation remains an active donor, with responsibilities in the context of the specific sector dialogues, in a number of other sectors (health, education, agriculture, private sector, governance...). Moreover, the EUD assumed (together with Germany and the UNDP) the responsibility of the WHIP coordination from mid-2006.

The 2007 JAR indicated that the JASZ is the adequate instrument to progress towards further coordination and harmonisation, in line with the requirements of the Cotonou Agreement. It also confirmed that the EU joint programming is fully compatible with this wider JASZ agreement and that coordination between EU partners must be coherent with this wider agreement. The October 2009 Mid-Term Review report of the EDF10 CSP for Zambia concluded with regard to the status of the Division of Labour and aid effectiveness in Zambia that the aid effectiveness agenda is progressing well with a Joint Assistance Strategy for Zambia signed and an agreed Division of Labour and aid effectiveness.

That the JASZ has been instrumental in strengthening the coordination and complementarity between the Cooperating Partners, also with regard to the aid modality combinations, was reconfirmed by an evaluation of the JASZ in March 2010 which summarised the main achievements / strengths of the JASZ as including the following: (i) Improved sector level coordination among CPs with genuine attempts to try other methods of shared working, such as delegated cooperation; (ii) More coordinated responses to GRZ and some decrease of bilateral demands on Ministerial time; (iii) Improved alignment to GRZ priorities as outlined in the FNDP; (iv) Inclusion of both PRBS and non-PRBS cooperating partners in JASZ processes. The evaluation of the first JASZ, however, also identified a number of shortcomings. While harmonisation and alignment of CPs engagement has improved, it has been less effective in enhancing GRZ ownership, building mutual accountability between government and CPs and managing for results. In addition the evaluation noted that: (i) While some Sector Advisory Groups (SAG) perform well, others are less effective; (ii) Although described as a strategy, the JASZ lacked targets, an implementation plan and performance indicators. This limited the implementation of the JASZ as well as the ability to monitor progress; (iii) There is no obvious reduction of the number of projects in health or education, although coordination around government leadership has greatly improved; (iv) Transaction costs remain high for those taking the lead in particular sectors, and most importantly (v) Although the JASZ has led to better processes, there is less evidence of a contribution to improved development outcomes.

These latter challenges and concerns were especially brought to the attention of the evaluation team during the field visit interviews and consultations of last December 2011. The general mood was one of potentials not fully utilised and further improvements needing to be made in the JASZ processes and tools, which were put forward in a constructive way as special challenges for the successor JASZ-II.

This more critical assessment of the capacity of the JASZ to generate effective CP coordination and harmonisation and DOL, and of the quality of harmonisation in general also emerges in the more recent evaluations and reports covering the last two years of the here reviewed 2001-2010 ten year period. This is precisely the period wherein serious governance issues emerged in the transport and health sectors, which entailed substantive repercussions on the CP harmonisation quality with different CPs reacting in different ways to the situation without the JASZ being able to synchronise and harmonise these reactions. The recent 2011 budget support evaluation for example in this connection analysed: "The root causes of this lack of harmonisation relate to the disagreement among cooperating partners about the hierarchy of budget support objectives: Some cooperating partners see the provision of funding to alleviate poverty as the main objective of budget support, while others give priority to institutional or governance reforms. Thus, cooperating partners were often unable to offer joint and consistent priorities to the GRZ through dialogue and incentives. Interference from headquarters, who responded more to domestic political situations than to Zambia's needs, hindered the harmonisation and alignment attempts being made by aid managers in Lusaka... Cooperating partners, especially in times of crisis, have to rank the relative importance of these two goals in order to send credible and coherent signals to

the recipient government. In Zambia, the relative priority given to governance promotion as opposed to financing poverty alleviation has varied from partner to partner. This has complicated any possible joint approach of the PRBS group in the dialogue process.”

Moreover, a deeper analysis learns that the CP harmonisation not exceptionally in first instance is window-dressing confined to the political dialogue level, not necessarily entailing effective repercussions on the operational and programme execution levels, where it not exceptionally stayed “business-as-usual”. This was attested to on different occasions during the field interviews and for example is confirmed in studies as the recent budget support evaluation which concluded to an incomplete harmonisation and alignment and related these weaknesses to a lack of administrative capacity and coherence as well as to a declining political will. The latter have made it impossible for cooperating partners to rely on a purely alignment-based harmonisation strategy. On the one hand, cooperating partners have, at least partly, taken on the challenge of harmonisation and substantial progress has been made in setting up dialogue structures and a common conditionality framework. However, a closer look at conditionality, disbursement mechanisms, the dialogue process and knowledge management reveals several flaws in the harmonisation and alignment process.

The current evaluation field interviews confirmed and made it further clear that the biggest harmonisation challenges ahead are situated at the operational level, particularly with regard to the harmonisation of planning, management, monitoring and evaluation systems, covering all hierarchical levels from below district to national level and covering all sectors and thematic areas.

Data, figures, tables:

**MTR EDF10 CSP Conclusions, p21:**

**Aid Effectiveness: Donor Matrix - Planned Donor Disbursements in Zambia in 2010**  
 (Total Actual) - (US\$ million) <sup>(1)</sup>

Donors	GBS	SSS Roads	SSS PEMFA	SSS Health	SWAP Eduo.	SWAP Health	Projeto grants	Project loans	NGOs	Grand Total
EC	39.00	24.51	10.32	11.05						84.88
Finland	6.45									6.45
Germany	6.70						25.30			32.00
Ireland					16.80		3.73		4.80	24.13
Netherlands	13.50				30.00	13.00	3.00			59.50
Sweden	20.00					14.70	20.00		3.10	57.80
UK	43.00						33.50			76.50
Denmark					8.00		47.70			55.70
<b>Total EU</b>	<b>128.66</b>	<b>24.61</b>	<b>10.32</b>	<b>11.05</b>	<b>61.80</b>	<b>27.70</b>	<b>133.63</b>	<b>0.00</b>	<b>7.90</b>	<b>386.28</b>
China							5.30	20.80		26.10
FTI					30.00					30.00
Norway	31.00						11.10		8.20	50.30
Japan							24.32	1.90		26.22
Canada						3.50	2.10			5.60
United States						1.50	354.12		334.70	700.52
AfDB (loans)	11.25						7.00	89.50		107.75
BADEA								8.00		8.00
World Bank (loans)	9.61						5.20	24.50		39.31
UN System							13.53			13.53
Kuwait Fund								7.40		7.40
India								1.90		1.90
<b>Total Others</b>	<b>61.88</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>30.00</b>	<b>6.30</b>	<b>432.67</b>	<b>164.00</b>	<b>342.90</b>	<b>1,016.73</b>
<b>TOTAL DONORS</b>	<b>190.61</b>	<b>24.61</b>	<b>10.32</b>	<b>11.05</b>	<b>91.80</b>	<b>33.00</b>	<b>698.20</b>	<b>164.00</b>	<b>360.80</b>	<b>1,411.98</b>

Source: MTR EDF10 CSP Conclusions, p22  
 Notes: (1) exchange rate \$/€=1.29 for the 3 years;

Extracts:

**MTR EDF10 CSP Conclusions, p6:** *Division of Labour and Aid effectiveness: In Zambia the aid effectiveness agenda is progressing well, with a Joint Assistance Strategy for Zambia (JASZ) signed in May 2007 by 17 CPs present in the country, and an agreed Division of Labour (DOL) matrix. The JASZ is the CPs response to the FNDP and the Aid Policy, also adopted in 2007 by GRZ. The Policy states that budget support is government preferred aid modality. The 2007 Paris Monitoring survey conducted in 2008 showed a number of improvements in implementing the Paris agenda in Zambia,*

notably with respect to CPs alignment, the use of country systems, and aid predictability. Challenges remain in the areas of coordinated technical cooperation, number of PIUs, and on mutual accountability. In response to the launch of the Sixth NDP which was launched in February 2011, a JASZ II (including a revised DOL table) is being finalised by CPs. It must be noted that the EU DOL Fast Track Initiative is playing an important role in stimulating the debate within the CP group but also between the CPs and Government.

**EU (2009) p3; EU Toolkit for the implementation of complementarity and division of labour in development policy - 1.2. Definitions:**

Complementarity is the result of an optimum division of labour (DOL) between various actors in order to achieve optimum use of human and financial resources for enhanced aid effectiveness, i.e. to attain country strategy objectives and achieve better results in poverty reduction. Complementarity goes much further than just coordination. It means each donor focusing its assistance on areas where it has the most added value, and complementing the activities of others. It involves complex decisions on DOL, on concentration on a limited number of sectors, on defining the role a donor wishes to play in a particular partner country. Division of labour is particularly important in the context of scaling up of aid as it enhances absorptive capacity. In-country complementarity seeks to address a situation where aid fragmentation in a sector or country leads to increased administrative burden and transaction costs for both partner countries and donors, blurs policy dialogue, and may lead to a situation where some politically attractive sectors receive increased funding while other areas of development priority remain under-funded. It concerns all aid modalities and instruments. It may interact with other dimensions of complementarity:

- Cross-sector complementarity: refers to a situation at country level where some sectors receive much more donor attention than others, leading to congestion and/or under-funding.
- Cross-country complementarity: refers to a situation at the global level where some countries receive in relative terms much more donor support (“aid darlings”) than others (“aid orphans”).
- Vertical complementarity: relates to global aid initiatives concentrating on one particular sector worldwide, adding more complexity to the existing aid architecture.
- Cross-modalities and instruments complementarity: whether at the sector, country or global level, looks at strengthening synergies between, say, budget support and projects, or grants and loans.

**EU (2009) p3; EU Toolkit for the implementation of complementarity and division of labour in development policy:** Recalling the 11 principles of the EU Code of Conduct:

*On in-country complementarity:*

1. Increase donor concentration: a maximum of three sectors in country + general budget support + support to Non-State Actors + plus research and education schemes, based on:
  - Comparative advantage of each donor, self-assessed, endorsed by partner government and recognised by other donors,
  - Partner countries to identify areas for increased or reduced support and identify donors remaining engaged in the sector,
  - Donors to work with governments to identify sectors in which to remain and propose sectors from which they will withdraw,
  - Assure long term engagement in sectors by remaining donors.
2. Redeploy funds for other in-country activities, based on local negotiations. Where donors are in more than three sectors, either use delegated cooperation or exit, responsibly redeploying funds in three priority sectors or into general budget support, avoiding any gaps in aid.
3. Lead donor arrangements for each sector to reduce transaction costs.
4. Delegated cooperation/partnership arrangements.
5. Ensure adequate donor support to sectors of key priority for poverty reduction. At least one active EU donor per sector, maximum 3-5 active EU donors per sector.

*On other dimensions of complementarity:*

6. Replicate these practices at regional level.
7. MS opt for limited number of priority countries; in non-priority countries consider delegation.
8. Address the “orphans” gap, often countries in situation of fragility.
9. Analyse and expand global areas of strength: the Commission to further develop expertise in ar-

eas of comparative advantage, at country level, in line with deconcentration and ownership.

10. Progress on other dimensions of complementarity (vertical and cross-cutting instruments).
11. General principle: Deepen the reform of aid systems: decentralised structure, institutional incentives and redeployment of financial and human resources. Constraints: avoid negative impact of DOL on global aid volumes and predictability.

**JAR 2010, p17:** In relation to Non State Actors, the Delegation participated in the Governance CP Group in the discussions on the NGO Bill which raised concerns. The Delegation invited NSA to discuss the Commission Green Paper on Budget Support and Direct interactions took place notably in the context of the Calls for Proposals on "Innovative Approaches to Food Security", "Non State Actors and Local Authorities in development" and under the EIDHR. Information meetings were well attended and a large number of proposals were received. The implementation of the civil society project under the capacity building component of PRBS2 was initiated; the project will develop communities' and local civil society organisations' ability to monitor budget execution and service delivery in urban and rural areas and to engage in policy dialogue on these issues. A number of civil society organisations at different levels through the NGO umbrella organisation CSPR (Civil Society for Poverty Reduction) will be involved in the implementation of this pilot project.

**JAR 2007, p29:** A plan for the division of labour (sectors) between cooperating partners has been agreed in 2006, based on the FNDP 2006-2010 framework. At the same time, the terms of reference for lead and active cooperating partners in each sector have been prepared. The EC Delegation has assumed the position of lead-cooperating partner for macroeconomic/budget support and for the transport sector, as well as for food security under the agriculture sector and for mining under the private sector. The Delegation will remain an active donor, with responsibilities in the context of the specific sector dialogues, in a number of other sectors (health, education, agriculture, private sector, governance...). Moreover, the Delegation assumed (together with Germany and the UNDP) the responsibility of the WHIP coordination from mid-2006.

The JASZ (Joint Assistance Strategy for Zambia) document has been completed and signed (May 2007), after the official launching of the FNDP. The JASZ is the adequate instrument to progress towards further coordination and harmonisation, in line with the requirements of the Cotonou Agreement. The EU joint programming is fully compatible with this wider JASZ agreement. Coordination between EU partners must be coherent with this wider agreement.

Co-ordination between cooperating partners and government is also increasing in significance in specific areas like public finance management and reform (PEMFA), budget support and macroeconomic issues (PRBS group), social sectors, roads, agriculture/food security....

**GOZ and Cooperating Partners (2011) pp. 3-4;** *Memorandum of Understanding between the Government of the Republic of Zambia and its Cooperating Partners on Development and Aid Effectiveness in Zambia; Chapter 1.2 Assessment of Aid Effectiveness progress under the first JASZ (2007-2010): Government's Aid Policy and Strategy (2007), and Zambia's Fifth National Development Plan (FNDP) (2006), provided overarching development frameworks for CP alignment and harmonisation. In 2007 CPs developed the first Joint Assistance Strategy to manage their development cooperation in line with both the PD principles and the FNDP. It also aimed to improve the Division of Labour (DOL) between CPs.*

An evaluation in March 2010 found that the first JASZ contributed to:

1. More coordinated responses to GRZ and some decrease of bilateral demands on Ministerial time;
2. Improved alignment to GRZ priorities as outlined in the FNDP;
3. More effective division of labour between CPs, resulting in decongestion in some sectors and greater focus in some CP's country programmes;
4. Improved sector level coordination among CPs with genuine attempts to try other methods of shared working, such as delegated cooperation; and
5. Inclusion of both PRBS and non-PRBS cooperating partners in JASZ processes.

The evaluation of the first JASZ, however, identified a number of shortcomings. While harmonisation and alignment of CPs engagement has improved, it has been less effective in enhancing GRZ ownership, building mutual accountability between government and CPs and managing for results.

In addition the evaluation noted that:

6. While some Sector Advisory Groups (SAG) perform well, others are less effective;
7. Although described as a strategy, the JASZ lacked targets, an implementation plan and performance indicators. This limited the implementation of the JASZ as well as the ability to monitor progress;
8. There is no obvious reduction of the number of projects in health or education, although coordination around government leadership has greatly improved;
9. Transaction costs remain high for those taking the lead in particular sectors;
10. Although the JASZ has led to better processes, there is less evidence of a contribution to improved development outcomes.

▪ **Indicator 8.6.2: Donor mapping of sectoral involvement and their perceived comparative advantages were used in strategic response as a basis for decisions on modalities**

In Zambia, formal donor coordination and harmonisation has been pioneered from the very onset of the 2001-2010 period under review by this evaluation onwards, as evidenced by the list of policy agreements on the subject: HIP in 2003, WHIP in 2004, the Poverty Reduction Budget Support Memorandum of Understanding (PRBS-MoU) in 2005, the Zambia Aid Policy and Strategy in 2006, the Joint Assistance Strategy for Zambia (JASZ) in 2007, and the successor JASZ-II recently on 18 November 2011 for the period 2011-2015.

The JASZ and the Division of Labour (DOL) provide the broader strategic framework for the donor mapping of sectoral involvement and their perceived comparative advantages, including for the EU and the EU Member States. This analysis was used for the identification and selection process of the Lead Cooperating Partners (CPs) for each of the sectors from the National Development Plan, and with for each of the sectors also the active CPs listed. The version as of January 2009 of this Division of Labour matrix under the JASZ is included in the 2009 Mid-Term Review of the EDF10 CSP (copy hereunder). It shows the EC leading two NDP sectors (Macro-economics and transport), active in five other sectors (Agriculture, Education, Governance, Health and Private Sector Development) and phasing out in two, energy and water. The latest updated DOL matrix sees EU as being requested by the GRZ to take the lead of the Governance sector. The JASZ-II Division of Labour matrix 2012-2015 attached to the JASZ-II agreement signed by the CPs on 18 November 2011 lists the EU as “lead” in the four sectors / thematic areas of (i) Transport, (ii) Agriculture, Livestock & Fisheries, (iii) Governance and (iv) Macroeconomics, and furthermore as “active” in the sector of health (see the JASZ-II DOL 2012-2015 matrix hereunder).

These JASZ-DOL mappings of donors and their perceived comparative advantages with assignment accordingly of main responsibilities for the different NDP sectors, also inherently cover the dialogue on the preferred options and decision making on aid modalities. This for example is captured in the above EDF10 mid-term review based summary table on aid effectiveness / donor matrix regarding planned donor disbursements which for each of the sectors also has the indication of the applied aid modality (GGS, SBS, SWAP, project grant, project loan) explicitly mentioned.

The second below table dated June 2006 on the Division of Labour in Zambia identifies for each of the NDP sectors the involved Cooperating Partners and determines for each of them whether they are lead or just active CP. This table is included under Annex 6 of the EDF10 CSP/NIP document and thus provides ample evidence that for the design of the EDF10 EU response strategy (the CSP/NIP 2008-2013) donor mapping of sectoral involvement and their perceived comparative advantages were used in strategic responses as a basis for decisions on modalities.

From the December 2011 field evaluation interviews with EUD and EU Member States it was learned that the function and responsibility of the JASZ with regard to the DOL is confirmed for the EUD and the EU Member States, but at the same time that it is preferred to have a stronger preparatory consultation process amongst the EUD and EU Member States ahead of the broader overall JASZ and SAGs meetings.

The MoFNP 2009 Development Cooperation Report illustrated the European Union, which disbursed US\$ 424m over the period (14 per cent of the total), was the largest contributor, followed by the United States, the United Kingdom, the United Nations system and the World Bank.

Data, figures, tables:

MTR EDF10 CSP Conclusions, p23:

**Division of Labour Matrix under the Joint Assistance Strategy for Zambia**  
 Updated version of January 2009

Sector from NDP	Lead Ministry	CHINA	ADB	BADEA	EC (excl. EIB)	IMF	KUWAIT FUND	OPEC	UN SYSTEMS	WB	CANADA	DENMARK	FINLAND	FRANCE	GERMANY	IRELAND	JAPAN	NETHERLANDS	NORWAY	SWEDEN	UK	USA	Total lead/active	
Agriculture	MACO		●		●				●	■							●		●	■		●		9
Decentralization	MLGH								●	■					■		●	■				●	■	6
Education	MoE		○	○	●				●	●	●				○	○	○	○	○			●	●	9
Energy	MEWD				○				○	■							●		○	●				3
Gender	CO-GIDD								■									●	●			●		4
Governance	MOJ				●						●	○			●	●		●	●	●	■	●	●	10
Health	MOH		○		●				■	●	●	●				●	●	●	●	■	■	●	●	8
Housing	MLGH, MOL									●										●			●	2
HIV/Aids	MOH								■		○				○	○	●	●	○			■	■	6
Macro-economics	MOFNP				■	●			○	■		○	●		●	○	●	●	○	●	●	○	○	9
Private Sector Dev.	CO-DSC/MCTI		●		●				●	■			●				●	■		●	○	■	■	9
Social Protection	MCDSS		○						●	○						●					■			4
Science and Tech.	MTEVT									●														0
Tourism	MTENR									■							●						●	4
Water (WR and WSS)	MEWD/MLGH		●		○				●	●		■			■	●	●							7
Transport	MWS/MCT		●		■	●	●		●	●					●		●							7
Environment	MTENR								●	●		○	■						●					4
<b>Total lead responsibilities</b>					3				4	6		1	1		2	1	1	2	0	2	5	3		

■ Non-signature to the WHIP MoU  
 ■ Lead CP ● Active CP ○ Background CP ● Phasing out

EDF10 CSP/NIP 2008-2013 – Annex 6 – p. xxiii: The Harmonisation / Alignment in Zambia: The JASZ

TABLE 1. DIVISION OF LABOUR IN ZAMBIA. JUNE 2006

Sector from NDP	Lead Ministry	China (proposed)	ADB	BADEA	EC (excl. EIB)	IMF	KUWAIT Fund	OPEC	UN Systems	WB	Canada	Denmark	Finland	France	Germany	Ireland	Japan	Netherlands	Norway	Sweden	UK	USA	Total lead/active	
Agriculture	MACO		A		A				A	L							A	P	B	L		L		8
Decentralization	MLGH								A	L		B			L	A	L	B				A	B	6
Education	MoE		B	B	A				A	A	P	A	P			L	A	L	A		A	A		10
Energy	MEWD				B				B	L							A		A	A				4
Gender	CO-GIDD								L									A	A			A		4
Governance	MOJ				A				L	A		A	B		A	A		A	L	P	L	A		10
Health	MOH				A				L	A	A	P				P	A	A		L	L	A		9
Housing	MLGH, MOL									A										P		A		2
HIV/Aids	MOH								L	A	B					B	A	A	A		L	L		7
Macro-economics	MOFNP				L	A			B	L		B	A		A	B		A	A	A	L	B		9
Private Sector Dev.	CO-DSC/MCTI				L				A	L	B		A			B	A	L		P	B	A		7
Social Protection	MCDSS		A						A	B					L						L			4
Science and Tech.	MTEVT									P														0
Tourism	MTENR									L							A		L			A		4
Water (WR and WSS)	MEWD/MLGH		A		B				A	A		L			L	A	A	B						7
Transport	MWS/MCT		A		L		A	A	A	A		A			P		A		B					7
Environment	MTENR								A	A		B	L						A					4
<b>Total lead responsibilities</b>					3				4	6		1	1		2	1	1	2	2	2	5	2		

XXX Non-signature to the WHIP MoU; L Lead CP; A Active CP; B Background CP; P Phasing out

▪ **Indicator 8.6.3: "Orphan" and "darling" sectors actively discussed with other donors with a view to levelling out donor involvement across sectors**

The 2009 EU Toolkit for the implementation of complementarity and Division of Labour in development policy includes cross-sector complementarity as one of the key dimensions of DOL complementarity. Cross-sector complementarity tries to remedy situations at country level where some sectors receive much more donor attention (“the darling sectors”) than other (“the orphan sectors”). This cross-sector complementarity is one of the key issues taken up by the JASZ.

But also in the EDF10 CSP/NIP document of 2007 this cross-sector complementarity was already taken on “avant-la-lettre” for designing the country strategy and indicative programme, complementary to the EU member states and other EU inputs as for example from the EIB (See table under Annex 3 of the CSP/NIP, copy of which here below).

For most of the review period, the DOL harmonisation, complementarity and alignment efforts of the Cooperating Partners in relation to the National Development Plan had gone beyond the JASZ partners. Since 2003, the Government in collaboration with some pioneer cooperating partners (Nordic Plus Group) developed a framework for harmonisation and alignment. In April 2004, the “Memorandum of Understanding for Harmonisation of Government / Donor Practices for Aid Effectiveness in Zambia”, often referred to as the Wider Harmonisation in Practice (WHIP) agreement, was signed by 10 cooperating partners. By 2006, the Memorandum had been signed by all the EU Members States represented in Zambia, the EC and the main non-EU cooperating partners.

Data, figures, tables:

**EDF10 CSP/NIP 2008-2013 – Annex 3– p. 3: Donor matrix for the European Union**

DONOR MATRIX FOR THE EUROPEAN UNION

ANNEX 3

1 JANUARY 1998 - 31 DECEMBER 2000 (DISBURSEMENTS IN EUR '000) (1)

	BOP/ BUDGETARY SUPPORT	TRANSPORT	INST. REFORMS CAPACITY BUILDING GOOD GOV. (2)	PRIVATE SECTOR	HEALTH HIV/AIDS	EDUCATION	NATURAL RESOURCES: WATER, ENERGY, AGRICULTURE, FORESTRY, ENVIRONMENT	OTHER	TOTAL
-United Kingdom (DFID)	85.600	0	12.000	31.100	12.100	4.700	200	12.000	157.700
-Ireland	0	0	3.200	200	6.600	4.500	5.400	0	19.900
-Netherlands	31.800	0	900	0	30.000	11.900	13.500	0	88.100
-Germany	0	7.600	3.700	4.000	600	900	20.400	800	38.000
-Finland	0	40	1.700	0	200	5.000	5.000	200	12.140
-Sweden	0	0	6.000	5.400	15.100	200	16.500	0	43.200
-Italy	0	0	0	0	700	200	200	1.800	2.900
-Denmark	0	23.200	4.400	0	8.300	14.900	300	0	51.100
Total bilateral	117.400	30.840	31.900	40.700	75.100	40.800	61.500	14.800	413.040
- Commission	47.000	10.500	11.900	5.400	9.200	7.700	900	1.800	94.400
- EIB	0	0	0	18.900	0	0	18.200	0	37.100
Total EU	164.400	41.340	43.800	65.000	84.300	48.500	80.600	16.600	544.540

1. Among the 10 EU Member States present in Zambia, France and Portugal have no bilateral co-operation programmes.  
 2. Projects that have been referred to this sector consist of 1) projects exclusively targeted at institutional reforms, capacity building and/or good governance, and 2) projects targeted at other sectors but containing elements of institutional reforms, capacity building and/or good governance that together constitute at least 50 percent of the project's financial envelope e.g. (TA/Studies).

Extracts:

**EAMR, July 2007, p1:** The Joint Assistance Strategy for Zambia (JASZ) has been completed and signed (May 2007). The purpose of the JASZ is to focus and organise development assistance provided by cooperating partners to support the implementation of Zambia's national development goals as they will be defined in the FNDP 2006-2010. This is in line with the Paris Declaration 2005 to which Zambia and its cooperating partners are signatory. The JASZ is foreseen to harmonise and align the many individual country strategies that cooperating partners in Zambia are currently using. The JASZ is the adequate instrument to progress towards further coordination and harmonisation following the requirements of the Cotonou Agreement and the EU development strategy. The EU joint programming can be fully compatible with this wider JASZ agreement.



**EDF10 CSP/NIP 2008-2013 – Annex 6 – p. xxiii:** *The Harmonisation / Alignment in Zambia - The Joint Assistance Strategy for Zambia (JASZ).* Since 2003, the Government in collaboration with some pioneer cooperating partners (Nordic Plus Group) developed a framework for harmonisation and alignment. In April 2004, the “Memorandum of Understanding for Harmonisation of Government / Donor Practices for Aid Effectiveness in Zambia”, often referred to as the Wider Harmonisation in Practice (WHIP) agreement, was signed by 10 cooperating partners. By 2006, the Memorandum had been signed by all the EU Members States represented in Zambia, the EC and the main non EU cooperating partners.

The JASZ seeks to rationalise and coordinate interventions by cooperating partners within the framework of the national development strategy (FNDP) and to establish a Division of Labour (agreed by the Government and cooperating partners in June 2006) for “de-congesting” sectors that were oversubscribed, with a reduced number of lead partners in each sector, to act under agreed terms of reference. The selection of leading donors has been done not only examining the amount of resources committed but also the sector technical capacities of the possible leading donor.

Field Visit Additional Information on JC 8.6:

**JASZ-II (2011), Annex 2 p5: CP Division of Labour Matrix 2012-2015 (Update Dec. 2011)**

**Division of Labour 2012-2015  
(JASZ II Signatories)**

SNDP Cluster		Lead Ministry	AIDB	EU	UN System	World Bank	Canada	Denmark	Finland	Germany	Ireland	Japan	Netherlands	Norway	Sweden*	UK	USA	Total lead/active
Infrastructure	Energy	MEWD	A	B	B	L						L	B/P	B/N	L			3L/1A
	Transport	MWS/MCT	L	L		L		A/P		A/P		A					B	3L/3A
Human Development	Education & Skills Development	MOE/MSTVT	A		L	A		A/P		B	L	A	L/P	B/P			A	3L/5A
	Health	MOH		A	L	A	A					B			A	L	L	3L/4A
	HIV & AIDS	MOH		B	L	A	B/P	A/P		B	L	A/P	P	B/P	A	A	L	3L/5A
	Water & Sanitation	MEWD/MLGH	L	B	A	L		A/P		L		A				B/N	A/N	3L/4A
Growth	Agriculture, Livestock & Fisheries	MACO	L	L	A	A			L			A		A	A		A	3L/6A
	Manufacturing, Commerce & Trade (PSD)	MCT/CO-DSC	A	B	A	A			L			A	P			L	A	2L/6A
	Tourism	MTENR	B			L												1L/0A
Support	Environment & Natural Resources	MTENR	A		L	L		A/P	L					A			A/N	3L/4A
	Governance	MOJ		L	L	A		A/P	B	A	A		P	A	B	L	A	3L/6A
	Local Government & Decentralisation	MLGH		B	A	B				L	A	A/P						1L/3A
	Science, Technology & Innovation	MSTVT	A		B				A	B/N								0L/2A
Crosscutting	Gender	CO-GIDD		B	L				B	B	L		A/P	A	B	L	A	3L/3A
	Housing	MLGH/MOL			B/N										B/P			0L/0A
	Macroeconomics	MOFNP	A	L	A	L			A	A	B		A/P	A	A	L	A	3L/8A
	Social Protection	MCDSS			L				B/N		A			A/N		L		2L/2A
Total Lead Responsibilities			3	4	7	6	-	-	3	2	3	1	1	-	1	6	2	

LEGEND: DOL MAIN CLASS: L – Lead, A – Active, B – Background/Silent. SUB-CLASS: N – New Entrant, P – Phasing Out

\*Sweden will develop new country strategy during 2012 and will revise participation in sector groups end 2012

**DIE & IOB (2011) p16; Evaluation Summary and Conclusions:** The root causes of this lack of harmonisation relate to the disagreement among cooperating partners about the hierarchy of budget support objectives: some cooperating partners see the provision of funding to alleviate poverty as the main objective of budget support, while others give priority to institutional or governance reforms. Thus, cooperating partners were often unable to offer joint and consistent priorities to the GRZ through dialogue and incentives. Interference from headquarters, who responded more to domestic political situations than to Zambia’s needs, hindered the harmonisation and alignment attempts being made by aid managers in Lusaka.

**DIE & IOB (2011) pp. 20-23; Evaluation Summary and Conclusions: Budget support and harmonisation: A political economy perspective:** Budget support has not reached its expected potential in terms of realizing all its objectives. This is the result not only of a lack of commitment or capacity at the GRZ level, but also of the limited progress being made by the PRBS group in the areas of harmonisation and alignment. This has not rendered the instrument ineffective, but it has impaired its application. According to the intervention logic of budget support, the instrument has the potential to promote pov-

erty reduction and institutional reforms through an effective combination of the instrument’s financial and non-financial components. However, regarding budget support as useful in principle for promoting institutional capacity, democratic accountability and poverty reduction, does not automatically lead to its effectiveness. What is crucial is the extent to which cooperating partners adapt to a country’s systemic capacity to address its own development barriers. Equally crucial is the willingness of the government to address these issues....

*Incomplete harmonisation and alignment:* These weaknesses, which are related to the lack of administrative capacity and coherence as well as to a declining political will, have made it impossible for cooperating partners to rely on a purely alignment-based harmonisation strategy. On the one hand, cooperating partners have, at least partly, taken on the challenge of harmonisation and substantial progress has been made in setting up dialogue structures and a common conditionality framework. However, a closer look at conditionality, disbursement mechanisms, the dialogue process and knowledge management reveals several flaws in the harmonisation and alignment process...

**DIE & IOB (2011), Annexes**

**Overview Table of Policy Agreements for harmonisation (2003-2010)**

<i>Year</i>	<i>Policy Agreement</i>
2003	HIP
2004	WHIP
2005	PRBS MoU
2006	Zambia Aid Policy and Strategy
2007	JASZ

Source: Saasa (2010) cited in DIE & IOB (2011) p.58

**Division of Labour in Selected Sectors: Situation in 2005/2006 and in 2009**

	Lead	Active	Background	Phasing out
<b>Situation 2005/2006</b>				
Health	UN, Sweden, the United Kingdom	European Commission, World Bank, Canada, Japan, the Netherlands, the United States		Denmark, Ireland
Education	Ireland, the Netherlands	European Commission, UN, World Bank, Denmark, Japan, Norway, the United States, the United Kingdom	AfDB, BADEA	Canada, Finland
Transport	European Commission	AfDB, World Bank, Kuwait Fund, OPEC, Denmark, Japan	Norway	Germany
Water and sanitation	Denmark, Germany	AfDB, UN, World Bank, Ireland, Japan	European Commission, the Netherlands	
Agriculture	World Bank, Sweden, the United States	AfDB, European Commission, the UN, Finland, Japan	Norway	the Netherlands
<b>Situation 2009</b>				
Health	UN, Sweden, the United Kingdom	European Commission, World Bank, Canada, Japan, the United States	AfDB	Denmark, Ireland, the Netherlands
Education	Ireland, the Netherlands	UN, World Bank, Denmark, Japan, the United States,	AfDB, BADEA, European Commission, Germany, Norway, the United Kingdom	Canada, Finland
Transport	European Commission	AfDB, World Bank, Kuwait Fund, OPEC, Denmark, Japan		Germany, Norway
Water and sanitation	AfDB, Denmark, Germany	AfDB, UN, World Bank, Ireland, Japan	European Commission, the United States	the Netherlands
Agriculture	AfDB, World Bank, Sweden, the United States	European Commission, the UN, Finland, Japan, Norway		

\* PRRS partners in bold type  
 Source: DIE & IOB (2011), p59

**DIE & IOB (2011) pp. 20-23; Evaluation Summary and Conclusions:** The root causes of imperfect harmonisation and alignment - Differences of objectives, the role of underlying assumptions and the unfinished harmonisation agenda have all hindered a more effective utilisation of the instrument of budget support. Financing poverty reduction versus promoting institutional reforms: according to one possible interpretation, budget support is primarily an instrument for channelling resources through a recipient country's budget into sectors that are most relevant in reducing poverty in order to fund poverty reduction policies in the most effective and efficient way. Alternatively, budget support can also be interpreted as a set of incentives that combine financial and non-financial components in a way that stimulates institutional change in favour of sound public policies and democratic accountability. While the common intervention logic assumes that these goals can be mutually reinforcing, this parallel achievement is not a given. Cooperating partners, especially in times of crisis, have to rank the relative importance of these two goals in order to send credible and coherent signals to the recipient government. In Zambia, the relative priority given to governance promotion as opposed to financing poverty alleviation has varied from partner to partner. This has complicated any possible joint approach of the PRBS group in the dialogue process.

Field Visit Additional Information on JC 8.6:

**MoFNP (2004) p28; Annual Economic Report; Chapter 5 External Sector Developments, 5.3. External Aid:** In 2004, a total of US\$789.1m was expected as external aid out of which US\$475.6m was to be in form of project support and US\$313.5m as programme support. Preliminary data indicates that only US\$297.9m, representing 38 per cent of the total funds expected was received... As for programme support, the inflows received during the year were only 21 per cent of the US\$313.5m that was expected (see Table 5.3). The lesser than programmed inflows received were due to administrative bottlenecks by Government and cooperating partners as well as failure, by Government, to meet certain conditionalities for the disbursement of funds.

**Project Financing (in US\$ millions), 2002-2004**

	2002 Actual	2003 Proj	2003 Actual	2004 Proj	2004 Actual
Bilateral	274.1	316.4	183.1	307.3	138.4
Multilateral	161.0	300.0	164.6	168.3	94.8
<b>Total</b>	<b>435.0</b>	<b>616.4</b>	<b>347.6</b>	<b>475.6</b>	<b>233.2</b>

Source: Ministry of Finance and National Planning

**Programme Support (in US\$ millions), 2000-2004**

	2000	2001	2002	2003	2004
United Kingdom	21.7	0	0	0	0
USAID	1.5	0	0	0	0
Netherlands (Firth Dimension)	8.4	20.6	0	0	0
France	0	0	0	0	0
China	0	0	0	2	0
Germany	0	0	0	0	0
Others	0	0	0	0	0
Total Bilateral Financing	31.6	20.6	0	2	0
World Bank	140.3	43.9	56.3	19.9	20.7
IMF	26.5	95.3	172.8	0	0
EU	0	10.5	68.7	34.9	44.1
ADB	13.3	0	13.2	0	0
Total Multilateral	180.1	149.7	311	54.8	64.8
<b>Total Programme Support</b>	<b>211.7</b>	<b>170.3</b>	<b>311.0</b>	<b>56.8</b>	<b>64.8</b>

Source: Ministry of Finance and National Planning

**MoFNP (2010) p3; Development Cooperation Report 2009 – Chapter 3: Disbursement Trends 2006-2009 -** Total disbursements between 2006 and 2009 amounted to US\$ 2,971.6m. On a year to year basis, disbursements increased by 14 per cent from 2006 to 2007, by 28 per cent in 2008 and remained static in 2009 (see below Table). The reasons for the lack of increase in 2009 are discussed in sections 3.2 and 3.3. The below table shows the list of disbursing Cooperating Partners and their assistance.

Ten Cooperating Partners accounted for 79 per cent of the total external assistance disbursed between 2006 and 2009. The European Union, which disbursed US\$ 424m over the period (14 per cent of the total), was the largest contributor, followed by the United States, the United Kingdom, the United Nations system and the World Bank.

**Disbursements by Cooperating Partner, 2006 – 2009, US\$ million**

Cooperating Partner	2006	2007	2008	2009	Total	Percentage Total
European Union	87.7	68.2	112.6	155.0	423.5	14.3
United States	25.5	30.7	136.2	127	319.4	10.7
United Kingdom	68.2	62.9	66.0	69.6	266.7	9.0
United Nations <sup>6</sup>	66.3	58.0	65.4	75.9	265.6	8.9
World Bank/IDA	52.8	71.6	61.1	71.4	256.9	8.7
Netherlands	36.6	59.4	75.0	53.6	224.6	7.6
Norway	41.2	44.1	44.2	35.5	165.0	5.6
Denmark	42.7	41.0	27.0	43.7	154.5	5.2
African Development Bank	32.2	17.6	47.0	35.0	131.7	4.4
Germany	22.3	35.6	31.4	38.8	128.1	4.3
Japan	34.5	20.3	36.5	35.6	126.9	4.3
Sweden	20.7	29.5	44.7	17.7	112.5	3.8
Ireland	17.9	18.0	29.3	25.4	90.7	3.1
Global Fund	5.1	26.6	44.7	7.0	83.4	2.8
China	4.3	41.1	7.8	27.4	80.6	2.7
Finland	7.6	18.3	14.8	22.1	62.8	2.1
Canada	2.4	15.3	7.6	7.0	32.3	1.1
IFAD	9.1	3.5	2.9	3.5	19.0	0.6
OPEC Fund	6.3	3.5	0.8	0.1	10.7	0.4
Nordic Development Fund	1.7	1.4	1.8	3.8	8.7	0.3
EXIM Bank of India	2.2	1.8	0.1	0	4.1	0.1
Kuwait Fund	1.5	0.0	0.0	0.9	2.4	0.1
BADEA	0.0	0.3	0.0	1.1	1.4	0.0
<b>Grand Total</b>	<b>588.7</b>	<b>668.5</b>	<b>856.9</b>	<b>857.0</b>	<b>2,971.2</b>	<b>100</b>

Source: Ministry of Finance and National Planning

*General budget support* refers to external resources channelled directly to the Government's budget. The provision of budget support indicates that Cooperating Partners agree on and buy into the Government's development objectives and policies. In 2005 the Government signed a Memorandum of Understanding with Cooperating Partners for the provision of budget support targeted towards poverty reduction, 'Poverty Reduction Budget Support' (PRBS). General budget support disbursements increased from US\$ 111m in 2006 to US\$ 218m in 2009, bringing total general budget support for the four years to US\$ 674m (see Table 3.3 below). The EU and UK provided the largest amount of budget support amounting to US\$ 191m and US\$ 190m respectively over the period. *Sector budget support (SBS)* refers to external resources channelled through the budget earmarked for specific sectors. For instance, the EU support to Roads, Health and Public Expenditure Management and Financial Accountability (PEMFA) is provided in the form of SBS, as is the Global Fund support to the health sector which is channelled through Ministry of Finance and National Planning.

*Sector budget support (SBS)* refers to external resources channelled through the budget earmarked for specific sectors. For instance, the EU support to Roads, Health and Public Expenditure Management and Financial Accountability (PEMFA) is provided in the form of SBS, as is the Global Fund support to the health sector which is channelled through Ministry of Finance and National Planning.

**Budget Support by Cooperating Partner, 2006 – 2009, US\$ million**

	2006	2007	2008	2009	Total
<b>General Budget Support Grants</b>	Actual	Actual	Actual	Actual	Actual
EU	39.5	41.6	32.9	77.4 <sup>7</sup>	191.4
Finland	0.0	6.8	7.9	7.1	21.8
Germany	0.0	6.8	6.8	12.9	26.5
Netherlands	7.8	13.6	14.7	13.5	49.6
Norway	14.4	19.0	33.9	27.1	94.4
Sweden	6.8	14.3	15.0	0.0	36.1
UK	42.2	47.4	52.8	47.4	189.8
<b>Sub Total</b>	<b>110.7</b>	<b>149.5</b>	<b>164.0</b>	<b>185.4</b>	<b>609.6</b>
<i>Kwacha Equivalent – billion</i>	398.7	597.9	614.5	935.5	2,546.6
<b>General Budget Support Loans</b>					
Africa Development Bank	0.0	0.0	31.8	23.0	54.8
World Bank	0.0	0.0	0.0	9.6	9.6
<b>Sub Total</b>	<b>0.0</b>	<b>0.0</b>	<b>31.8</b>	<b>32.6</b>	<b>64.4</b>
<b>Total General Budget Support</b>	<b>110.7</b>	<b>149.5</b>	<b>195.8</b>	<b>218.0</b>	<b>674.0</b>
<i>Kwacha Equivalent – billion</i>	398.7	597.9	733.7	1,099.8	2,830.0
<b>Sector Budget Support Grants</b>					
EU Roads	23.6	0.0	37.9	0.0	61.5
EU PEMFA	0.0	2.1	0.0	5.2	7.3
EU Health		6.5	4.3	14.8 <sup>8</sup>	25.6
The Global Fund – MOF	1.9	0.6	5.9	0.2	8.6
<b>Sub Total</b>	<b>25.5</b>	<b>9.2</b>	<b>48.1</b>	<b>20.2</b>	<b>103.0</b>
<b>Total Budget Support</b>	<b>136.2</b>	<b>158.7</b>	<b>243.9</b>	<b>238.2</b>	<b>777.0</b>
<i>Kwacha Equivalent – billion</i>	490.5	634.8	914.0	1,201.7	3,240.9
<b>Total Budget Support - Grants Only</b>	<b>136.2</b>	<b>158.7</b>	<b>212.1</b>	<b>205.6</b>	<b>712.7</b>
<i>Kwacha Equivalent – billion</i>	490.5	634.7	794.9	1,037.4	2,957.5

*Source: Ministry of Finance and National Planning and CPs*

**JC 8.6: Aid modality combinations were the result of complementarity with other donors**

Since the EU Code of Conduct for the implementation of complementarity and division of labour (DOL) in development policy was adopted in 2009 only, it obviously could not have been used in / applied to the EDF8, 9 and 10 strategic/programming documents, since these had been concluded earlier already. But there is evidence that, even ahead of their codification, the principles listed in the Code and in the Division of Labour documents have already provided strong guidance to the elaboration of the strategic/programming documents determining donors' (and particularly EU's) aid modalities in Zambia. This complementarity and Division of Labour was especially facilitated through the Joint Assistance Strategy for Zambia (JASZ) institutional and strategic coordination framework.

In Zambia, formal donor coordination and harmonisation has been pioneered from the very onset of the 2001-2010 period under review by this evaluation onwards, as evidenced by the list of policy agreements on the subject: HIP in 2003, WHIP in 2004, the Poverty Reduction Budget Support Memorandum of Understanding (PRBS-MoU) in 2005, the Zambia Aid Policy and Strategy in 2006, the Joint Assistance Strategy for Zambia (JASZ) in 2007, and the successor JASZ-II recently on 18 November 2011 for the period 2011-2015.

In execution of the Paris Declaration aid effectiveness agenda, the first Joint Assistance Strategy for Zambia (JASZ) was signed in May 2007 by 17 CPs present in the country, including an agreed Division of Labour (DOL) matrix. The JASZ is the CPs response to the Fifth National Development Plan (FNDP) and the Aid Policy, also adopted in 2007 by GRZ. The Policy states that budget support is the government's preferred aid modality. The EDF10 CSP Mid-Term Review made reference to the 2007 Paris

Monitoring survey conducted in 2008 which showed a number of improvements in implementing the Paris Agenda (PA) in Zambia, notably with respect to CPs alignment, the use of country systems, and aid predictability. Challenges remain in the areas of coordinated technical cooperation, number of PIUs, and on mutual accountability. In response to the launch of the Sixth NDP in February 2011, a JASZ II (including a revised DOL table) has been finalised and signed by the 15 CPs on 28 November 2011. The EU DOL Fast Track Initiative has been playing an important role in stimulating the debate within the CP group but also between the CPs and Government.

A first plan for the Division of Labour (sectors) between cooperating partners has been agreed in 2006, based on the FNDP 2006-2010 framework. At the same time, the terms of reference for lead and active cooperating partners in each sector have been prepared. The EC Delegation assumed the position of lead-cooperating partner for macroeconomic/budget support and for the transport sector, as well as for food security under the agriculture sector and for mining under the private sector. The Delegation remains an active donor, with responsibilities in the context of the specific sector dialogues, in a number of other sectors (health, education, agriculture, private sector, governance...). Moreover, the EUD assumed (together with Germany and the UNDP) the responsibility of the WHIP coordination from mid-2006.

The 2007 JAR indicated that the JASZ is the adequate instrument to progress towards further coordination and harmonisation, in line with the requirements of the Cotonou Agreement. It also confirmed that the EU joint programming is fully compatible with this wider JASZ agreement and that coordination between EU partners must be coherent with this wider agreement. The October 2009 Mid-Term Review report of the EDF10 CSP for Zambia concluded with regard to the status of the Division of Labour and aid effectiveness in Zambia that the aid effectiveness agenda is progressing well with a Joint Assistance Strategy for Zambia signed and an agreed Division of Labour and aid effectiveness.

That the JASZ has been instrumental in strengthening the coordination and complementarity between the Cooperating Partners, also with regard to the aid modality combinations, was reconfirmed by an evaluation of the JASZ in March 2010 which summarised the main achievements / strengths of the JASZ as including the following: (i) Improved sector level coordination among CPs with genuine attempts to try other methods of shared working, such as delegated cooperation; (ii) More coordinated responses to GRZ and some decrease of bilateral demands on Ministerial time; (iii) Improved alignment to GRZ priorities as outlined in the FNDP; (iv) Inclusion of both PRBS and non-PRBS cooperating partners in JASZ processes. The evaluation of the first JASZ, however, also identified a number of shortcomings. While harmonisation and alignment of CPs engagement has improved, it has been less effective in enhancing GRZ ownership, building mutual accountability between government and CPs and managing for results. In addition the evaluation noted that: (i) While some Sector Advisory Groups (SAG) perform well, others are less effective; (ii) Although described as a strategy, the JASZ lacked targets, an implementation plan and performance indicators. This limited the implementation of the JASZ as well as the ability to monitor progress; (iii) There is no obvious reduction of the number of projects in health or education, although coordination around government leadership has greatly improved; (iv) Transaction costs remain high for those taking the lead in particular sectors, and most importantly (v) Although the JASZ has led to better processes, there is less evidence of a contribution to improved development outcomes.

These latter challenges and concerns were especially brought to the attention of the evaluation team during the field visit interviews and consultations of last December 2011. The general mood was one of potentials not fully utilised and further improvements needing to be made in the JASZ processes and tools, which were put forward in a constructive way as special challenges for the successor JASZ-II.

This more critical assessment of the capacity of the JASZ to generate effective CP coordination and harmonisation and DOL, and of the quality of harmonisation in general also emerges in the more recent evaluations and reports covering the last two years of the here reviewed 2001-2010 ten year period. This is the period wherein serious governance issues emerged in the transport and health sectors, which entailed substantive repercussions on the CP harmonisation quality with different CPs reacting in different ways to the situation without the JASZ being able to synchronise and harmonise these reactions. The recent 2011 budget support evaluation for example in this connection analysed: "The root causes of this lack of harmonisation relate to the disagreement among cooperating partners about the hierarchy of budget support objectives: Some cooperating partners see the provision of funding to alleviate poverty as the main objective of budget support, while others give priority to institutional or governance reforms. Thus, cooperating partners were often unable to offer joint and consistent priorities to the GRZ through dialogue and incentives. Interference from headquarters, who responded more to domestic political situations than to Zambia's needs, hindered the harmonisation and alignment attempts being made by aid managers in Lusaka... Cooperating partners, especially in times of crisis,

have to rank the relative importance of these two goals in order to send credible and coherent signals to the recipient government. In Zambia, the relative priority given to governance promotion as opposed to financing poverty alleviation has varied from partner to partner. This has complicated any possible joint approach of the PRBS group in the dialogue process.”

Moreover, a deeper analysis learns that the CP harmonisation not exceptionally is confined to the political dialogue level only, not necessarily entailing effective repercussions on the operational and programme execution levels, where it often stayed “business-as-usual”. This was attested to on different occasions during the field interviews and is confirmed in studies as for example the recent budget support evaluation which concluded to an incomplete harmonisation and alignment. It related these weaknesses to a lack of administrative capacity and coherence as well as to a declining political will. The latter have made it impossible for cooperating partners to rely on a purely alignment-based harmonisation strategy. On the one hand, cooperating partners have, at least partly, taken on the challenge of harmonisation and substantial progress has been made in setting up dialogue structures and a common conditionality framework. However, a closer look at conditionality, disbursement mechanisms, the dialogue process and knowledge management reveals several flaws in the harmonisation and alignment process.

The current evaluation field interviews confirmed and made it further clear that the biggest harmonisation challenges ahead are situated at the operational level, particularly with regard to the harmonisation of planning, management, monitoring and evaluation systems, covering all hierarchical levels from below district to national level and covering all sectors and thematic areas. (I-8.6.1)

Donor mapping of sectoral involvement and their perceived comparative advantages were used in strategic responses of the EU as a basis for decisions on modalities. Particularly the JASZ and the Division of Labour (DOL) provide the broader strategic framework for this donor mapping of sectoral involvement and their perceived comparative advantages, including for the EU and the EU Member States. The DOL analysis is used for the identification and selection process of the Lead Cooperating Partners (CPs) for each of the sectors from the National Development Plan, and with for each of the sectors also the active CPs listed. The version as of January 2009 of this Division of Labour matrix under the JASZ is included in the 2009 Mid-Term Review of the EDF10 CSP. It confirms the EC leading two NDP sectors (Macro-economics and transport), active in five other sectors (Agriculture, Education, Governance, Health and Private Sector Development) and phasing out in two, energy and water. The JASZ-II Division of Labour matrix 2012-2015 attached to the JASZ-II agreement signed by the CPs on 18 November 2011 lists the EU as “lead” in four sectors / thematic areas of (i) Transport, (ii) Agriculture, Livestock & Fisheries, (iii) Governance and (iv) Macroeconomics, and furthermore as “active” in the sector of health.

These JASZ-DOL mappings of donors and their perceived comparative advantages with assignment accordingly of main responsibilities for the different NDP sectors, also inherently cover the dialogue on the preferred options and decision making on aid modalities. The summary table on aid effectiveness / donor matrix regarding planned donor disbursements has for each of the sectors also the applied aid modality (GGS, SBS, SWAP, project grant, project loan) explicitly mentioned. The summary Division of Labour tables determine for each of the NDP sectors the involved Cooperating Partners and with for each of them also determined whether they are lead or just active CP. The June 2006 table for example is included under Annex 6 of the EDF10 CSP/NIP document and thus provides ample evidence that for the design of the EDF10 EU response strategy (the CSP/NIP 2008-2013) donor mapping of sectoral involvement and their perceived comparative advantages were used in strategic responses as a basis for decisions on modalities.

From the December 2011 field evaluation interviews with EUD and EU Member States it was learned that the function and responsibility of the JASZ with regard to the DOL is confirmed for the EUD and the EU Member States, but at the same time that it is preferred to have a stronger preparatory consultation process amongst the EUD and EU Member States ahead of the broader overall JASZ and SAGs meetings. Not without importance probably also is that, as illustrated in the MoFNP 2009 Development Cooperation Report, the European Union which disbursed US\$ 424m over the period (14 per cent of the total) is the largest contributor amongst the Cooperating Partners (I-8.6.2)

“Orphan” and “darling” sectors have been actively discussed with other donors with a view to levelling out donor involvement across sectors. The 2009 EU Toolkit for the implementation of complementarity and Division of Labour in development policy includes cross-sector complementarity as one of the key dimensions of DOL complementarity. Cross-sector complementarity tries to remedy situations at country level where some sectors receive much more donor attention (“the darling sectors”) than other (“the orphan sectors”). This cross-sector complementarity is one of the key issues taken up by the JASZ. But

also in the EDF10 CSP/NIP document of 2007 this cross-sector complementarity was already taken on “avant-la-lettre” for designing the country strategy and indicative programme, complementary to the EU member states and other EU inputs as for example from the EIB.

For most of the review period, the DOL harmonisation, complementarity and alignment efforts of the Cooperating Partners in relation to the National Development Plan has even gone beyond the JASZ partners. Since 2003, the Government in collaboration with some pioneer cooperating partners (Nordic Plus Group) developed a framework for harmonisation and alignment. In April 2004, the “Memorandum of Understanding for Harmonisation of Government / Donor Practices for Aid Effectiveness in Zambia”, often referred to as the Wider Harmonisation in Practice (WHIP) agreement, was signed by 10 cooperating partners. By 2006, the Memorandum had been signed by all the EU Members States represented in Zambia, the EC and the main non-EU cooperating partners (I-8.6.3)

Field Visit Additional Information on EQ 8:

**JASZ-II (2011), p14; Chapter 3.1 – Principles of Cooperation with focus on Managing for Development Results:** This chapter outlines the three main principles that guide cooperation under the JASZ II: (1) Results orientation; (2) Working in partnership, and; (3) Domestic accountability.

**3.1. Development Results – 3.1.1. Managing for Results: Why.** ... the objective of JASZ II it to deliver aid effectively and with mutual accountability to support the development results as described in the SNDP. Managing for results will therefore receive more emphasis during the course of the SNDP. This entails managing and implementing ODA in ways that focuses on desired results rather than just outputs, and using systematic information to improve decision making. Many CPs in Zambia (as in other countries) are placing increased emphasis on value for money and achieving development results for their aid. Different tools will be put in place to support the focus on development and aid effectiveness results.

**MoFNP – 2011 Budget Address Minister of Finance and National Planning to Parliament; Revenue Estimates and Measures (2010) Par. 150; Summary of the estimates of revenue and financing to support expenditure in 2011:**

**Total Resource Envelope for the 2011 Budget**

	( K billion )		% of total
<b>Tax Revenues</b>		<b>15,230.1</b>	<b>74.16%</b>
<b>Direct Taxes</b>	<b>7,800.8</b>		<b>37.98%</b>
Company Income Tax	1,337.1		6.51%
Other Income Taxes	894.7		4.36%
Pay As You Earn	3,710.6		18.07%
Mining tax	1,858.4		9.05%
o/w Mineral Royalty Tax	404.7		1.97%
Mining Tax Arrears	554.8		2.70%
<b>Value Added Tax</b>	<b>3,998.8</b>		<b>19.47%</b>
Domestic	828.5		4.03%
Import	3,170.3		15.44%
<b>Customs and Excise Duty</b>	<b>3,430.5</b>		<b>16.70%</b>
Customs Duty	1,674.5		8.15%
Excise Duty	1,756.0		8.55%
o/w Fuel Levy	313.8		1.53%
<b>Non-Tax Revenue</b>		<b>539.0</b>	<b>2.62%</b>
<b>Total Domestic Revenues</b>		<b>15,769.1</b>	<b>76.78%</b>
<b>Domestic Financing</b>		<b>1,219.8</b>	<b>5.93%</b>
<b>Total Domestic Revenues and Financing</b>		<b>16,988.9</b>	<b>82.72%</b>
<b>Total Foreign Grants and Loans</b>		<b>3,548.5</b>	<b>17.28%</b>
<b>Grants</b>	<b>1,587.7</b>		<b>7.73%</b>



Direct Budget Support	586.6		2.86%
Project Support o/w SWAPS	1,001.1 220.5		4.87% 1.07%
<b>Foreign Financing</b>	<b>1,960.8</b>		<b>9.55%</b>
Project Financing	1,762.0		8.58%
Budget Financing	198.8		0.97%
<b>Total Revenue and Financing</b>		<b>20,537.4</b>	<b>100.00%</b>

Note: Percentages added by the Evaluators

**MoFNP – 2009 Budget Address Minister of Finance and National Planning to Parliament; Revenue Estimates and Measures (2009, p19; Summary of the estimates of revenue and financing to support expenditure in 2011:**

**MoFNP Estimates of Revenues for 2009**

	( K' billion )		In % of Total
<b>Tax Revenues</b>		<b>10,191.6</b>	<b>66.70%</b>
<b>Direct Taxes</b>	<b>4,530.0</b>		29.65%
Company Income Tax	1,104.0		7.23%
Pay As You Earn	2,692.5		17.62%
Other Income Taxes	579.0		3.79%
Mineral Royalty Tax	154.4		1.01%
<b>Value Added Tax</b>	<b>2,549.9</b>		<b>16.69%</b>
<b>Customs and Excise duty</b>	<b>3,111.6</b>		20.37%
Customs duty	1,452.5		9.51%
Excise duty	1,659.1		10.86%
o/w fuel levy	308.5		2.02%
<b>Non-Tax Revenue</b>		<b>454.3</b>	<b>2.97%</b>
User Fees and Charges	<b>353.3</b>		2.31%
Exceptional revenue	<b>34.8</b>		0.23%
Dividends, Interest & other Levies	<b>66.2</b>		0.43%
<b>Domestic Financing</b>		<b>1,069.0</b>	<b>7.00%</b>
<b>Total Domestic Revenues And Financing</b>		<b>11,714.9</b>	<b>76.67%</b>
<b>Total Foreign Grants And Loans</b>		<b>3,564.1</b>	<b>23.33%</b>
<b>Grants</b>	<b>2,768.6</b>		<b>18.12%</b>
Direct Budget Support	810.1		5.30%
Sector Budget Support	409.6		2.68%
Project Support	1,548.9		10.14%
o/w SWAPS	643.8		4.21%
<b>Foreign Financing</b>	<b>795.5</b>		<b>5.21%</b>
Project Financing	580.5		3.80%
Budget Financing	215.0		1.41%
<b>Total Revenue And Financing</b>		<b>15,279.0</b>	<b>100.00%</b>

**MoFNP Development Cooperation Report (2010) pp. 20-21; Chapter 4.2.1 – External Assistance Disbursement by Sector:** (Below) Table 4.3 shows that Government in collaboration with Cooperating Partners projected to mobilise up to US\$ 3,319m as external assistance. Key sectors that were projected to receive this funding were infrastructure, health and HIV/AIDS, education, and agriculture with projected proportions of 25, 23, 14, and 12 per cent of the mobilised external resources. Actual disbursements to the sectors between 2006 and 2009 are shown in Column 4 of Table 4.3, while Column 5 gives the corresponding shares. Over the four years 2006 to 2009 about US\$ 2,212.9m, or 67 per cent of projected external financing for the FNDP period, was disbursed to the various sectors. In ad-

dition, US\$ 758.3m was disbursed as non-sector allocable funding, including general budget support. Sectors such as Education, Health and HIV/AIDS received close to the projected external resources and in cases such as Governance more than the projected amounts. Other sectors such as Agriculture, Energy and Mining, Environment, Lands and Natural Resources, Infrastructure, Tourism and Water and Sanitation received far much less than was projected.

**Table 4.3 Development Assistance Disbursements by Sector, 2006 – 2009**

	FNDP Projected External Financing		Actual Disbursements		Difference between Actual and Projected	
	2006 – 2010		2006 - 2009		Variance (US\$ million)	Actual as a percent of Projected
	US\$ million	Proportion by sector	US\$ million	Proportion by sector		
Agriculture and Food Security	410	12	121.4	6	(289)	30
Democratic Governance	74.9	2	87.4	4	13	117
Economic Governance	88.2	3	86.7	4	(2)	98
Education	477.2	14	423.1	19	(54)	89
Energy and Mining	63.7	2	28.6	1	(37)	42
Environment, Lands and Natural Resources	134.8	4	53.7	2	(81)	40
Disaster Management	0	0	125.5	6	126	-
Gender	0	0	3.9	0.1	4	-
Health and HIV/AIDS	775.9	23	662.1	30	(114)	85
Infrastructure	829	25	276.2	13	(553)	33
Public Administration	28.7	1	50.8	2	22	177
Security and Defence	0	0	4.7	0.2	5	
Social Protection	-	-	28.8	1	-	-
Tourism, Wildlife and Culture	53.8	2	5.2	0.2	(49)	10
Trade, Industry and Private Sector Development	43.1	1	105.4	5	62	245
Water and Sanitation	294.6	9	152.3	7	(142)	52
Other	44.6	1	-	-	-	-
<b>Total</b>	<b>3,319.0</b>	<b>100</b>	<b>2,212.9<sup>18</sup></b>	<b>100</b>	<b>(1,106.1)</b>	<b>67</b>

*Source: Ministry of Finance and National Planning*

## Evaluation Matrix Support Section for EQ 8 on Aid Modalities and Aid Efficiency:

### Aid Modalities Differentiated Portfolio Analysis of EDF Funding to Zambia 2001-2010

#### **Overall Portfolio Analysis Table**

- Table PF-1 Portfolio list of Zambia bilateral EDF funding in the period 2001-2010), by EDF CSP-NIP (EDF8, 9 and 10)

#### **Portfolio Analysis by Aid Method / Modality Tables and Graphics**

- Table PF-2 Portfolio list of Zambia bilateral EDF funding under EDF8, EDF9 and EDF10 (period 2001-2010), by aid method / modality
- Table PF-3 Zambia CSP-NIP portfolio summary table of EDF8, 9 and 10 bilateral funding (period 2001-2010), by aid method / modality
- Figure PF-1 Breakdown of total EDF resources allocation to Zambia in the period 2001-2010 by aid method / modality
- Figure PF-2 Trends in total EDF commitments by aid modality in the period 2001-2010 (for EDF8, 9 and 10)
- Figure PF-3 Actually paid in percentage of total commitments, broken down by aid modality and per EDF in the period 2001-2010
- Figure PF-4 Trend in total number of EDF projects by EDF cycle in the period 2001-2010 with breakdown by aid modality

#### **Portfolio Analysis by Method of Implementation / Management Mode Tables**

- Table PF-4 Portfolio list of Zambia bilateral EDF funding in the period 2001-2010, by method of implementation / management mode
- Table PF-5 Zambia CSP-NIP portfolio summary table of EDF bilateral funding (period 2001-2010), by method of implementation / management mode
- Figure PF-5 Breakdown of total EDF resources allocation to Zambia in the period 2001-2010, by method of implementation / management mode
- Figure PF-6 Trends in total EDF commitments by method of implementation / management mode in the period 2001-2010 (for EDF8, 9 and 10)
- Figure PF-7 Actually paid in percentage of total commitments, broken down by method of implementation / management mode and per EDF in the period 2001-2010
- Figure PF-8 Trends in total number of EDF projects by EDF cycle in the period 2001-2010 with breakdown by method of implementation / management mode

#### **Budget Support Portfolio Analysis Table**

- Table PF-6 List and totals of budget support funding under Zambia EDF8, 9 and 10, including financial data (period 2001-2010)

## **Aid Modality and Management Mode Differentiated Portfolio Analysis of European Development Fund (EDF) Funding to Zambia in the Period 2001-2010**

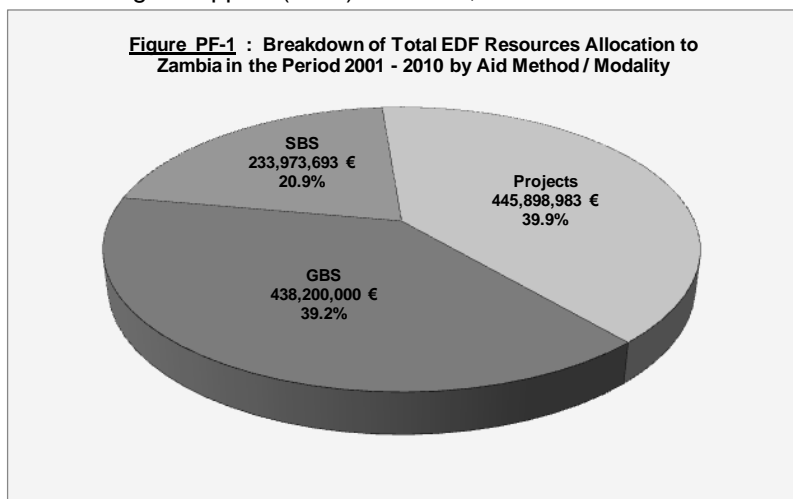
### **Overall Portfolio Analysis**

*Basis of the Aid Modalities Differentiated Portfolio Analysis:* The portfolio analysis of cooperation interventions financed from the EU's European Development Fund in the period 2001-2010 basically pertains to the EDF9 CSP-NIP period for Zambia covering the period 2001-2007 and the EDF10 CSP-NIP period as far as the first three years 2008 to 2010 are concerned. However substantive resources from the preceding EDF8 CSP-NIP have also been committed / allocated still in the 2001-2010 period under review. Also the non CSP-NIP interventions financed from EDF resources (e.g. vertical thematic budget lines programmes, ECHO humanitarian / emergency aid, sugar protocol, etc.) are included in the portfolio analysis. Basis of the portfolio analysis is the EU CRIS database status update of 31 May 2011. Additional sources of information concerning data for the variables aid method (column 7 of base portfolio listing table PF-1), methods of implementation / management mode (column 8), EU funding source / financing sources (column 9) and original FA maximum commitment (column 10), special remarks on financing (column 11) and originally planned closing date (column 14) have been used. These include in hierarchical order: (i) First and prevailing source of information: the original Financing Agreement, including the Technical and Administrative Provisions; (ii) then 2nd: Action Fiche; (iii) then 3rd: the Project Summary Sheet (CRIS); and then finally as 4th: the CRIS Detailed Decision Form. The cancelled projects (code CA in the CRIS database) have been filtered out. The following categories of CRIS database funding entries have been retained in the EDF portfolio for further analysis: (i) PO = provisional; (ii) EG = committed; (iii) EC Under implementation / execution, and; (iv) CL = Closed.

*The Overall Portfolio of EU Bilateral EDF Funding of the Zambia CSPs in the Period 2001-2010:* Total EU commitments for the Zambia country strategies and programmes (CSPs-NIPs) over the ten year period 2001-2010 from European Development Fund (EDF) resources amounted to €1,118 billion. Of this total, €267m (or 23.9% of the total) originate from the preceding EDF8 CSP/NIP, 34.8% from the 2001-2007 EDF9 CSP/NIP and 41.25% from the 2008-2013 EDF10 CSP/NIP. Of this total of committed / allocated resources, €946m (or 84.6%) has been contracted and €706m (or 63.1%) actually paid. A total of 64 interventions are in the Zambia 2001-2010 portfolio (23 from EDF8, 26 from EDF9 and 15 from EDF10). This corresponds to an average project/intervention funding size of €17.470m. The average project budget size increases over time, with an average intervention size of €11.626m for EDF8 projects, €14.980m for EDF9 projects and €30.748m for EDF10 projects approved and committed in the 2001-2010 period.

### **Portfolio Analysis by Aid Method / Modality**

*EDF Portfolio Analysis by Aid Method / Modality:* The portfolio analysis by aid method/modality is based on the three main categories of EU development cooperation aid: Project Approach (PA), Sector Budget Support (SBS)<sup>99</sup> and General Budget Support (GBS). Of the 1,118 million total EDF commitments to Zambia in the 2001-2010 period, 39.9% (or 446 million Euro) has been allocated through the project approach funding modality, an almost equal proportion of 39.2% (or 429 million Euro) through General Budget Support, and about one fifth (20.9% or 234 million Euro) through Sector Budget Support. There is a substantive increase over time of budget support, and especially of General Budget Support, as aid method / modality over the three EDF CSPs/NIPs in the 2001-2010 ten year period. Under



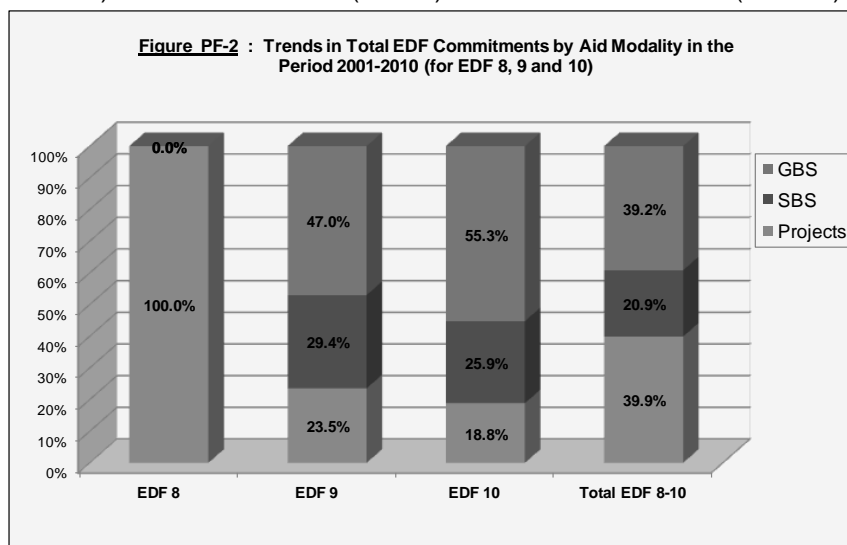
Source: EU CRIS database

<sup>99</sup> Sector Budget Support is also referred to as Sector Policy Support Programme (SPSP).

EDF8, all (100%) resources were still allocated under the “traditional” project approach cooperation modality. This PA proportion drastically reduced under the EDF9 to less than one quarter (23.5%) of all committed resources and further down to 18.8% under EDF10. From zero per cent under EDF8, the General Budget Support funding under EDF9 increased to almost half (47.0%) of all EDF9 resources (equivalent to 183 million Euro) and more than half (55.3%) of all EDF10 resources (€255m). Sector Budget Support saw an increase to about half the amounts of General Budget Support (€115m or 29.4% under EDF9 and €119m or 25.9% under EDF10).

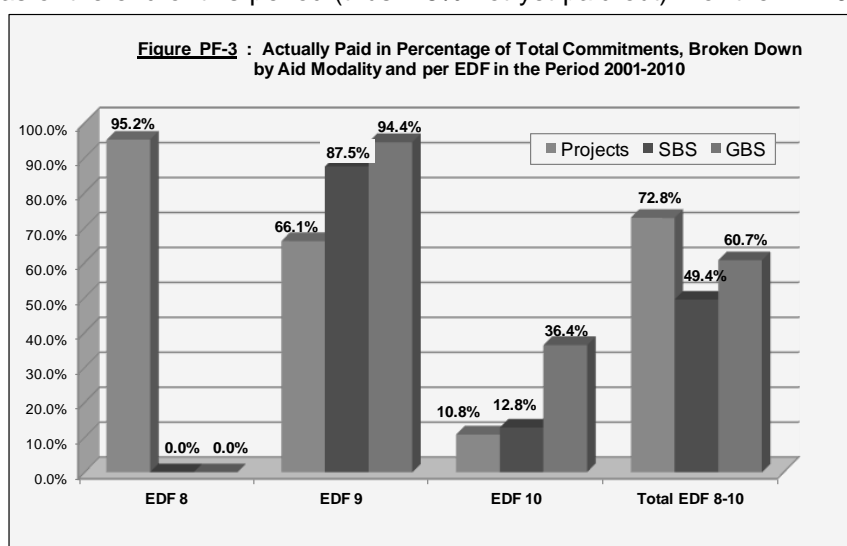
**EDF Aid Modality Portfolio Analysis of Number of Interventions and Average Intervention Size:** A total of four General Budget Support (GBS) bilateral fundings have been approved (three under EDF8 and one under EDF10) in the 2001-2010 period with an average size of €110m. With €255m, the one General Budget Support

approved so far under EDF10 is bigger than the combined three GBS commitments under EDF9 before (with an average size of €61m). Under both EDF9 and EDF10, three commitments for Sector Budget Support were made with an average size of respectively €38m and €39m. The number of project approaches decreased from 23 under EDF8 (with a total of €267m or €11.626m per project) to 20 under EDF9 (total €92m or €4.584m per project) and further down to 11 so far under EDF10 (total €87m or €7.894m per project).



Source: EU CRIS database

**Aid Modality Portfolio Analysis of Amounts Contracted and Paid:** To a certain extent, actual amounts paid and expenditures can be considered a proxy for measuring the efficiency of aid management. As far as the contracted and paid amounts per EDF strategy / programme cycle are concerned, a total of 95.2% of the (pre 2001-2010 period) EDF8 resources committed still in the 2001-2010 period have been contracted and paid out as of the end of this period (thus 4.8% not yet paid out). For the EDF9 covering the period 2001-2007, this amounts to 85.7%, implying that 14.3% of the committed EDF9 resources have not been paid yet (with 5.6% of the total committed EDF9 resources have not been contracted yet). In the first half period 2008-2010 of the total EDF10 six year period (2008-2013), about one fourth (25.5%) of the committed/allocated resources have been paid (68.0% of the committed EDF10 resources have been contracted). The portfolio efficiency analysis by aid method/modality expressed as per cent amount paid of total allocated/committed resources shows that 72.8% of the committed project approach resources in the ten year period 2001-2010 have been actually paid, against 60.7% for the GBS modality and 49.4% for the SPS modality. For EDF9 which covers the completed CSP-NIP cycle 2001-2007, the total paid amounts in percentage of the total allocated/committed resources amount to respectively 66.1% for the Project Approach, 94.4% for General Budget Support and 87.5% for Sector Budget Support.

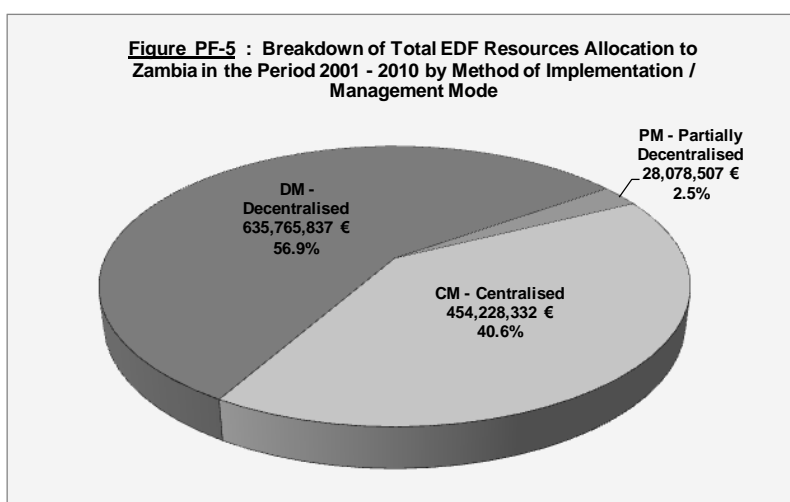


Source: EU CRIS database

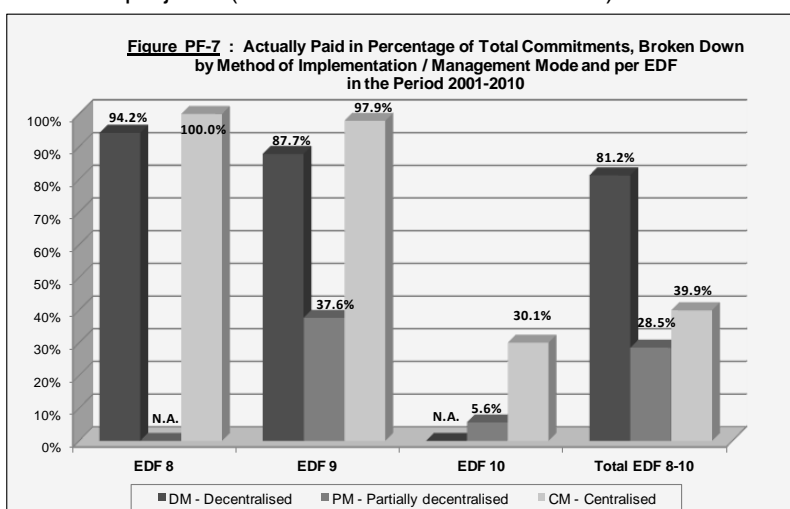
## Portfolio Analysis by Method of Implementation / Management Mode

**Basis of the Portfolio Analysis by Method of Implementation / Management Mode:** For the 2001-2010 EU support to Zambia portfolio analysis by method of implementation, also referred to as management mode, the following classification, principally based on the CRIS project summary sheets, is used: (i) DM = Decentralised management; (ii) PM or DPM = Partially decentralised management; (iii) CM = Centralised Management. This latter category also covers the special sub-categories CM-IO = Centralised management - Joint management with international organisation, and ICM-DA = Indirect centralised management - Delegation agreement. Thus “CM - Centralised Management” is a clustering of the three centralised management modes CM, CM-IO and ICM-DA.

**Portfolio Analysis by Management Mode:** Of the total EDF resources allocation to Zambia in the period 2001-2010, a total of 56.9% (or 636m Euro) were under decentralised management (DM), whereas 40.6% (or 454m Euro) were under Centralised Management (basically CM, but also CM-IO or ICM-DA) and 2.5% under Partially Decentralised Management as main management mode / modality. The management mode was fairly consistent under EDFs 8 and 9 with respectively 84.0% and 89.1% of the resources managed decentralised at Zambian level, but at the same time in terms of number of projects the proportion of centrally managed interventions increased. Under EDF10 a different picture emerged with the proportion of centrally managed interventions drastically increased both in number of projects (8 out of a total of 15 or 53.3%) as in terms of total committed resources (€389m out of a total of €461m, or 84.4%). These figures should be interpreted with caution since they can be directly related to an administrative reclassification of budget support projects under EDF10.<sup>100</sup> Overall for the entire portfolio over the 10 years period, a total of 81.2% of the committed resources has been paid as far as the decentralised interventions are concerned. These actually paid figures are considerably lower for the centrally managed resources (39.9% of the total committed) and the partially decentralised resources (28.5% of the total committed). A more accurate picture of this absorptive capacity efficiency proxy indicator is probably provided by the EDF9 figures concerned which cover the whole EDF9 originally envisioned strategy and programming cycle for 2001-2007 with respectively 87.7%, 37.6% and 97.9% of the committed resources also actually contracted and paid for DM, PM and CM interventions.



Source: EU CRIS database



Source: EU CRIS database

<sup>100</sup> In the summary identification table of the Technical and Administrative Provisions (TAPS) of budget support programmes under EDF 10 these are categorized under the item of “Management Mode”, these are categorized as “Centralised management” (e.g. the MDG Contract for Zambia 2009-2014). Sector Policy Support Programmes (SPSPs) as the SPSP Road Transport II are categorised as “centralised management” for the sector budget support, and “partially decentralised management” for the capacity development component. In case of double categorisation, the most prominent mode is featured in the portfolio analysis tables.

## Portfolio Analysis of Budget Support as Aid Modality<sup>101</sup>

*Overall and Sectoral Budget Support in the Zambia EDF Projects Portfolio 2001-2010:* Budget support as EU aid method / modality entered for the first time in the EDF9 country strategy / national indicative programme. Before, under EDF8, it had taken the format of Structural Adjustments Funds (SAF) under the SYSMIN system (e.g. SAF V – SYSMIN with a total budget of 106,6m Euro). The SAF SYSMIN assistance was a kind of budget support *avant-la-lettre*. Zambia was one of the first ACP countries to have General Budget Support (GBS) introduced in its CSP-NIP portfolio. This happened under EDF9 with the programme entitled “Poverty Reduction Budget Support Programme 2003-2008 (PRBS-01)” with a total budget of 108.2m Euro. This RBS consisted of one fixed annual amount and 5 variable tranches related to performance on both Public Finance Management (PFM) and Poverty Reduction Strategy Paper (PRSP) indicators. PRBS-2 covering the period 2007-2008 was organised along virtually the same performance based modalities (62m Euro, including 2m Euro complementary support). The accompanying EU support to public expenditure management (PEMFA) also took the format of General Budget Support with 10 semi-annual fixed tranches (total of 13 million EDF resources plus 2.5 million from other CPs) with complementary multi-donor support together with 8 other Cooperating Partners (CPs) for a total amount of 42.1m Euro. All PEMFA resources were paid (100%), whereas these payments amount to 99.36% for PRBS-1 and 84.64% for PRBS-2

*Sector Budget Support under EDF9:* Under EDF9, in addition three (3) Sector Budget Support (SBS or Sector Budget Support Policies) were launched in respectively (i) the basic education sector: 9-ACP ZA-007 – Support to the Education Strategic Plan – total commitment: 10 million Euro; (ii) the transport sector (9-ACP ZA-013 – Periodic Maintenance of Trunk, Main and District Roads – total commitment: 96 million Euro, and: (iii) the basic health sector (9-ACP ZA-025 – Retention of Human Resources for Health – total commitment: €8.57m). The basic education and the transport SBS only had fixed annual tranches (resp. 4 and 3), whereas the SBS tool for the health sector was more refined including both fixed and variable tranches. The basic education SBS got fully contracted and paid for 100%. For the transport sector this proportion of paid amounts in relation to the foreseen commitments stands at 86.12% as of the end of the 2001-2010 period. The basic health SBS got paid out 100% according to CRIS data, but this is a special case since project was closed on the request of the NAO following the misappropriation case (the original foreseen budget commitment from EDF resources was €10m).

*Budget Support under EDF10:* Under EDF10, the budget support tools for Zambia got further refined in line with the evolving official EU provisions, guidelines, rules and regulations. Under EDF10 (covering the CSP/NIP period 2008-2013) so far one GBS and three SBS interventions have been approved and budgetary resources committed for a total amount of 374.4m Euro. The bulk of the resources are allocated to the PRBS-3 – MDG Contract 1 programme in the amount of 255m Euro. This further refined SBS tool consists of both fixed annual and variable tranches, with the latter in turn consisting of two types: Annual PFM performance measured at the end of programme years 2 to 6 and in addition V-FLEX tranches related to the status of progress towards achievement of selective Millennium Development Goals (MDGs) for a total amount of 30m Euro, measured at the end of years 4 to 6. As of the end of 2010 (about halfway the programme), the total paid resources amount to 36.40% (93m Euro) of the total PRBS-3 commitment. The three committed Sector Budget Support programmes under EDF10 labelled as such concern respectively: (i) the basic health sector: 10-ACP ZA-005 – Supporting Public Health Service Delivery in Zambia – total commitment: €35m); (ii) the transport sector: 2<sup>nd</sup> Sector Policy Support Programme for the Road Sector – total commitment: €77m), and; (iii) the governance and civil society sector: 10-ACP ZA-007 – Supporting the electoral system in Zambia – total commitment: €7.4m. The latter in fact is a trust fund together with 7 Cooperating Partners at date of signing and with UNDP as lead. The EU component is managed by GiZ under Indirect Centralised Management – Delegation Agreement (ICM-DA) mode. The two former SPSPs are fully blown sector budget support programmes both consisting of annual fixed (resp. 3 and 4) and variable (resp. 3 and 3) tranches. Following the misappropriation case in the transport sector virtually none of the committed resources have been actually paid (only 0.27% or €204,846), whereas for the health project the paid amounts at the end of 2010 stood at 32.86% and for the governance programme at 48.38%.

<sup>101</sup> The list and totals of budget support funding under Zambia EDF-8, EDF-9 and EDF-10, including financial data, for the entire 2001-2010 period are included under portfolio analysis table PF-6 hereafter.

EC-JEU Country Level Evaluation Zambia (2011)  
 Aid Modalities Differentiated Portfolio Analysis of EDF Funding to Zambia over the Period 2001 - 2010

**Table PF-1 : Portfolio List of Zambia Bilateral EDF Funding in the Period 2001 - 2010) - By EDF CSP-NIP (EDF 8, 9 and 10) <sup>(1) (4) (5)</sup>**

V2 - 10 Jan 2011

Funding Identification and Implementation Details																EC Financial Data (in €)														
Seq. No	Project No.	Decision No. (CRIS)	Status <sup>(3)</sup>	Title	DAC Code	Sector	Aid Method / Modality <sup>(4)</sup>	Method of Implementation / Mngt. Mode <sup>(5)</sup>	EU Funding Source / Financing Source	Original FA Maximum Commitment	Special Remarks on Financing (Modalities) - if any	ZM Signature Date of FA	Starting Date	Originally Planned Closing Date (FA) <sup>6</sup>	Closing Date (DLE) <sup>2</sup>	Allocated / Committed		Contracted			Paid									
																In €	In % of Total 2001-10	In €	In % of Total 2001-10	Contracted in % of Allocated	In €	In % of Total 2001-10	Paid in % of Allocated							
1	8-ACP-ZA-019 9-ACP-ZA-002	FED/1999/014-310	CL	PUBLIC WELFARE ASSISTANCE SCHEME (PWAS)	15110	Government and civil society, general	PA	DM	EDF-8 NIP	1,160,000		03.03.1999	01.03.2000	29.02.2004	29.02.2004	1,072,059	0.10%	1,072,059	0.11%	100.00%	1,072,059	0.15%	100.00%							
2	8-ACP-ZA-020	FED/1999/014-315	CL	REHABILIT. KABWE-KAPIRI MPOSHI AND CHISAMBA ROADS (+7ZA025)	21020	Transport and storage	PA	DM	EDF-8 Sysmin	26,000,000	8th EDF Sysmin	01.03.1999	01.09.2000	30.04.2004	30.04.2005	16,757,544	1.50%	16,757,544	1.77%	100.00%	16,757,544	2.37%	100.00%							
3	na	FED/1999/014-498	CL	ECHO/ZMB/254/1999/01000- EMERGENCY HUMANITARIAN ASSISTANCE TO CONGOLESE REFUGEES	72010	Emergency Response	PA	CM	EDF-8 ECHO							1,500,000	0.13%	1,500,000	0.16%	100.00%	1,500,000	0.21%	100.00%							
4	8-ACP-ZA-030	FED/2000/014-789	CL	SUPPORT TO THE CULTURAL SECTOR	16061	Other social infra and services	PA	DM	EDF-8 NIP	1,970,000		05.01.2000		30.11.2003	30.11.2004	1,620,512	0.14%	1,620,512	0.17%	100.00%	1,620,512	0.23%	100.00%							
5	8-ACP-ZA-032	FED/2000/014-828	CL	FEASIBILITY STUDY LIVINGSTONE AIRPORT	21050	Transport and storage	PA	DM	EDF-8 NIP	334,730		28.01.2000	01.05.2000	30.09.2000	30.09.2000	334,730	0.03%	334,730	0.04%	100.00%	334,730	0.05%	100.00%							
6	8-ACP-ZA-034	FED/2000/014-875	CL	SUPPORT TO NAO'S OFFICE (+ 7ZA089 + 8ZA022)	15110	Government and civil society, general	PA	DM				31.03.2000	01.01.2000			1,697,081	0.15%	1,697,081	0.18%	100.00%	1,697,081	0.24%	100.00%							
7	na	FED/2000/014-938	CL	FEASIBILITY STUDY ON NRDC	31181	Agriculture	PA	DM	EDF-8 NIP	208,310		na	na	na	na	208,310	0.02%	208,310	0.02%	100.00%	208,310	0.03%	100.00%							
8	8-ACP-ZA-036	FED/2000/014-985	EC	PROGRAMME DE DIVERSIFICATION DU SECTEUR MINIER	32220	Mineral resources and mining	PA	DM	EDF-8 Sysmin	30,000,000	Sysmin	09.06.2000	01.12.2001	30.11.2007	02.11.2010	30,000,000	2.68%	28,441,816	3.01%	94.81%	19,968,480	2.83%	66.56%							
9	8-ACP-ZA-037/ 038/039/040/041/ 042/043/044	FED/2000/015-065	CL	SAF V - SYSMIN	32220	Mineral resources and mining	PA	DM	EDF-8 Sysmin	109,620,000	SAF, NIP and Sysmin	18.09.2000	01.09.2000	31.12.2002	31.12.2004	115,574,913	10.34%	115,574,913	12.21%	100.00%	115,574,913	16.37%	100.00%							
10	8-ACP-ZA-045	FED/2000/015-078	CL	MICROPROJECTS PROGRAMME II	16050	Other social infra and services	PA	DM	EDF-8 NIP	14,500,000	NIP			30.11.2005		13,745,114	1.23%	13,745,114	1.45%	100.00%	13,745,114	1.95%	100.00%							
11	na	FED/2000/015-191	CL	PROJECT FORMULATION ESSENTIAL ROAD MAINTENANCE INPUTS**	21020	Transport and storage	PA	DM								16,079	0.00%	16,079	0.00%	100.00%	16,079	0.00%	100.00%							
12	na	FED/2000/015-277	CL	EVALUATION PREQUALIF DOSSIERS & INTERNATIONAL RESTR DOSSIERS	15110	Government and civil society, general	PA	DM								23,577	0.00%	23,577	0.00%	100.00%	23,577	0.00%	100.00%							
13	na	FED/2001/015-394	CL	EVALUATION TENDER DOSSIERS EXPORT DEVELOPMENT PROGRAMME II	15110	Government and civil society, general	PA	DM								10,555	0.00%	10,555	0.00%	100.00%	10,555	0.00%	100.00%							
14	8-ACP-ZA-050	FED/2001/015-399	CL	CAPITAL INVESTMENT LINE II PROJECT_(21000, 22151)	32120	Industry	PA	CM-IO	EDF-8 NIP	40,000,000	Capital Investment Line global loan ia & b - EIB	16.02.2001	01.01.2001		31.12.2003	39,058,745	3.49%	39,058,745	4.13%	100.00%	39,058,745	5.53%	100.00%							
15	8-ACP ZA-051	FED/2001/015-454	CL	FORESTRY SUPPORT PROGRAMME	31220	Forestry	PA	DM	EDF-8 NIP	1,900,000		22.06.2001	01.03.2002	30.09.2005	30.09.2005	1,359,873	0.12%	1,359,873	0.14%	100.00%	1,359,873	0.19%	100.00%							
16	8-ACP-ZA-053	FED/2001/015-572	CL	LUMWANA STUDY	32220	Mineral resources and mining	PA	DM	EDF-8 NIP	7,000,000		13.07.2001	22.05.2001	31.12.2002	31.12.2002	7,000,000	0.63%	7,000,000	0.74%	100.00%	7,000,000	0.99%	100.00%							
17	na	FED/2002/015-781	CL	SUPPORT TO PLANNING AND BUDGETING REFORMS	15110	Government and civil society, general	PA	DM								462,332	0.04%	462,332	0.05%	100.00%	462,332	0.07%	100.00%							
18	8-ACP-ZA-108	FED/2002/015-804	CL	ECHO/zmb/254/2002/01000 EMERGENCY TO REFUGEES IN ZAMBIA	72010	Emergency Response	PA	CM-IO	EDF-8 ECHO	2,139,587	ECHO	31.01.2001	01.01.2002	30.06.2003	03.06.2002	2,139,587	0.19%	2,139,587	0.23%	100.00%	2,139,587	0.30%	100.00%							
19	8-ACP-ZA-055 9-ACP-ZA-010	FED/2002/015-858	EC	REHABILITATION OF LIVINGSTONE AND LUSAKA AIRPORTS AIRPORT RECONSTRUCTION AND REHABILITATION	21050	Transport and storage	PA	DM	EDF-8 NIP	11,250,000		18.07.2002	01.10.2003	30.09.2007	30.06.2011	13,450,000	1.20%	12,672,522	1.34%	94.22%	12,470,470	1.77%	92.72%							
20	na	FED/2002/015-876	CL	PRE-FEASIBILITY STUDY FOR A FEEDER ROADS PROGRAMME	21020	Transport and storage	PA	DM								63,570	0.01%	63,570	0.01%	100.00%	63,570	0.01%	100.00%							
21	8-ACP-ZA-059 9-ACP-ZA-023	FED/2002/016-047	EC	URBAN MARKETS DEVELOPMENT PROGRAMME	43030	Other multisector	PA	DM	EDF-8 & 9 NIPs	21,200,000	Financing under EDF-8 and 9	19.11.2002	10.12.2003	09.06.2009	15.01.2003	21,200,000	1.90%	21,136,456	2.23%	99.70%	19,268,450	2.73%	90.89%							
22	8-ACP ZA-060	FED/2003/016-151	CL	SUPPORT TO THE NAO FOR CLOSURE OF EDF COMMITMENTS	91010	Administrative cost of donors	PA	DM	EDF-8 NIP	79,500		06.02.2003	10.02.2003	30.06.2004	30.06.2004	79,500	0.01%	79,500	0.01%	100.00%	79,500	0.01%	100.00%							
23	8-ACP ZA-061	FED/2003/016-188	CL	PROJECT APPRAISAL & PREP FP FOR CONSERVATION FARMING	31130	Agriculture	PA	DM	EDF-8 NIP	14,704		18.03.2003	01.06.2003	31.07.2003	31.07.2003	14,704	0.00%	14,704	0.00%	100.00%	14,704	0.00%	100.00%							
<b>TOTALS EDF-8</b>										<b>23</b>										<b>267,376,831</b>			<b>267,388,785</b>	<b>23.92%</b>	<b>264,989,578</b>	<b>28.00%</b>	<b>99.10%</b>	<b>254,446,185</b>	<b>36.05%</b>	<b>95.16%</b>



Funding Identification and Implementation Details															EC Financial Data (in €)								
Seq. No.	Project No.	Decision No. (CRIS)	Status (3)	Title	DAC Code	Sector	Aid Method / Modality (4)	Method of Implementation / Mngt. Mode (5)	EU Funding Source / Financing Source	Original FA Maximum Commitment	Special Remarks on Financing (Modalities) - if any	ZM Signature Date of FA	Starting Date	Originally Planned Closing Date (FA) (6)	Closing Date (DLE) (2)	Allocated / Committed		Contracted			Paid		
																In €	In % of Total 2001-10	In €	In % of Total 2001-10	Contracted in % of Allocated	In €	In % of Total 2001-10	Paid in % of Allocated
1	9-ACP ZA-001	FED/2003/016-242	CL	REHABILITATION OF KAZUNGULA PONTOONS	21040	Transport and storage	PA	DM	EDF-9 NIP	380,000		19.08.2003	19.08.2003	31.12.2008	31.12.2008	370,336	0.03%	370,336	0.04%	100.00%	370,336	0.05%	100.00%
2	9-ACP ZA-003	FED/2003/016-305	CL	CAPACITY BUILDING IN DPT OF ECONOMIC AND TECHN. COOPERATION, MINISTRY OF FINANCE AND NATIONAL PLANNING	15111	Government and civil society, general	PA	DM	EDF-9 NIP	747,400	TA	19.09.2003	19.09.2003	31.12.2007	30.06.2008	743,068	0.07%	743,068	0.08%	100.00%	743,068	0.11%	100.00%
3	9-ACP ZA-005	FED/2003/016-366	EC	POVERTY REDUCTION BUDGET SUPPORT PROGRAMME 2003-2006 (PRBS01)	51010	General budget support	GBS	DM	EDF-9 NIP	117,000,000	General budget support with 1 fixed annual and 5 variable tranches (PFM and PRSP indicators performance related)	22.12.2003	22.12.2003	31/12.2008	31.12.2010	108,200,000	9.68%	108,180,921	11.43%	99.98%	107,509,599	15.23%	99.36%
4	9-ACP ZA-007	FED/2003/016-404	EC	SUPPORT TO THE EDUCATION STRATEGIC PLAN	11230	Basic education	SPSP	DM	EDF-9 NIP	10,000,000	Sector budget support consisting of 4 fixed annual tranches	15.03.2004	15.03.2004	31.12.2010	31.12.2010	10,002,243	0.89%	10,002,243	1.06%	100.00%	10,002,243	1.42%	100.00%
5	9-ACP ZA-008	FED/2003/016-534	CL	FEASIBILITY STUDY "REHABILITATION AND MAINTENANCE OF FEEDER ROADS IN ZAMBIA"	21020	Transport and storage	PA	DM	EDF-9 NIP	470,816		24.12.2003	05.11.2007	31.12.2007	31.12.2007	470,816	0.04%	470,816	0.05%	100.00%	470,816	0.07%	100.00%
6	9-ACP ZA-009	FED/2004/016-586	EC	TECHNICAL COOPERATION FACILITY	99810	Unallocated	PA	DPM	EDF-9 ACP	2,847,757	ACP TCF - Technical Cooperation Facility	25.05.2004	25.05.2004	31.10.2010	30.09.2011	2,847,757	0.25%	2,631,757	0.28%	92.42%	2,299,004	0.33%	80.73%
7	9-ACP ZA-014	FED/2004/016-972	EC	Capacity Building for Private Sector Development	32130	Industry	PA	DM	EDF-9 NIP	15,000,000		26.04.2005	26.04.2005	31.12.2012	31.12.2012	15,000,000	1.34%	13,830,987	1.46%	92.21%	12,216,548	1.73%	81.44%
8	9-ACP ZA-012	FED/2004/017-400	CL	ECHO/ZMB/EDF/2004/01000 HUMANITARIAN AID TO FACILITATE THE REPATRIATION TO ANGOLA OF ANGOLAN REFUGEES IN ZAMBIA	72010	Emergency Response	PA	CM-IO	EDF-9 ECHO	2,000,000	ECHO	07.09.2004	07.09.2004	31.12.2006	31.12.2006	2,000,000	0.18%	2,000,000	0.21%	100.00%	2,000,000	0.28%	100.00%
9	9-ACP ZA-011	FED/2004/017-408	CL	PROMOTION OF CONSERVATION FARMING AND CROP DIVERSITY	31161	Agriculture	PA	DM	EDF-9 NIP	1,970,000		26.11.2004	26.11.2004	31.12.2009	31.12.2009	1,601,322	0.14%	1,601,322	0.17%	100.00%	1,601,322	0.23%	100.00%
10	9-ACP ZA-013	FED/2004/017-416	EC	PERIODIC MAINTENANCE OF TRUNK, MAIN AND DISTRICT ROADS	21020	Transport and storage	SPSP	DM	EDF-9 NIP	70,000,000	Sector budget support with 3 annual fixed tranches	11.02.2005	17.12.2004	31.12.2011	31.12.2013	96,000,000	8.59%	95,134,941	10.05%	99.10%	81,711,354	11.58%	85.12%
11	9-ACP ZA-015	FED/2005/017-436	CL	ECHO/ZMB/EDF/2005/01000 HUMANITARIAN AID TO FACILITATE THE REPATRIATION TO ANGOLA OF ANGOLAN REFUGEES IN ZAMBIA	72010	Emergency Response	PA	CM-IO	EDF-9 ECHO	3,500,000	ECHO	07.03.2005	07.03.2005	31.12.2007	31.12.2007	3,500,000	0.31%	3,500,000	0.37%	100.00%	3,500,000	0.50%	100.00%
12	9-ACP ZA-016	FED/2005/020-661	CL	4TH MICORPROJECTS PROGRAMME IN ZAMBIA - COMPLEMENTARY FUNDING TO 8 ACP ZA 12 (	43010	Other multisector	PA	DM	EDF-9 NIP	1,423,891		19.09.2007	19.09.2007	31.12.2009	31.12.2009	1,423,891	0.13%	1,423,891	0.15%	100.00%	1,423,891	0.20%	100.00%
13	9-ACP ZA-017	FED/2006/017-955	EC	SUPPORT TO AGRICULTURAL DIVERSIFICATION AND FOOD SECURITY IN WESTERN AND NORTH WESTERN ZAMBIA	31110	Agriculture	PA	DM	EDF-9 NIP	15,000,000		19.12.2005	19.12.2005	31.12.2013	31.12.2013	15,000,000	1.34%	14,733,034	1.56%	98.22%	12,635,976	1.79%	84.24%
14	9-ACP ZA-018	FED/2006/017-956	EC	EC SUPPORT TO THE PUBLIC EXPENDITURE MANAGEMENT (PEMFA)	15111	Government and civil society, general	GBS	CM	EDF-9 NIP	15,500,000	15.5m GBS with 10 semi-annual fixed tranches and 42.1m complementary support (multi-donor with 8 other CPs)	22.03.2006	19.12.2005	31.12.2012	31.12.2012	13,000,000	1.16%	13,000,000	1.37%	100.00%	13,000,000	1.84%	100.00%
15	9-ACP ZA-025	FED/2006/018-559	CL	RETENTION FOR HUMAN RESOURCES FOR HEALTH	12281	Basic health	SPSP	DM	EDF-9 NIP	10,000,000	Sector budget support with fixed and variable tranches (closure request NAO)	04.12.2006	04.12.2006	30.11.2011	30.06.2011	8,571,450	0.77%	8,571,450	0.91%	100.00%	8,571,450	1.21%	100.00%
16	9-ACP ZA-024	FED/2006/018-569	EC	PRBS 02 (2007-2008)	51010	General budget support	GBS	DM	EDF-9 NIP	62,000,000	60m GBS and 2m complementary support	29.03.2007	04.12.2006	31.12.2011	31.12.2013	62,000,000	5.55%	53,017,437	5.60%	85.51%	52,478,486	7.43%	84.64%
17	9-ACP ZA-022	FED/2006/020-681	EC	ECHO/ZMB/EDF/2006/01000 HUMANITARIAN AID FOR VULNERABLE POPULATIONS SUFFERING THE CUMULATIVE EFFECTS OF DROUGHT AND AIDS	72010	Emergency Response	PA	CM-IO	EDF-9 ECHO	2,200,000	ECHO	27.03.2006	27.03.2006	31.12.2011	31.12.2008	2,200,000	0.20%	1,952,068	0.21%	88.73%	1,952,068	0.28%	88.73%
18	9-ACP ZA-026 9 ACP ZA-027	FED/2007/019-150	EC	Programme for the Institutional Development and Involvement of Non-State Actors in the Cooperation Between the European Commission and Zambian	92010	Support to NGOs	PA	DM	EDF-9 NIP	5,000,000	Only Financing Proposal (Not approved yet)	03.07.2007	03.07.2007	31.12.2012	31.12.2012	5,000,000	0.45%	0	0.00%	0.00%	0	0.00%	0.00%
19	9-ACP ZA-020	FED/2007/019-261	EC	CAPACITY BUILDING WITHIN THE DEPARTMENT OF ECONOMIC AND TECHNICAL COOPERATION	15111	Government and civil society, general	PA	DM	EDF-9 NIP	1,700,000		18.08.2006	18.08.2006		31.12.2011	1,700,000	0.15%	1,630,879	0.17%	95.93%	1,431,451	0.20%	84.20%
20	9-ACP RPR-116	FED/2007/019-313	EC	1st CIP Water Facility (163B) - Implementation of Integrated Water Resources Management in Zambia	14010	Water and Sanitation	PA	DPM	EDF-9 ACP	3,750,000	TPS Intra ACP Allocations	08.11.2007	24.07.2007	30.06.2013	07.11.2013	3,750,000	0.34%	3,501,403	0.37%	93.37%	2,381,862	0.34%	63.52%

Funding Identification and Implementation Details															EC Financial Data (in €)																											
Seq. No.	Project No.	Decision No. (CRIS)	Status (3)	Title	DAC Code	Sector	Aid Method / Modality (4)	Method of Implementation / Mngt. Mode (5)	EU Funding Source / Financing Source	Original FA Maximum Commitment	Special Remarks on Financing (Modalities - if any)	ZM Signature Date of FA	Starting Date	Originally Planned Closing Date (FA) 6	Closing Date (DLE) 7	Allocated / Committed		Contracted			Paid																					
																In €	In % of Total 2001-10	In €	In % of Total 2001-10	Contracted in % of Allocated	In €	In % of Total 2001-10	Paid in % of Allocated																			
21	9-ACP RPR-117	FED/2007/019-315	EC	1st CIP Water Facility (163A) - Support Improving Water Supply and Sanitation for the Urban Poor in Zambia	14010	Water and Sanitation	PA	DM	EDF-9 NIP	4,092,258	Basket funding with KMW and GTZ	10.03.2008	04.10.2007	31.12.2014	31.12.2014	4,092,258	0.37%	3,060,118	0.32%	74.78%	2,640,729	0.37%	64.53%																			
22	9-ACP ZA-021	FED/2007/019-642	EC	REHABILITATION OF THE ZIMBA-LIVINGSTONE ROAD	21020	Transport and storage	PA	DM	EDF-9 NIP	15,000,000		12.04.2006	12.12.2006	31.12.2015	31.12.2015	15,000,000	1.34%	13,159,556	1.39%	87.73%	9,033,349	1.28%	60.22%																			
23	9-ACP-RPR-119	FED/2007/020-837	EC	ECHO/ZMB/EDF/2007/01000 ASSISTANCE FOR THE REPATRIATION OF CONGOLESE REFUGEES FROM ZAMBIA TO THE DRC	72010	Emergency Response	PA	DM	EDF-9 ECHO	1,997,136	ECHO	10.08.2007	10.08.2007	15.03.2010	15.03.2010	2,000,000	0.18%	1,780,913	0.19%	89.05%	1,780,913	0.25%	89.05%																			
24	9-ACP SAD-023	FED/2007/020-866	EC	POST-FLOOD RECOVERY PROGRAMME IN ZAMBIA	72010	Emergency Response	PA	CM-IO	EDF-9 ECHO	1,500,000	ECHO	21.12.2007	21.12.2007	30.06.2011	30.06.2011	1,500,000	0.13%	1,318,540	0.14%	87.90%	1,281,680	0.18%	85.45%																			
25	9-ACP-ZA-028	FED/2008/019-727	EC	TECHNICAL COOPERATION FACILITY II (TCF II)	99810	Unallocated	PA	DPM	EDF-9 ACP	3,500,000	TCF - Technical Cooperation Facility	20.09.2007	20.09.2007	30.12.2012	31.12.2012	3,500,000	0.31%	3,105,355	0.33%	88.72%	2,875,890	0.41%	82.17%																			
26 <sup>7)</sup>	9-ACP-RPR-174	FED/2008/020-660	EC	RURAL ELECTRICITY INFRASTRUCTURES AND SMALL SCALE PROJECTS	23040	Energy generation and supply	PA	DPM	EDF-9 ACP	9,980,750	Intra-ACP-EU Energy Facility: EU contribution €9,980,750; REA €26,530,461	10.03.2008	07.12.2007	31.12.2015	31.12.2015	9,980,750	0.89%	8,993,566	0.95%	90.11%	0	0.00%	0.00%																			
<b>TOTALS EDF-9</b>																<b>26</b>											<b>374,860,008</b>								<b>389,453,891</b>	<b>34.83%</b>	<b>367,714,601</b>	<b>38.86%</b>	<b>94.42%</b>	<b>333,912,035</b>	<b>47.31%</b>	<b>85.74%</b>
2	10-ACP-ZA-002	FED/2008/020-931	EC	SUPPORTING ACTIONS AGAINST CHILD TRAFFIC AND CHILD LABOUR IN ZAMBIA	15140	Government and civil society, general	PA	CM-IO	EDF-10 NIP and Intra ACP	1,600,000	Complementary funding by Intra ACP TACKLE project .	19.08.2009	01.01.2008	19.08.2015	19.08.2015	1,600,000	0.14%	1,600,000	0.17%	100.00%	425,000	0.06%	26.56%																			
3	10-ACP-ZA-004	FED/2008/020-949	EC	PRBS 3 - MDG CONTRACT 1 - CRIS REF. 2008/199-76	51010	General budget support	GBS	CM	EDF-10 NIP	225,000,000	General budget support with fixed annual and variable tranches (2 types: annual performance Y2-6 and V-FLEX MDG-C tranches Y4-6) with V-FLEX component: 30m €	14.12.2009	17.12.2008	05.03.2017	05.03.2017	255,000,000	22.81%	255,000,000	26.95%	100.00%	92,812,500	13.15%	36.40%																			
4	10-ACP-ZA-005	FED/2008/020-950	EC	SUPPORTING PUBLIC HEALTH SERVICE DELIVERY IN ZAMBIA CRIS REF. 2008/198-54	12220	Basic health	SPSP	CM	EDF-10 NIP	35,000,000	Sector budget support: 3 annual fixed tranches and 3 variable tranches	09.04.2009	17.12.2008	09.04.2015	09.04.2015	35,000,000	3.13%	35,000,000	3.70%	100.00%	11,500,000	1.63%	32.86%																			
5	10-ACP-ZA-006	FED/2008/020-974	EC	SECOND SECTOR POLICY SUPPORT PROGRAMME - ROAD Sector CRIS REF. 2008/199-08	21020	Transport and storage	SPSP	CM	EDF-10 NIP	77,000,000	Budget support: 69.3m Eur - Complementary support: 7.7m. 4 fixed (09-12) and 3 (10012) variable tranches	03.07.2009	17.12.2008	03.07.2016	03.07.2016	77,000,000	6.89%	341,410	0.04%	0.44%	204,846	0.03%	0.27%																			
6	10-ACP-ZA-007	FED/2008/020-975	EC	SUPPORTING THE ELECTORAL SYSTEM IN ZAMBIA - CRIS REF. FED/2008/203-74	15151	Government and civil society, general	SPSP	CM-IO	EDF-10 NIP	7,400,000	Trust Fund with 7CPs at date of FA signing with UNDP lead	19.08.2009	01.01.2008	19.08.2015	19.08.2015	7,400,000	0.66%	7,400,000	0.78%	100.00%	3,580,000	0.51%	48.38%																			
7	10 EDF	FED/2009/021-385	EC	Urban Food Vouchers Project, Zambia	52010	Developmental food aid/Food security assistance	PA	CM-IO	EDF-10 NIP	4,630,000		21.12.2009	21.12.2009		30.06.2014	4,630,000	0.41%	4,600,000	0.49%	99.35%	3,680,000	0.52%	79.48%																			
8	10 EDF	FED/2009/021-433	EC	Technical Cooperation Facility (TCF) III	99810	Unallocated	PA	DPM	EDF-10 NIP	5,000,000	ACP TCF - Technical Cooperation Facility	05.05.2010	na	05.05.2015	05.05.2015	5,000,000	0.45%	1,302,064	0.14%	26.04%	450,845	0.06%	9.02%																			
9	10 EDF	FED/2009/021-628	EC	ECHO/ZMB/EDF/2009/01000	72010	Emergency Response	PA	CM-IO	EDF-10 ECHO	2,700,000	ECHO	na	na	15.10.2011	15.10.2011	2,700,000	0.24%	2,311,827	0.24%	85.62%	2,080,062	0.29%	77.04%																			
10	10 EDF	FED/2009/022-082	PO	Support to Statistics	16062	Other social infra and services	PA	DM	EDF-10 NIP	6,000,000						6,000,000	0.54%	0	0.00%	0.00%	0	0.00%	0.00%																			
11	10 EDF	FED/2010/021-651	EC	Support to the strengthening of the Justice Sector in Zambia: Access to Justice	15130	Government and civil society, general	PA	ICM-DA	EDF-10 NIP	6,000,000	Co-funding with GTZ: 1.5m Euro with project management delegated to GTZ	04.11.2010	07.07.2010	04.05.2016	04.05.2016	6,000,000	0.54%	6,000,000	0.63%	100.00%	2,739,383	0.39%	45.66%																			
12	10 EDF	FED/2010/021-973	EG	Aviation Sector Support Programme	21050	Transport and storage	PA	DPM	EDF-10 NIP	3,000,000	Joint management with WFP					3,000,000	0.27%	0	0.00%	0.00%	0	0.00%	0.00%																			
13	10 EDF	FED/2010/022-057	EG	Agriculture Sector Performance Enhancement Programme	31110	Agriculture	PA	DM	EDF-10 NIP	8,900,000	Basket funding (Finland & IFAD)					8,900,000	0.80%	0	0.00%	0.00%	0	0.00%	0.00%																			

Funding Identification and Implementation Details														EC Financial Data (in €)									
Seq. No.	Project No.	Decision No. (CRIS)	Status (3)	Title	DAC Code	Sector	Aid Method / Modality (4)	Method of Implementation / Mngt. Mode (5)	EU Funding Source / Financing Source	Original FA Maximum Commitment	Special Remarks on Financing (Modalities) - if any	ZM Signature Date of FA	Starting Date	Originally Planned Closing Date (FA) 6	Closing Date (DLE) 2	Allocated / Committed		Contracted			Paid		
																In €	In % of Total 2001-10	In €	In % of Total 2001-10	Contracted in % of Allocated	In €	In % of Total 2001-10	Paid in % of Allocated
14	10 EDF	FED/2010/022-275	PO	Support to National Authorising Officer (NAO), Ministry of Finance & National Planning, Zambia	15110	Government and civil society, general	PA	DM	EDF-10 NIP	4,000,000						4,000,000	0.36%	0	0.00%	0.00%	0	0.00%	0.00%
15	10 EDF	FED/2010/022-409	EG	Rehabilitation of the Great East Road (T4)	21020	Transport and storage	PA	DM	EDF-10 NIP	38,000,000						38,000,000	3.40%	0	0.00%	0.00%	0	0.00%	0.00%
16	10 EDF	FED/2010/022-712	PO	Support to Economic Governance: PFM reforms and Domestic Accountability	15111	Government and civil society, general	PA	DM	EDF-10 NIP	7,000,000						7,000,000	0.63%	0	0.00%	0.00%	0	0.00%	0.00%
<b>TOTALS EDF-10</b>		<b>15</b>								<b>431,230,000</b>						<b>461,230,000</b>	<b>41.25%</b>	<b>313,555,301</b>	<b>33.14%</b>	<b>67.98%</b>	<b>117,472,636</b>	<b>16.64%</b>	<b>25.47%</b>
<b>GRAND TOTALS EDFs 8, 9 and 10 in 2001-2010</b>				<b>64</b>						<b>1,073,466,839</b>						<b>1,118,072,676</b>	<b>100.00%</b>	<b>946,259,480</b>	<b>100.00%</b>	<b>84.63%</b>	<b>705,830,856</b>	<b>100.00%</b>	<b>63.13%</b>

**Notes:** (1) Base Source: CRIS database - Status update as of 31 May 2011, as reflected in the Country Level Evaluation Final Inception Report on pp. 106 - 111  
 Additional Sources of data for Aid method (column 7), methods of implementation / management mode (column 8), EU funding source / financing sources (column 9) and original FA maximum commitment (column 10), special remarks on financing (column 11) and originally planned closing date (column 14) are in hierarchical order: 1st: The original Financing Agreement; then 2nd: Action Fiche; then 3rd: the Project Summary Sheet (CRIS); and then 4th: the CRIS Detailed Decision Form

(2) CLE IR Closing date = DLE (End of Period of Execution)

(3) Classification of project cycle status codes (column 3): PO = Provisional, EG = Committed, EC = Under Implementation / Execution, CL = Closed, CA = Cancelled

(4) Classification of Aid Methods: PA = Project Approach; GBS = General Budget Support; SPSP = Sector Policy Support Programme (Sector Budget Support)

(5) Classification of Methods of Implementation / Management Modes: DM = Decentralised management; DPM = Partially decentralised management; CM = Centralised management; CM/O = Centralised management - Joint management with international organisation; ICM/DA = Indirect centralised management - Delegation agreement

(6) Originally planned closing date is the "end date of project execution" as determined in the Financing Agreement (FA), which comprises both the operational implementation phase and the closure phase.

(7) Project 9-ACP-RPR-174 "Rural Electricity Infrastructures and Small Scale Projects" has been re-categorized from original CLE IR project portfolio listing (see pp 106 to 110) under EDF-10 to EDF-09 in line with the TA and other project and CRIS documents, henceforth the differences in financial totals for the EDF 9 and EDF 10 portfolios.

**EC-JEU Country Level Evaluation Zambia (2011)**  
**Aid Modalities Differentiated Portfolio Analysis of EDF Funding to Zambia over the Period 2001 - 2010**

**Table PF-2 : Portfolio List of Zambia Bilateral EDF Funding under EDF-8, EDF-9 and EDF-10 (Period 2001 - 2010) - By Aid Method / Modality <sup>(1) (4) (5)</sup>**

V.2 - 10/01/2011

Funding Identification and Implementation Details											EC Financial Data (in €)							
Seq. No.	Project No.	Decision No. (CRIS)	Status (3)	Title	DAC Code	Sector	Aid Method / Modality (4)	Method of Implementation / Mngt. Mode (5)	EU Funding Source / Financing Source	Special Remarks on Financing (Modalities) - if any	Allocated / Committed		Contracted			Paid		
											In €	In % of Total 2001-10 EDF-X	In €	In % of Total 2001-10 EDF-X	Contracted in % of Allocated	In €	In % of Total 2001-10 EDF-X	Paid in % of Allocated
1	8-ACP-ZA-019 9-ACP-ZA-002	FED/1999/014-310	CL	PUBLIC WELFARE ASSISTANCE SCHEME (PWAS)	15110	Government and civil society, general	PA	DM	EDF-8 NIP		1,072,059	0.40%	1,072,059	0.40%	100.00%	1,072,059	0.42%	100.00%
2	8-ACP-ZA-020	FED/1999/014-315	CL	REHABILIT. KABWE-KAPIRI MPOSHI AND CHISAMBA ROADS (+7ZA025)	21020	Transport and storage	PA	DM	EDF-8 Sysmin	8th EDF Sysmin	16,757,544	6.27%	16,757,544	6.32%	100.00%	16,757,544	6.59%	100.00%
3	na	FED/1999/014-498	CL	ECHO/ZMB/254/1999/01000- EMERGENCY HUMANITARIAN ASSISTANCE TO CONGOLESE REFUGEES	72010	Emergency Response	PA	CM	EDF-8 ECHO		1,500,000	0.56%	1,500,000	0.57%	100.00%	1,500,000	0.59%	100.00%
4	8-ACP-ZA-030	FED/2000/014-789	CL	SUPPORT TO THE CULTURAL SECTOR	16061	Other social infra and services	PA	DM	EDF-8 NIP		1,620,512	0.61%	1,620,512	0.61%	100.00%	1,620,512	0.64%	100.00%
5	8-ACP-ZA-032	FED/2000/014-828	CL	FEASIBILITY STUDY LIVINGSTONE AIRPORT	21050	Transport and storage	PA	DM	EDF-8 NIP		334,730	0.13%	334,730	0.13%	100.00%	334,730	0.13%	100.00%
6	8-ACP-ZA-034	FED/2000/014-875	CL	SUPPORT TO NAO'S OFFICE (+ 7ZA089 + 8ZA022)	15110	Government and civil society, general	PA	DM			1,697,081	0.63%	1,697,081	0.64%	100.00%	1,697,081	0.67%	100.00%
7	na	FED/2000/014-938	CL	FEASIBILITY STUDY ON NRDC	31181	Agriculture	PA	DM	EDF-8 NIP		208,310	0.08%	208,310	0.08%	100.00%	208,310	0.08%	100.00%
8	8-ACP-ZA-036	FED/2000/014-985	EC	PROGRAMME DE DIVERSIFICATION DU SECTEUR MINIER	32220	Mineral resources and mining	PA	DM	EDF-8 Sysmin	Sysmin	30,000,000	11.22%	28,441,816	10.73%	94.81%	19,968,480	7.85%	66.56%
9	8-ACP-ZA-037/ 038/039/040/041/ 042/043/044	FED/2000/015-065	CL	SAF V - SYSMIN	32220	Mineral resources and mining	PA	DM	EDF-8 Sysmin	SAF, NIP and Sysmin	115,574,913	43.22%	115,574,913	43.61%	100.00%	115,574,913	45.42%	100.00%
10	8-ACP-ZA-045	FED/2000/015-078	CL	MICROPROJECTS PROGRAMME II	16050	Other social infra and services	PA	DM	EDF-8 NIP	NIP	13,745,114	5.14%	13,745,114	5.19%	100.00%	13,745,114	5.40%	100.00%
11	na	FED/2000/015-191	CL	PROJECT FORMULATION ESSENTIAL ROAD MAINTENANCE INPUTS**	21020	Transport and storage	PA	DM			16,079	0.01%	16,079	0.01%	100.00%	16,079	0.01%	100.00%
12	na	FED/2000/015-277	CL	EVALUATION PREQUALIF DOSSIERS & INTERNATIONAL RESTR DOSSIERS	15110	Government and civil society, general	PA	DM			23,577	0.01%	23,577	0.01%	100.00%	23,577	0.01%	100.00%
13	na	FED/2001/015-394	CL	EVALUATION TENDER DOSSIERS EXPORT DEVELOPMENT PROGRAMME II	15110	Government and civil society, general	PA	DM			10,555	0.00%	10,555	0.00%	100.00%	10,555	0.00%	100.00%
14	8-ACP-ZA-050	FED/2001/015-399	CL	CAPITAL INVESTMENT LINE II PROJECT_(21000, 22151)	32120	Industry	PA	CM-IO	EDF-8 NIP	Capital Investment Line global loan iia & b - EIB	39,058,745	14.61%	39,058,745	14.74%	100.00%	39,058,745	15.35%	100.00%
15	8-ACP ZA-051	FED/2001/015-454	CL	FORESTRY SUPPORT PROGRAMME	31220	Forestry	PA	DM	EDF-8 NIP		1,359,873	0.51%	1,359,873	0.51%	100.00%	1,359,873	0.53%	100.00%
16	8-ACP-ZA-053	FED/2001/015-572	CL	LUMWANA STUDY	32220	Mineral resources and mining	PA	DM	EDF-8 NIP		7,000,000	2.62%	7,000,000	2.64%	100.00%	7,000,000	2.75%	100.00%
17	na	FED/2002/015-781	CL	SUPPORT TO PLANNING AND BUDGETING REFORMS	15110	Government and civil society, general	PA	DM			462,332	0.17%	462,332	0.17%	100.00%	462,332	0.18%	100.00%
18	8-ACP-ZA-108	FED/2002/015-804	CL	ECHO/zmb/254/2002/01000 EMERGENCY TO REFUGEES IN ZAMBIA	72010	Emergency Response	PA	CM-IO	EDF-8 ECHO	ECHO	2,139,587	0.80%	2,139,587	0.81%	100.00%	2,139,587	0.84%	100.00%
19	8-ACP-ZA-055 9-ACP-ZA-010	FED/2002/015-858	EC	REHABILITATION OF LIVINGSTONE AND LUSAKA AIRPORTS AIRPORT RECONSTRUCTION AND REHABILITATION	21050	Transport and storage	PA	DM	EDF-8 NIP		13,450,000	5.03%	12,672,522	4.78%	94.22%	12,470,470	4.90%	92.72%

Funding Identification and Implementation Details											EC Financial Data (in €)							
Seq. No.	Project No.	Decision No. (CRIS)	Status (3)	Title	DAC Code	Sector	Aid Method / Modality (4)	Method of Implementation / Mngt. Mode (5)	EU Funding Source / Financing Source	Special Remarks on Financing (Modalities) - if any	Allocated / Committed		Contracted			Paid		
											In €	In % of Total 2001-10 EDF-X	In €	In % of Total 2001-10 EDF-X	Contracted in % of Allocated	In €	In % of Total 2001-10 EDF-X	Paid in % of Allocated
20	na	FED/2002/015-876	CL	PRE-FEASIBILITY STUDY FOR A FEEDER ROADS PROGRAMME	21020	Transport and storage	PA	DM			63,570	0.02%	63,570	0.02%	100.00%	63,570	0.02%	100.00%
21	8-ACP-ZA-059 9-ACP-ZA-023	FED/2002/016-047	EC	URBAN MARKETS DEVELOPMENT PROGRAMME	43030	Other multisector	PA	DM	EDF-8 & 9 NIPs	Financing under EDF-8 and 9	21,200,000	7.93%	21,136,455	7.98%	99.70%	19,268,450	7.57%	90.89%
22	8-ACP ZA-060	FED/2003/016-151	CL	SUPPORT TO THE NAO FOR CLOSURE OF EDF COMMITMENTS	91010	Administrative cost of donors	PA	DM	EDF-8 NIP		79,500	0.03%	79,500	0.03%	100.00%	79,500	0.03%	100.00%
23	8-ACP ZA-061	FED/2003/016-188	CL	PROJECT APPRAISAL & PREP FP FOR CONSERVATION FARMING	31130	Agriculture	PA	DM	EDF-8 NIP		14,704	0.01%	14,704	0.01%	100.00%	14,704	0.01%	100.00%
<b>EDF-8 - PA : Totals for "PA" - Project Approach</b>					<b># of "PA" Projects and in % of Total # of EDF-8 Projects</b>				<b>23</b>	<b>100%</b>	<b>267,388,785</b>	<b>100.00%</b>	<b>264,989,578</b>	<b>100.00%</b>	<b>99.10%</b>	<b>254,446,185</b>	<b>100.00%</b>	<b>95.16%</b>
<b>TOTALS FOR EDF-8</b>					<b>Total # of EDF-8 projects (2001-2010)</b>				<b>23</b>	<b>100%</b>	<b>267,388,785</b>	<b>100.00%</b>	<b>264,989,578</b>	<b>100.00%</b>	<b>99.10%</b>	<b>254,446,185</b>	<b>100.00%</b>	<b>95.16%</b>
3	9-ACP ZA-005	FED/2003/016-366	EC	POVERTY REDUCTION BUDGET SUPPORT PROGRAMME 2003-2006 (PRBS01)	51010	General budget support	GBS	DM	EDF-9 NIP	General budget support with 1 fixed annual and 5 variable tranches (PFM and PRSP indicators performance related)	108,200,000	27.78%	108,180,921	29.42%	99.98%	107,509,599	32.20%	99.36%
14	9-ACP ZA-018	FED/2006/017-956	EC	EC SUPPORT TO THE PUBLIC EXPENDITURE MANAGEMENT (PEMFA)	15111	Government and civil society, general	GBS	CM	EDF-9 NIP	15.5m GBS with 10 semi-annual fixed tranches and 42.1m complementary support (multi-donor: with 8 other CPs)	13,000,000	3.34%	13,000,000	3.54%	100.00%	13,000,000	3.89%	100.00%
16	9-ACP ZA-024	FED/2006/018-569	EC	PRBS 02 (2007-2008)	51010	General budget support	GBS	DM	EDF-9 NIP	60m GBS and 2m complementary support	62,000,000	15.92%	53,017,437	14.42%	85.51%	52,478,486	15.72%	84.64%
<b>EDF-9 - GBS : Totals for "GBS" - General Budget Support</b>					<b># of "GBS" Projects and in % of Total # of EDF-9 Projects</b>				<b>3</b>	<b>11.5%</b>	<b>183,200,000</b>	<b>47.04%</b>	<b>174,198,358</b>	<b>47.37%</b>	<b>95.09%</b>	<b>172,988,085</b>	<b>51.81%</b>	<b>94.43%</b>
4	9-ACP-ZA-007	FED/2003/016-404	EC	SUPPORT TO THE EDUCATION STRATEGIC PLAN	11230	Basic education	SPSP	DM	EDF-9 NIP	Sector budget support consisting of 4 fixed annual tranches	10,002,243	2.57%	10,002,243	2.72%	100.00%	10,002,243	3.00%	100.00%
10	9-ACP ZA-013	FED/2004/017-416	EC	PERIODIC MAINTENANCE OF TRUNK, MAIN AND DISTRICT ROADS	21020	Transport and storage	SPSP	DM	EDF-9 NIP	Sector budget support with 3 annual fixed tranches	96,000,000	24.65%	95,134,941	25.87%	99.10%	81,711,354	24.47%	85.12%
15	9-ACP ZA-025	FED/2006/018-559	CL	RETENTION FOR HUMAN RESOURCES FOR HEALTH	12281	Basic health	SPSP	DM	EDF-9 NIP	Sector budget support with fixed and variable tranches (closure request NAO)	8,571,450	2.20%	8,571,450	2.33%	100.00%	8,571,450	2.57%	100.00%
<b>EDF-9 - SPSP : Totals for "SPSP" - Sector Policy Support Programme</b>					<b># of "SPSP" Projects and in % of Total # of EDF-9 Projects</b>				<b>3</b>	<b>11.5%</b>	<b>114,573,693</b>	<b>29.42%</b>	<b>113,708,634</b>	<b>30.92%</b>	<b>99.24%</b>	<b>100,285,047</b>	<b>30.03%</b>	<b>87.53%</b>
1	9-ACP ZA-001	FED/2003/016-242	CL	REHABILITATION OF KAZUNGULA PONTOONS	21040	Transport and storage	PA	DM	EDF-9 NIP		370,336	0.10%	370,336	0.10%	100.00%	370,336	0.11%	100.00%
2	9-ACP ZA-003	FED/2003/016-305	CL	CAPACITY BUILDING IN DPT OF ECONOMIC AND TECHN. COOPERATION, MINISTRY OF FINANCE AND NATIONAL PLANNING	15111	Government and civil society, general	PA	DM	EDF-9 NIP	TA	743,068	0.19%	743,068	0.20%	100.00%	743,068	0.22%	100.00%
5	9-ACP ZA-008	FED/2003/016-534	CL	FEASIBILITY STUDY 'REHABILITATION AND MAINTENANCE OF FEEDER ROADS IN ZAMBIA	21020	Transport and storage	PA	DM	EDF-9 NIP		470,816	0.12%	470,816	0.13%	100.00%	470,816	0.14%	100.00%
6	9-ACP-ZA-009	FED/2004/016-586	EC	TECHNICAL COOPERATION FACILITY	99810	Unallocated	PA	DPM	EDF-9 ACP	ACP TCF - Technical Cooperation Facility	2,847,757	0.73%	2,631,757	0.72%	92.42%	2,299,004	0.69%	80.73%

Funding Identification and Implementation Details											EC Financial Data (in €)								
Seq. No.	Project No.	Decision No. (CRIS)	Status (3)	Title	DAC Code	Sector	Aid Method / Modality (4)	Method of Implementation / Mngt. Mode (5)	EU Funding Source / Financing Source	Special Remarks on Financing (Modalities) - if any	Allocated / Committed		Contracted			Paid			
											In €	In % of Total 2001-10 EDF-X	In €	In % of Total 2001-10 EDF-X	Contracted in % of Allocated	In €	In % of Total 2001-10 EDF-X	Paid in % of Allocated	
7	9-ACP ZA-014	FED/2004/016-972	EC	Capacity Building for Private Sector Development	32130	Industry	PA	DM	EDF-9 NIP		15,000,000	3.85%	13,830,987	3.76%	92.21%	12,216,548	3.66%	81.44%	
8	9-ACP ZA-012	FED/2004/017-400	CL	ECHO/ZMB/EDF/2004/01000 HUMANITARIAN AID TO FACILITATE THE REPATRIATION TO ANGOLA OF ANGOLAN REFUGEES IN ZAMBIA	72010	Emergency Response	PA	CM-IO	EDF-9 ECHO	ECHO	2,000,000	0.51%	2,000,000	0.54%	100.00%	2,000,000	0.60%	100.00%	
9	9-ACP ZA-011	FED/2004/017-408	CL	PROMOTION OF CONSERVATION FARMING AND CROP DIVERSITY	31161	Agriculture	PA	DM	EDF-9 NIP		1,601,322	0.41%	1,601,322	0.44%	100.00%	1,601,322	0.48%	100.00%	
11	9-ACP ZA-015	FED/2005/017-436	CL	ECHO/ZMB/EDF/2005/01000 HUMANITARIAN AID TO FACILITATE THE REPATRIATION TO ANGOLA OF ANGOLAN REFUGEES IN ZAMBIA	72010	Emergency Response	PA	CM-IO	EDF-9 ECHO	ECHO	3,500,000	0.90%	3,500,000	0.95%	100.00%	3,500,000	1.05%	100.00%	
12	9-ACP ZA-016	FED/2005/020-661	CL	4TH MICORPROJECTS PROGRAMME IN ZAMBIA - COMPLEMENTARY FUNDING TO 8 ACP ZA 12 (	43010	Other multisector	PA	DM	EDF-9 NIP		1,423,891	0.37%	1,423,891	0.39%	100.00%	1,423,891	0.43%	100.00%	
13	9-ACP-ZA-017	FED/2006/017-955	EC	SUPPORT TO AGRICULTURAL DIVERSIFICATION AND FOOD SECURITY IN WESTERN AND NORTH WESTERN ZAMBIA	31110	Agriculture	PA	DM	EDF-9 NIP		15,000,000	3.85%	14,733,034	4.01%	98.22%	12,635,976	3.78%	84.24%	
17	9-ACP ZA-022	FED/2006/020-681	EC	ECHO/ZMB/EDF/2006/01000 HUMANITARIAN AID FOR VULNERABLE POPULATIONS SUFFERING THE CUMULATIVE EFFECTS OF DROUGHT AND AIDS	72010	Emergency Response	PA	CM-IO	EDF-9 ECHO	ECHO	2,200,000	0.56%	1,952,068	0.53%	88.73%	1,952,068	0.58%	88.73%	
18	9-ACP-ZA-026 9-ACP-ZA-027	FED/2007/019-150	EC	Programme for the Institutional Development and Involvement of Non-State Actors in the Cooperation Between the European Commission and Zambian	92010	Support to NGOs	PA	DM	EDF-9 NIP	Only Financing Proposal (Cancelled)	5,000,000	1.28%	0	0.00%	0.00%	0	0.00%	0.00%	
19	9-ACP ZA-020	FED/2007/019-261	EC	CAPACITY BUILDING WITHIN THE DEPARTMENT OF ECONOMIC AND TECHNICAL COOPERATION	15111	Government and civil society, general	PA	DM			1,700,000	0.44%	1,630,879	0.44%	95.93%	1,431,451	0.43%	84.20%	
20	9-ACP RPR-116	FED/2007/019-313	EC	1st CIP Water Facility (163B) : Implementation of Integrated Water Resources Management in Zambia	14010	Water and Sanitation	PA	DPM	EDF-9 ACP	TPS Intra ACP Allocations	3,750,000	0.96%	3,501,403	0.95%	93.37%	2,381,862	0.71%	63.52%	
21	9-ACP RPR-117	FED/2007/019-315	EC	1st CIP Water Facility (163A) : Support Improving Water Supply and Sanitation for the Urban Poor in Zambia	14010	Water and Sanitation	PA	DM	EDF-9 NIP	Basket funding with KfW and GTZ	4,092,258	1.05%	3,060,118	0.83%	74.78%	2,640,729	0.79%	64.53%	
22	9-ACP ZA-021	FED/2007/019-642	EC	REHABILITATION OF THE ZIMBA-LIVINGSTONE ROAD	21020	Transport and storage	PA	DM	EDF-9 NIP		15,000,000	3.85%	13,159,556	3.58%	87.73%	9,033,349	2.71%	60.22%	
23	9-ACP-RPR-119	FED/2007/020-837	EC	ECHO/ZMB/EDF/2007/01000 ASSISTANCE FOR THE REPATRIATION OF CONGOLESE REFUGEES FROM ZAMBIA TO THE DRC	72010	Emergency Response	PA	DM	EDF-9 ECHO	ECHO	2,000,000	0.51%	1,780,913	0.48%	89.05%	1,780,913	0.53%	89.05%	
24	9-ACP SAD-023	FED/2007/020-866	EC	POST-FLOOD RECOVERY PROGRAMME IN ZAMBIA	72010	Emergency Response	PA	CM-IO	EDF-9 ECHO	ECHO	1,500,000	0.39%	1,318,540	0.36%	87.90%	1,281,680	0.38%	85.45%	
25	9-ACP-ZA-028	FED/2008/019-727	EC	TECHNICAL COOPERATION FACILITY II (TCF II)	99810	Unallocated	PA	DPM	EDF-9 ACP	TCF - Technical Cooperation Facility	3,500,000	0.90%	3,105,355	0.84%	88.72%	2,875,890	0.86%	82.17%	
26 <sup>(7)</sup>	9-ACP-RPR-174	FED/2008/020-660	EC	RURAL ELECTRICITY INFRASTRUCTURES AND SMALL SCALE PROJECTS	23040	Energy generation and supply	PA	DPM	EDF-9 ACP	Intra-ACP-EU Energy Facility: EU contribution €9,980,750; REA €26,530,461	9,980,750	2.56%	8,993,566	2.45%	90.11%	0	0.00%	0.00%	
<b>EDF-9 - PA : Totals for "PA" - Project Approach</b>					<b># of "PA" Projects and in % of Total # of EDF-9 Projects</b>					<b>20</b>	<b>76.9%</b>	<b>91,680,198</b>	<b>23.54%</b>	<b>79,807,609</b>	<b>21.70%</b>	<b>87.05%</b>	<b>60,638,903</b>	<b>18.16%</b>	<b>66.14%</b>
<b>TOTALS FOR EDF-9</b>					<b>Total # of EDF-9 projects (2001-2010)</b>					<b>26</b>	<b>100%</b>	<b>389,453,891</b>	<b>100.00%</b>	<b>367,714,601</b>	<b>100.00%</b>	<b>94.42%</b>	<b>333,912,035</b>	<b>100.00%</b>	<b>85.74%</b>

Funding Identification and Implementation Details											EC Financial Data (in €)							
Seq. No.	Project No.	Decision No. (CRIS)	Status (3)	Title	DAC Code	Sector	Aid Method / Modality (4)	Method of Implementation / Mngt. Mode (5)	EU Funding Source / Financing Source	Special Remarks on Financing (Modalities) - if any	Allocated / Committed		Contracted			Paid		
											In €	In % of Total 2001-10 EDF-X	In €	In % of Total 2001-10 EDF-X	Contracted in % of Allocated	In €	In % of Total 2001-10 EDF-X	Paid in % of Allocated
3	10-ACP-ZA-004	FED/2008/020-949	EC	PRBS 3 - MDG CONTRACT 1 - CRIS REF. 2008/199-76	51010	General budget support	GBS	CM	EDF-10 NIP	General budget support with fixed annual and variable tranches (2types: annual performance Y2-6 and V-FLEX MDG-C tranches Y4-6) with V-FLEX component: 30m €	255,000,000	55.29%	255,000,000	26.95%	100.00%	92,812,500	13.15%	36.40%
<b>EDF-10 - GBS : Totals for "GBS" - General Budget Support</b>					<b># of "GBS" Projects and in % of Total # of EDF-10 Projects</b>				<b>1</b>	<b>6.7%</b>	<b>255,000,000</b>	<b>55.29%</b>	<b>255,000,000</b>	<b>81.33%</b>	<b>100.00%</b>	<b>92,812,500</b>	<b>79.01%</b>	<b>36.40%</b>
4	10-ACP-ZA-005	FED/2008/020-950	EC	SUPPORTING PUBLIC HEALTH SERVICE DELIVERY IN ZAMBIA CRIS REF. 2008/198-54	12220	Basic health	SPSP	CM	EDF-10 NIP	Sector budget support: 3 annual fixed tranches and 3 variable tranches	35,000,000	7.59%	35,000,000	3.70%	100.00%	11,500,000	1.63%	32.86%
5	10-ACP-ZA-006	FED/2008/020-974	EC	SECOND SECTOR POLICY SUPPORT PROGRAMME - ROAD Sector CRIS REF. 2008/199-08	21020	Transport and storage	SPSP	CM	EDF-10 NIP	Budget support: 69.3m Eur - Complementary support: 7.7m. 4 fixed (09-12) and 3 (10012) variable tranches	77,000,000	16.69%	341,410	0.04%	0.44%	204,846	0.03%	0.27%
6	10-ACP-ZA-007	FED/2008/020-975	EC	SUPPORTING THE ELECTORAL SYSTEM IN ZAMBIA - CRIS REF. FED/2008/203-74	15151	Government and civil society, general	SPSP	CM-IO	EDF-10 NIP	Trust Fund with 7CPs at date of FA signing with UNDP lead	7,400,000	1.60%	7,400,000	0.78%	100.00%	3,580,000	0.51%	48.38%
<b>EDF-10- SPSP : Totals for "SPSP" - Sector Policy Support Programme</b>					<b># of "SPSP" Projects and in % of Total # of EDF-10 Projects</b>				<b>3</b>	<b>20.0%</b>	<b>119,400,000</b>	<b>25.89%</b>	<b>42,741,410</b>	<b>13.63%</b>	<b>35.80%</b>	<b>15,284,846</b>	<b>13.01%</b>	<b>12.80%</b>
2	10-ACP-ZA-002	FED/2008/020-931	EC	SUPPORTING ACTIONS AGAINST CHILD TRAFFIC AND CHILD LABOUR IN ZAMBIA	15140	Government and civil society, general	PA	CM-IO	EDF-10 NIP and Intra ACP	Complementary funding by Intra ACP TACKLE project .	1,600,000	0.35%	1,600,000	0.17%	100.00%	425,000	0.06%	26.56%
7	10 EDF	FED/2009/021-385	EC	Urban Food Vouchers Project, Zambia	52010	Developmental food aid/Food security assistance	PA	CM-IO	EDF-10 NIP		4,630,000	1.00%	4,600,000	0.49%	99.35%	3,680,000	0.52%	79.48%
8	10 EDF	FED/2009/021-433	EC	Technical Cooperation Facility (TCF) III	99810	Unallocated	PA	DPM	EDF-10 NIP	ACP TCF - Technical Cooperation Facility	5,000,000	1.08%	1,302,064	0.14%	26.04%	450,845	0.06%	9.02%
9	10 EDF	FED/2009/021-628	EC	ECHO/ZMB/EDF/2009/01000	72010	Emergency Response	PA	CM-IO	EDF-10 ECHO	ECHO	2,700,000	0.59%	2,311,827	0.24%	85.62%	2,080,062	0.29%	77.04%
10	10 EDF	FED/2009/022-082	PO	Support to Statistics	16062	Other social infra and services	PA	DM	EDF-10 NIP		6,000,000	1.30%	0	0.00%	0.00%	0	0.00%	0.00%
11	10 EDF	FED/2010/021-651	EC	Support to the strengthening of the Justice Sector in Zambia: Access to Justice	15130	Government and civil society, general	PA	ICM-DA	EDF-10 NIP	Co-funding with GTZ: 1.5m Euro with project management delegated to GTZ	6,000,000	1.30%	6,000,000	0.63%	100.00%	2,739,383	0.39%	45.66%
12	10 EDF	FED/2010/021-973	EG	Aviation Sector Support Programme	21050	Transport and storage	PA	DPM	EDF-10 NIP	Joint management with WFP	3,000,000	0.65%	0	0.00%	0.00%	0	0.00%	0.00%
13	10 EDF	FED/2010/022-057	EG	Agriculture Sector Performance Enhancement Programme	31110	Agriculture	PA	DM	EDF-10 NIP	Basket funding (Finland & IFAD)	8,900,000	1.93%	0	0.00%	0.00%	0	0.00%	0.00%

Funding Identification and Implementation Details											EC Financial Data (in €)								
Seq. No.	Project No.	Decision No. (CRIS)	Status (3)	Title	DAC Code	Sector	Aid Method / Modality (4)	Method of Implementation / Mngt. Mode (5)	EU Funding Source / Financing Source	Special Remarks on Financing (Modalities) - if any	Allocated / Committed		Contracted			Paid			
											In €	In % of Total 2001-10 EDF-X	In €	In % of Total 2001-10 EDF-X	Contracted in % of Allocated	In €	In % of Total 2001-10 EDF-X	Paid in % of Allocated	
14	10 EDF	FED/2010/022-275	PO	Support to National Authorising Officer (NAO), Ministry of Finance & National Planning, Zambia	15110	Government and civil society, general	PA	DM	EDF-10 NIP		4,000,000	0.87%	0	0.00%	0.00%	0	0.00%	0.00%	
15	10 EDF	FED/2010/022-409	EG	Rehabilitation of the Great East Road (T4)	21020	Transport and storage	PA	DM	EDF-10 NIP		38,000,000	8.24%	0	0.00%	0.00%	0	0.00%	0.00%	
16	10 EDF	FED/2010/022-712	PO	Support to Economic Governance: PFM reforms and Domestic Accountability	15111	Government and civil society, general	PA	DM	EDF-10 NIP		7,000,000	1.52%	0	0.00%	0.00%	0	0.00%	0.00%	
EDF-10 - PA : Totals for "PA" - Project Approach					# of "PA" Projects and in % of Total # of EDF-10 Projects					11	73.3%	86,830,000	18.83%	15,813,891	5.04%	18.21%	9,375,290	7.98%	10.80%
TOTALS FOR EDF-10					Total # of EDF-10 projects (2001-2010)					15	100%	461,230,000	100.00%	313,555,301	100.00%	67.98%	117,472,636	100.00%	25.47%
GRAND TOTALS EDFs 8, 9 and 10 in 2001-2010				64								1,118,072,676	100.00%	946,259,480	100.00%	84.63%	705,830,856	100.00%	63.13%

- Notes:** (1) Base Source: CRIS database - Status update as of 31 May 2011.  
Additional Sources of data for Aid method (column 7), methods of implementation / management mode (column 8), EU funding source / financing sources (column 9) and original FA maximum commitment (column 10), special remarks on financing (column 11) and originally planned closing date (column 14) are in hierarchical order: 1st: The original Financing Agreement; then 2nd: Action Fiche; then 3rd: the Project Summary Sheet (CRIS); and then 4th: the CRIS Detailed Decision Form
- (2) CLE IR Closing date = DLE (End of Period of Execution)
- (3) Classification of project cycle status codes (column 3): PO = Provisional, EG = Committed, EC = Under Implementation / Execution, CL = Closed, CA = Cancelled
- (4) Classification of Aid Methods: PA = Project Approach; GBS = General Budget Support; SPSP = Sector Policy Support Programme (Sector Budget Support)
- (5) Classification of Methods of Implementation / Management Modes: DM = Decentralised management; DPM = Partially decentralised management; CM = Centralised management; CMIO = Centralised management - Joint management with international organisation; ICM-DA = Indirect centralised management - Delegation agreement
- (6) Originally planned closing date is the "end date of project execution" as determined in the Financing Agreement (FA), which comprises both the operational implementation phase and the closure phase.
- (7) Project 9-ACP-RPR-174 "Rural Electricity Infrastructures and Small Scale Projects" has been re-categorized from original CLE IR project portfolio listing (see pp 106 to 110) under EDF-10 to EDF-09 in line with the TA and other project and CRIS documents, henceforth the differences in financial totals for the EDF 9 and EDF 10 portfolio's.



**Table PF-3 : Zambia CSP-NIP Portfolio Summary Table of EDF-8, 9 and 10 Bilateral Funding ( Period 2001 - 2010 ) - By Aid Method / Modality**

EDF-X (2001-2010)	Aid Method / Cooperation Modality	Projects in Portfolio		Allocated / Committed			Contracted			Paid			Remarks
		#	% of EDF-X Total	In €	In % of Total 2001-10 EDF-X	Average Allocation per Project	In €	In % of Total 2001-10 EDF-X	Contracted in % of Allocated	In €	In % of Total 2001-10 EDF-X	Paid in % of Allocated	
EDF-8	General Budget Support (GBS)	0	0.0%	0	0.0%	-	0	0.0%	0.0%	0	0.0%	0.0%	
	Sector Policy Support Programme (SPSP - Sector Budget Support)	0	0.0%	0	0.0%	-	0	0.0%	0.0%	0	0.0%	0.0%	
	Project Approach (PA)	23	100.0%	267,388,785	100.0%	11,625,599	264,989,578	100.0%	99.1%	254,446,185	100.0%	95.2%	
	<b>Totals EDF-8</b>	<b>23</b>	<b>100.0%</b>	<b>267,388,785</b>	<b>100.0%</b>	<b>11,625,599</b>	<b>264,989,578</b>	<b>100.0%</b>	<b>99.1%</b>	<b>254,446,185</b>	<b>100.0%</b>	<b>95.2%</b>	
EDF-9	General Budget Support (GBS)	3	11.5%	183,200,000	47.0%	61,066,667	174,198,358	47.4%	95.1%	172,988,085	51.8%	94.4%	PRSP related variable tranches
	Sector Policy Support Programme (SPSP - Sector Budget Support)	3	11.5%	114,573,693	29.4%	38,191,231	113,708,634	30.9%	99.2%	100,285,047	30.0%	87.5%	3: Transport, Education & Health Sectors
	Project Approach (PA)	20	76.9%	91,680,198	23.5%	4,584,010	79,807,609	21.7%	87.0%	60,638,903	18.2%	66.1%	
	<b>Totals EDF-9</b>	<b>26</b>	<b>100.0%</b>	<b>389,453,891</b>	<b>100.0%</b>	<b>14,978,996</b>	<b>367,714,601</b>	<b>100.0%</b>	<b>94.4%</b>	<b>333,912,035</b>	<b>100.0%</b>	<b>85.7%</b>	
EDF-10	General Budget Support (GBS)	1	6.7%	255,000,000	55.3%	255,000,000	255,000,000	81.3%	100.0%	92,812,500	79.0%	36.4%	V-flex MDG-C variable tranches
	Sector Policy Support Programme (SPSP - Sector Budget Support)	3	20.0%	119,400,000	25.9%	39,800,000	42,741,410	13.6%	35.8%	15,284,846	13.0%	12.8%	3: Transport, Health & Electoral system (trust)
	Project Approach (PA)	11	73.3%	86,830,000	18.8%	7,893,636	15,813,891	5.0%	18.2%	9,375,290	8.0%	10.8%	
	<b>Totals EDF-10</b>	<b>15</b>	<b>100.0%</b>	<b>461,230,000</b>	<b>100.0%</b>	<b>30,748,667</b>	<b>313,555,301</b>	<b>100.0%</b>	<b>68.0%</b>	<b>117,472,636</b>	<b>100.0%</b>	<b>25.5%</b>	
<b>Totals EDF 8 to 10</b>	General Budget Support (GBS)	4	6.3%	438,200,000	39.2%	109,550,000	429,198,358	45.4%	97.9%	265,800,585	37.7%	60.7%	
	Sector Policy Support Programme (SPSP - Sector Budget Support)	6	9.4%	233,973,693	20.9%	38,995,616	156,450,044	16.5%	66.9%	115,569,893	16.4%	49.4%	
	Project Approach (PA)	54	84.4%	445,898,983	39.9%	8,257,389	360,611,078	38.1%	80.9%	324,460,378	46.0%	72.8%	
	<b>Grand Totals EDF 8, 9 &amp; 10 (2001-2010)</b>	<b>64</b>	<b>100.0%</b>	<b>1,118,072,676</b>	<b>100.0%</b>	<b>17,469,886</b>	<b>946,259,480</b>	<b>100.0%</b>	<b>84.6%</b>	<b>705,830,856</b>	<b>100.0%</b>	<b>63.1%</b>	

**EC-JEU Country Level Evaluation Zambia (2011)**  
**Aid Modalities Differentiated Portfolio Analysis of EDF Funding to Zambia over the Period 2001 - 2010**

**Table PF-4 : Portfolio List of Zambia Bilateral EDF Funding in the Period 2001 - 2010 - By Method of Implementation / Management Mode <sup>(1) (4) (5)</sup>**

V.2 - 10 Jan 2011

Funding Identification and Implementation Details														EC Financial Data (in €)										
Seq. No.	Project No.	Decision No. (CRIS)	Status <sup>(3)</sup>	Title	DAC Code	Sector	Aid Method / Modality <sup>(4)</sup>	Method of Implementation / Mngt. Mode <sup>(5)</sup>	EU Funding Source / Financing Source	ZM Signature Date of FA	Starting Date	Originally Planned Closing Date (FA) <sup>6</sup>	Closing Date (DLE) <sup>7</sup>	Allocated / Committed		Contracted			Paid					
														In €	In % of Total 2001-10	In €	In % of Total 2001-10	Contracted in % of Allocated	In €	In % of Total 2001-10	Paid in % of Allocated			
1	8-ACP-ZA-019 9-ACP-ZA-002	FED/1999/014-310	CL	PUBLIC WELFARE ASSISTANCE SCHEME (PWAS)	15110	Government and civil society, general	PA	DM	EDF-8 NIP	03.03.1999	01.03.2000	29.02.2004	29.02.2004	1,072,059	0.1%	1,072,059	0.1%	100.0%	1,072,059	0.2%	100.0%			
2	8-ACP-ZA-020	FED/1999/014-315	CL	REHABILIT. KABWE-KAPIRI MPOSHI AND CHISAMBA ROADS (+7ZA025)	21020	Transport and storage	PA	DM	EDF-8 Sysmin	01.03.1999	01.09.2000	30.04.2004	30.04.2005	16,757,544	1.5%	16,757,544	1.8%	100.0%	16,757,544	2.4%	100.0%			
4	8-ACP-ZA-030	FED/2000/014-789	CL	SUPPORT TO THE CULTURAL SECTOR	16061	Other social infra and services	PA	DM	EDF-8 NIP	05.01.2000		30.11.2003	30.11.2004	1,620,512	0.1%	1,620,512	0.2%	100.0%	1,620,512	0.2%	100.0%			
5	8-ACP-ZA-032	FED/2000/014-828	CL	FEASIBILITY STUDY LIVINGSTONE AIRPORT	21050	Transport and storage	PA	DM	EDF-8 NIP	28.01.2000	01.05.2000	30.09.2000	30.09.2000	334,730	0.0%	334,730	0.0%	100.0%	334,730	0.0%	100.0%			
6	8-ACP-ZA-034	FED/2000/014-875	CL	SUPPORT TO NAO'S OFFICE (+ 7ZA089 + 8ZA022)	15110	Government and civil society, general	PA	DM		31.03.2000	01.01.2000		31.12.2003	1,697,081	0.2%	1,697,081	0.2%	100.0%	1,697,081	0.2%	100.0%			
7	na	FED/2000/014-938	CL	FEASIBILITY STUDY ON NRDC	31181	Agriculture	PA	DM	EDF-8 NIP	na	na		na	208,310	0.0%	208,310	0.0%	100.0%	208,310	0.0%	100.0%			
8	8-ACP-ZA-036	FED/2000/014-985	EC	PROGRAMME DE DIVERSIFICATION DU SECTEUR MINIER	32220	Mineral resources and mining	PA	DM	EDF-8 Sysmin	09.06.2000	01.12.2001	30.11.2007	02.11.2010	30,000,000	2.7%	28,441,816	3.0%	94.8%	19,968,480	2.8%	66.6%			
9	8-ACP-ZA-037/ 038/039/040/041/ 042/043/044	FED/2000/015-065	CL	SAF V - SYSMIN	32220	Mineral resources and mining	PA	DM	EDF-8 Sysmin	18.09.2000	01.09.2000	31.12.2002	31.12.2004	115,574,913	10.3%	115,574,913	12.2%	100.0%	115,574,913	16.4%	100.0%			
10	8-ACP-ZA-045	FED/2000/015-078	CL	MICROPROJECTS PROGRAMME II	16050	Other social infra and services	PA	DM	EDF-8 NIP			30.11.2005		13,745,114	1.2%	13,745,114	1.5%	100.0%	13,745,114	1.9%	100.0%			
11	na	FED/2000/015-191	CL	PROJECT FORMULATION ESSENTIAL ROAD MAINTENANCE INPUTS**	21020	Transport and storage	PA	DM						16,079	0.0%	16,079	0.0%	100.0%	16,079	0.0%	100.0%			
12	na	FED/2000/015-277	CL	EVALUATION PREQUALIF DOSSIERS & INTERNATIONAL RESTR DOSSIERS	15110	Government and civil society, general	PA	DM						23,577	0.0%	23,577	0.0%	100.0%	23,577	0.0%	100.0%			
13	na	FED/2001/015-394	CL	EVALUATION TENDER DOSSIERS EXPORT DEVELOPMENT PROGRAMME II	15110	Government and civil society, general	PA	DM						10,555	0.0%	10,555	0.0%	100.0%	10,555	0.0%	100.0%			
15	8-ACP ZA-051	FED/2001/015-454	CL	FORESTRY SUPPORT PROGRAMME	31220	Forestry	PA	DM	EDF-8 NIP	22.06.2001	01.03.2002	30.09.2005	30.09.2005	1,359,873	0.1%	1,359,873	0.1%	100.0%	1,359,873	0.2%	100.0%			
16	8-ACP-ZA-053	FED/2001/015-572	CL	LUMWANA STUDY	32220	Mineral resources and mining	PA	DM	EDF-8 NIP	13.07.2001	22.05.2001	31.12.2002	31.12.2002	7,000,000	0.6%	7,000,000	0.7%	100.0%	7,000,000	1.0%	100.0%			
17	na	FED/2002/015-781	CL	SUPPORT TO PLANNING AND BUDGETING REFORMS	15110	Government and civil society, general	PA	DM						462,332	0.0%	462,332	0.0%	100.0%	462,332	0.1%	100.0%			
19	8-ACP-ZA-055 9-ACP-ZA-010	FED/2002/015-858	EC	REHABILITATION OF LIVINGSTONE AND LUSAKA AIRPORTS AIRPORT RECONSTRUCTION AND REHABILITATION	21050	Transport and storage	PA	DM	EDF-8 NIP	18.07.2002	01.10.2003	30.09.2007	30.06.2011	13,450,000	1.2%	12,672,522	1.3%	94.2%	12,470,470	1.8%	92.7%			
20	na	FED/2002/015-876	CL	PRE-FEASIBILITY STUDY FOR A FEEDER ROADS PROGRAMME	21020	Transport and storage	PA	DM						63,570	0.0%	63,570	0.0%	100.0%	63,570	0.0%	100.0%			
21	8-ACP-ZA-059 9-ACP-ZA-023	FED/2002/016-047	EC	URBAN MARKETS DEVELOPMENT PROGRAMME	43030	Other multisector	PA	DM	EDF-8 & 9 NIPs	19.11.2002	10.12.2003	09.06.2009	15.01.2003	21,200,000	1.9%	21,136,455	2.2%	99.7%	19,268,450	2.7%	90.9%			
22	8-ACP ZA-060	FED/2003/016-151	CL	SUPPORT TO THE NAO FOR CLOSURE OF EDF COMMITMENTS	91010	Administrative cost of donors	PA	DM	EDF-8 NIP	06.02.2003	10.02.2003	30.06.2004	30.06.2004	79,500	0.0%	79,500	0.0%	100.0%	79,500	0.0%	100.0%			
23	8-ACP ZA-061	FED/2003/016-188	CL	PROJECT APPRAISAL & PREP FP FOR CONSERVATION FARMING	31130	Agriculture	PA	DM	EDF-8 NIP	18.03.2003	01.06.2003	31.07.2003	31.07.2003	14,704	0.0%	14,704	0.0%	100.0%	14,704	0.0%	100.0%			
<b>EDF-8 - DM : Totals for "DM" - Decentralised Management (DM)</b>								<b># of "DM" Projects and in % of Total # of EDF-8 Projects</b>	<b>20</b>	<b>87.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>224,690,453</b>	<b>20.1%</b>	<b>222,291,246</b>	<b>23.5%</b>	<b>98.9%</b>	<b>211,747,853</b>	<b>30.0%</b>	<b>94.2%</b>		
<b>EDF-8 - PM : Totals for "PM" - Partially Decentralized Management (DPM)</b>								<b># of "DPM" Projects and in % of Total # of EDF-8 Projects</b>	<b>0</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>-</b>	<b>0</b>	<b>0.0%</b>	<b>-</b>	<b>0</b>	<b>0.0%</b>

Funding Identification and Implementation Details														EC Financial Data (in €)											
Seq. No.	Project No.	Decision No. (CRIS)	Status (a)	Title	DAC Code	Sector	Aid Method / Modality (4)	Method of Implementation / Mngt. Mode (5)	EU Funding Source / Financing Source	ZM Signature Date of FA	Starting Date	Originally Planned Closing Date (FA) 6	Closing Date (DLE) 7	Allocated / Committed		Contracted			Paid						
														In €	In % of Total 2001-10	In €	In % of Total 2001-10	Contracted in % of Allocated	In €	In % of Total 2001-10	Paid in % of Allocated				
3	na	FED/1999/014-498	CL	ECHO/ZMB/254/1999/01000- EMERGENCY HUMANITARIAN ASSISTANCE TO CONGOLESE REFUGEES	72010	Emergency Response	PA	CM	EDF-8 ECHO					1,500,000	0.1%	1,500,000	0.2%	100.0%	1,500,000	0.2%	100.0%				
14	8-ACP-ZA-050	FED/2001/015-399	CL	CAPITAL INVESTMENT LINE II PROJECT_(21000, 22151)	32120	Industry	PA	CM-IO	EDF-8 NIP	16.02.2001	01.01.2001		31.12.2003	39,058,745	3.5%	39,058,745	4.1%	100.0%	39,058,745	5.5%	100.0%				
18	8-ACP-ZA-108	FED/2002/015-804	CL	Echo/zmb/254/2002/01000 EMERGENCY TO REFUGEES IN ZAMBIA	72010	Emergency Response	PA	CM-IO	EDF-8 ECHO	31.01.2001	01.01.2002	30.06.2003	03.06.2002	2,139,587	0.2%	2,139,587	0.2%	100.0%	2,139,587	0.3%	100.0%				
<b>EDF-8 - CM : Totals for "CM" - Centralized Management (CM &amp; CM-IO &amp; ICM-DA)</b>								<b># of "CM" Projects and in % of Total # of EDF-8 Projects</b>	<b>3</b>	<b>13.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,698,332</b>	<b>3.8%</b>	<b>42,698,332</b>	<b>4.5%</b>	<b>100.0%</b>	<b>42,698,332</b>	<b>6.0%</b>	<b>100.0%</b>			
<b>TOTALS EDF-8</b>								<b>23</b>	<b>-</b>	<b>-</b>	<b># of EDF-8 Projects and in % of Total # of Projects (2001-2010)</b>	<b>23</b>	<b>35.9%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>267,388,785</b>	<b>23.9%</b>	<b>264,989,578</b>	<b>28.0%</b>	<b>99.1%</b>	<b>254,446,185</b>	<b>36.0%</b>	<b>95.2%</b>
1	9-ACP ZA-001	FED/2003/016-242	CL	REHABILITATION OF KAZUNGULA PONTOONS	21040	Transport and storage	PA	DM	EDF-9 NIP	19.08.2003	19.08.2003	31.12.2008	31.12.2008	370,336	0.0%	370,336	0.0%	100.0%	370,336	0.1%	100.0%				
2	9-ACP ZA-003	FED/2003/016-305	CL	CAPACITY BUILDING IN DPT OF ECONOMIC AND TECHN. COOPERATION, MINISTRY OF FINANCE AND NATIONAL PLANNING	15111	Government and civil society, general	PA	DM	EDF-9 NIP	19.09.2003	19.09.2003	31.12.2007	30.06.2008	743,068	0.1%	743,068	0.1%	100.0%	743,068	0.1%	100.0%				
3	9-ACP ZA-005	FED/2003/016-366	EC	POVERTY REDUCTION BUDGET SUPPORT PROGRAMME 2003-2006 (PRBS01 )	51010	General budget support	GBS	DM	EDF-9 NIP	22.12.2003	22.12.2003	31/12.2008	31.12.2010	108,200,000	9.7%	108,180,921	11.4%	100.0%	107,509,599	15.2%	99.4%				
4	9-ACP ZA-007	FED/2003/016-404	EC	SUPPORT TO THE EDUCATION STRATEGIC PLAN	11230	Basic education	SPSP	DM	EDF-9 NIP	15.03.2004	15.03.2004	31.12.2010	31.12.2010	10,002,243	0.9%	10,002,243	1.1%	100.0%	10,002,243	1.4%	100.0%				
5	9-ACP ZA-008	FED/2003/016-534	CL	FEASIBILITY STUDY 'REHABILITATION AND MAINTENANCE OF FEEDER ROADS IN ZAMBIA	21020	Transport and storage	PA	DM	EDF-9 NIP	24.12.2003	05.11.2007	31.12.2007	31.12.2007	470,816	0.0%	470,816	0.0%	100.0%	470,816	0.1%	100.0%				
7	9-ACP ZA-014	FED/2004/016-972	EC	Capacity Building for Private Sector Development	32130	Industry	PA	DM	EDF-9 NIP	26.04.2005	26.04.2005	31.12.2012	31.12.2012	15,000,000	1.3%	13,830,987	1.5%	92.2%	12,216,548	1.7%	81.4%				
9	9-ACP ZA-011	FED/2004/017-408	CL	PROMOTION OF CONSERVATION FARMING AND CROP DIVERSITY	31161	Agriculture	PA	DM	EDF-9 NIP	26.11.2004	26.11.2004	31.12.2009	31.12.2009	1,601,322	0.1%	1,601,322	0.2%	100.0%	1,601,322	0.2%	100.0%				
10	9-ACP ZA-013	FED/2004/017-416	EC	PERIODIC MAINTENANCE OF TRUNK, MAIN AND DISTRICT ROADS	21020	Transport and storage	SPSP	DM	EDF-9 NIP	11.02.2005	17.12.2004	31.12.2011	31.12.2013	96,000,000	8.6%	95,134,941	10.1%	99.1%	81,711,354	11.6%	85.1%				
12	9-ACP ZA-016	FED/2005/020-661	CL	4TH MICORPROJECTS PROGRAMME IN ZAMBIA - COMPLEMENTARY FUNDING TO 8 ACP ZA 12 (	43010	Other multisector	PA	DM	EDF-9 NIP	19.09.2007	19.09.2007	31.12.2009	31.12.2009	1,423,891	0.1%	1,423,891	0.2%	100.0%	1,423,891	0.2%	100.0%				
13	9-ACP ZA-017	FED/2006/017-955	EC	SUPPORT TO AGRICULTURAL DIVERSIFICATION AND FOOD SECURITY IN WESTERN AND NORTH WESTERN ZAMBIA	31110	Agriculture	PA	DM	EDF-9 NIP	19.12.2005	19.12.2005	31.12.2013	31.12.2013	15,000,000	1.3%	14,733,034	1.6%	98.2%	12,635,976	1.8%	84.2%				
15	9-ACP ZA-025	FED/2006/018-559	CL	RETENTION FOR HUMAN RESOURCES FOR HEALTH	12281	Basic health	SPSP	DM	EDF-9 NIP	04.12.2006	04.12.2006	30.11.2011	30.06.2011	8,571,450	0.8%	8,571,450	0.9%	100.0%	8,571,450	1.2%	100.0%				
16	9-ACP ZA-024	FED/2006/018-569	EC	PRBS 02 (2007-2008)	51010	General budget support	GBS	DM	EDF-9 NIP	29.03.2007	04.12.2006	31.12.2011	31.12.2013	62,000,000	5.5%	53,017,437	5.6%	85.5%	52,478,486	7.4%	84.6%				
18	9-ACP ZA-026 9 ACP-ZA-027	FED/2007/019-150	EC	Programme for the Institutional Development and Involvement of Non-State Actors in the Cooperation Between the European Commission and Zambian	92010	Support to NGOs	PA	DM	EDF-9 NIP	03.07.2007	03.07.2007	31.12.2012	31.12.2012	5,000,000	0.4%	0	0.0%	0.0%	0	0.0%	0.0%				
19	9-ACP ZA-020	FED/2007/019-261	EC	CAPACITY BUILDING WITHIN THE DEPARTMENT OF ECONOMIC AND TECHNICAL COOPERATION	15111	Government and civil society, general	PA	DM		18.08.2006	18.08.2006		31.12.2011	1,700,000	0.2%	1,630,879	0.2%	95.9%	1,431,451	0.2%	84.2%				
21	9-ACP RPR-117	FED/2007/019-315	EC	1st CIP Water Facility (163A) : Support Improving Water Supply and Sanitation for the Urban Poor in Zambia	14010	Water and Sanitation	PA	DM	EDF-9 NIP	10.03.2008	04.10.2007	31.12.2014	31.12.2014	4,092,258	0.4%	3,060,118	0.3%	74.8%	2,640,729	0.4%	64.5%				

Funding Identification and Implementation Details														EC Financial Data (in €)								
Seq. No.	Project No.	Decision No. (CRIS)	Status (3)	Title	DAC Code	Sector	Aid Method / Modality (4)	Method of Implementation / Mngt. Mode (5)	EU Funding Source / Financing Source	ZM Signature Date of FA	Starting Date	Originally Planned Closing Date (FA) 6	Closing Date (DLE) 2	Allocated / Committed		Contracted			Paid			
														In €	In % of Total 2001-10	In €	In % of Total 2001-10	Contracted in % of Allocated	In €	In % of Total 2001-10	Paid in % of Allocated	
22	9-ACP ZA-021	FED/2007/019-642	EC	REHABILITATION OF THE ZIMBA-LIVINGSTONE ROAD	21020	Transport and storage	PA	DM	EDF-9 NIP	12.04.2006	12.12.2006	31.12.2015	31.12.2015	15,000,000	1.3%	13,159,556	1.4%	87.7%	9,033,349	1.3%	60.2%	
23	9-ACP-RPR-119	FED/2007/020-837	EC	ECHO/ZMB/EDF/2007/01000 ASSISTANCE FOR THE REPATRIATION OF CONGOLESE REFUGEES FROM ZAMBIA TO THE DRC	72010	Emergency Response	PA	DM	EDF-9 ECHO	10.08.2007	10.08.2007	15.03.2010	15.03.2010	2,000,000	0.2%	1,780,913	0.2%	89.0%	1,780,913	0.3%	89.0%	
<b>EDF-9 - DM : Totals for "DM" - Decentralised Management (DM)</b>								<b># of "DM" Projects and in % of Total # of EDF-9 Projects</b>		<b>17</b>	<b>65.4%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>347,175,384</b>	<b>31.1%</b>	<b>327,711,912</b>	<b>34.6%</b>	<b>94.4%</b>	<b>304,621,531</b>	<b>43.2%</b>	<b>87.7%</b>
6	9-ACP-ZA-009	FED/2004/016-586	EC	TECHNICAL COOPERATION FACILITY	99810	Unallocated	PA	DPM	EDF-9 ACP	25.05.2004	25.05.2004	31.10.2010	30.09.2011	2,847,757	0.3%	2,631,757	0.3%	92.4%	2,299,004	0.3%	80.7%	
20	9-ACP RPR-116	FED/2007/019-313	EC	1st CIP Water Facility (163B) : Implementation of Integrated Water Resources Management in Zambia	14010	Water and Sanitation	PA	DPM	EDF-9 ACP	08.11.2007	24.07.2007	30.06.2013	07.11.2013	3,750,000	0.3%	3,501,403	0.4%	93.4%	2,381,862	0.3%	63.5%	
25	9-ACP-ZA-028	FED/2008/019-727	EC	TECHNICAL COOPERATION FACILITY II (TCF II)	99810	Unallocated	PA	DPM	EDF-9 ACP	20.09.2007	20.09.2007	30.12.2012	31.12.2012	3,500,000	0.3%	3,105,355	0.3%	88.7%	2,875,890	0.4%	82.2%	
26 <sup>7)</sup>	9-ACP-RPR-174	FED/2008/020-660	EC	RURAL ELECTRICITY INFRASTRUCTURES AND SMALL SCALE PROJECTS	23040	Energy generation and supply	PA	DPM	EDF-9 ACP	10.03.2008	07.12.2007	31.12.2015	31.12.2015	9,980,750	0.9%	8,993,566	1.0%	90.1%	0	0.0%	0.0%	
<b>EDF-9 - PM : Totals for "PM" - Partially Decentralized Management (DPM)</b>								<b># of "DPM" Projects and in % of Total # of EDF-9 Projects</b>		<b>4</b>	<b>15.4%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,078,507</b>	<b>1.8%</b>	<b>18,232,081</b>	<b>1.9%</b>	<b>90.8%</b>	<b>7,556,756</b>	<b>1.1%</b>	<b>37.6%</b>
14	9-ACP ZA-018	FED/2006/017-956	EC	EC SUPPORT TO THE PUBLIC EXPENDITURE MANAGEMENT (PEMFA)	15111	Government and civil society, general	GBS	CM	EDF-9 NIP	22.03.2006	19.12.2005	31.12.2012	31.12.2012	13,000,000	1.2%	13,000,000	1.4%	100.0%	13,000,000	1.8%	100.0%	
8	9-ACP ZA-012	FED/2004/017-400	CL	ECHO/ZMB/EDF/2004/01000 HUMANITARIAN AID TO FACILITATE THE R REPATRIATION TO ANGOLA OF ANGOLAN REFUGEES IN ZAMBIA	72010	Emergency Response	PA	CM-IO	EDF-9 ECHO	07.09.2004	07.09.2004	31.12.2006	31.12.2006	2,000,000	0.2%	2,000,000	0.2%	100.0%	2,000,000	0.3%	100.0%	
11	9-ACP ZA-015	FED/2005/017-436	CL	ECHO/ZMB/EDF/2005/01000 HUMANITARIAN AID TO FACILITATE THE REPATRIATION TO ANGOLA OF ANGOLAN REFUGEES IN ZAMBIA	72010	Emergency Response	PA	CM-IO	EDF-9 ECHO	07.03.2005	07.03.2005	31.12.2007	31.12.2007	3,500,000	0.3%	3,500,000	0.4%	100.0%	3,500,000	0.5%	100.0%	
17	9-ACP ZA-022	FED/2006/020-681	EC	ECHO/ZMB/EDF/2006/01000 HUMANITARIAN AID FOR VULNERABLE POPULATIONS SUFFERING THE CUMULATIVE EFFECTS OF DROUGHT AND AIDS	72010	Emergency Response	PA	CM-IO	EDF-9 ECHO	27.03.2006	27.03.2006	31.12.2011	31.12.2008	2,200,000	0.2%	1,952,068	0.2%	88.7%	1,952,068	0.3%	88.7%	
24	9-ACP SAD-023	FED/2007/020-866	EC	POST-FLOOD RECOVERY PROGRAMME IN ZAMBIA	72010	Emergency Response	PA	CM-IO	EDF-9 ECHO	21.12.2007	21.12.2007	30.06.2011	30.06.2011	1,500,000	0.1%	1,318,540	0.1%	87.9%	1,281,680	0.2%	85.4%	
<b>EDF-9 - CM : Totals for "CM" - Centralized Management (CM &amp; CM-IO &amp; ICM-DA)</b>								<b># of "CM" Projects and in % of Total # of EDF-9 Projects</b>		<b>5</b>	<b>19.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,200,000</b>	<b>2.0%</b>	<b>21,770,608</b>	<b>2.3%</b>	<b>98.1%</b>	<b>21,733,748</b>	<b>3.1%</b>	<b>97.9%</b>
<b>TOTALS EDF-9</b>								<b># of EDF-9 Projects and in % of Total # of Projects (2001-2010)</b>		<b>26</b>	<b>40.6%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>389,453,891</b>	<b>34.8%</b>	<b>367,714,601</b>	<b>38.9%</b>	<b>94.4%</b>	<b>333,912,035</b>	<b>47.3%</b>	<b>85.7%</b>
10	10 EDF	FED/2009/022-082	PO	Support to Statistics	16062	Other social infra and services	PA	DM	EDF-10 NIP					6,000,000	0.5%	0	0.0%	0.0%	0	0.0%	0.0%	
13	10 EDF	FED/2010/022-057	EG	Agriculture Sector Performance Enhancement Programme	31110	Agriculture	PA	DM	EDF-10 NIP					8,900,000	0.8%	0	0.0%	0.0%	0	0.0%	0.0%	
14	10 EDF	FED/2010/022-275	PO	Support to National Authorising Officer (NAO), Ministry of Finance & National Planning, Zambia	15110	Government and civil society, general	PA	DM	EDF-10 NIP					4,000,000	0.4%	0	0.0%	0.0%	0	0.0%	0.0%	
15	10 EDF	FED/2010/022-409	EG	Rehabilitation of the Great East Road (T4)	21020	Transport and storage	PA	DM	EDF-10 NIP					38,000,000	3.4%	0	0.0%	0.0%	0	0.0%	0.0%	
16	10 EDF	FED/2010/022-712	PO	Support to Economic Governance: PFM reforms and Domestic Accountability	15111	Government and civil society, general	PA	DM	EDF-10 NIP					7,000,000	0.6%	0	0.0%	0.0%	0	0.0%	0.0%	
<b>EDF-10 - DM : Totals for "DM" - Decentralised Management (DM)</b>								<b># of "DM" Projects and in % of Total # of EDF-10 Projects</b>		<b>5</b>	<b>33.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,900,000</b>	<b>5.7%</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>

Funding Identification and Implementation Details														EC Financial Data (in €)								
Seq. No.	Project No.	Decision No. (CRIS)	Status (3)	Title	DAC Code	Sector	Aid Method / Modality (4)	Method of Implementation / Mngt. Mode (5)	EU Funding Source / Financing Source	ZM Signature Date of FA	Starting Date	Originally Planned Closing Date (FA) 6	Closing Date (DLE) 2	Allocated / Committed		Contracted			Paid			
														In €	In % of Total 2001-10	In €	In % of Total 2001-10	Contracted in % of Allocated	In €	In % of Total 2001-10	Paid in % of Allocated	
8	10 EDF	FED/2009/021-433	EC	Technical Cooperation Facility (TCF) III	99810	Unallocated	PA	DPM	EDF-10 NIP	05.05.2010	na	05.05.2015	05.05.2015	5,000,000	0.4%	1,302,064	0.1%	26.0%	450,845	0.1%	9.0%	
12	10 EDF	FED/2010/021-973	EG	Aviation Sector Support Programme	21050	Transport and storage	PA	DPM	EDF-10 NIP					3,000,000	0.3%	0	0.0%	0.0%	0	0.0%	0.0%	
<b>EDF-10 - PM : Totals for "PM" - Partially Decentralized Management (DPM)</b>								<b># of "DPM" Projects and in % of Total # of EDF-10 Projects</b>	<b>2</b>	<b>13.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,000,000</b>	<b>0.7%</b>	<b>1,302,064</b>	<b>0.1%</b>	<b>16.3%</b>	<b>450,845</b>	<b>0.1%</b>	<b>5.6%</b>
3	10-ACP-ZA-004	FED/2008/020-949	EC	PRBS 3 - MDG CONTRACT 1 - CRIS REF. 2008/199-76	51010	General budget support	GBS	CM	EDF-10 NIP	14.12.2009	17.12.2008	05.03.2017	05.03.2017	255,000,000	22.8%	255,000,000	26.9%	100.0%	92,812,500	13.1%	36.4%	
4	10-ACP-ZA-005	FED/2008/020-950	EC	SUPPORTING PUBLIC HEALTH SERVICE DELIVERY IN ZAMBIA CRIS REF. 2008/198-54	12220	Basic health	SPSP	CM	EDF-10 NIP	09.04.2009	17.12.2008	09.04.2015	09.04.2015	35,000,000	3.1%	35,000,000	3.7%	100.0%	11,500,000	1.6%	32.9%	
5	10-ACP-ZA-006	FED/2008/020-974	EC	SECOND SECTOR POLICY SUPPORT PROGRAMME - ROAD Sector CRIS REF. 2008/199-08	21020	Transport and storage	SPSP	CM	EDF-10 NIP	03.07.2009	17.12.2008	03.07.2016	03.07.2016	77,000,000	6.9%	341,410	0.0%	0.4%	204,846	0.0%	0.3%	
11	10 EDF	FED/2010/021-651	EC	Support to the strengthening of the Justice Sector in Zambia: Access to Justice	15130	Government and civil society, general	PA	ICM-DA	EDF-10 NIP	04.11.2010	07.07.2010	04.05.2016	04.05.2016	6,000,000	0.5%	6,000,000	0.6%	100.0%	2,739,383	0.4%	45.7%	
2	10-ACP-ZA-002	FED/2008/020-931	EC	SUPPORTING ACTIONS AGAINST CHILD TRAFFIC AND CHILD LABOUR IN ZAMBIA	15140	Government and civil society, general	PA	CM-IO	EDF-10 NIP and Intra ACP	19.08.2009	01.01.2008	19.08.2015	19.08.2015	1,600,000	0.1%	1,600,000	0.2%	100.0%	425,000	0.1%	26.6%	
6	10-ACP-ZA-007	FED/2008/020-975	EC	SUPPORTING THE ELECTORAL SYSTEM IN ZAMBIA - CRIS REF. FED/2008/203-74	15151	Government and civil society, general	SPSP	CM-IO	EDF-10 NIP	19.08.2009	01.01.2008	19.08.2015	19.08.2015	7,400,000	0.7%	7,400,000	0.8%	100.0%	3,580,000	0.5%	48.4%	
7	10 EDF	FED/2009/021-385	EC	Urban Food Vouchers Project, Zambia	52010	Developmental food aid/Food security assistance	PA	CM-IO	EDF-10 NIP	21.12.2009	21.12.2009		30.06.2014	4,630,000	0.4%	4,600,000	0.5%	99.4%	3,680,000	0.5%	79.5%	
9	10 EDF	FED/2009/021-628	EC	ECHO/ZMB/EDF/2009/01000	72010	Emergency Response	PA	CM-IO	EDF-10 ECHO	na	na	15.10.2011	15.10.2011	2,700,000	0.2%	2,311,827	0.2%	85.6%	2,080,062	0.3%	77.0%	
<b>EDF-10 - CM : Totals for "CM" - Centralized Management (CM &amp; CM-IO &amp; ICM-DA)</b>								<b># of "CM" Projects and in % of Total # of EDF-10 Projects</b>	<b>8</b>	<b>53.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>389,330,000</b>	<b>34.8%</b>	<b>312,253,237</b>	<b>33.0%</b>	<b>80.2%</b>	<b>117,021,791</b>	<b>16.6%</b>	<b>30.1%</b>
<b>TOTALS EDF-9</b>								<b># of EDF-10 Projects and in % of Total # of Projects (2001-2010)</b>	<b>15</b>	<b>23.4%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>461,230,000</b>	<b>41.3%</b>	<b>313,555,301</b>	<b>33.1%</b>	<b>68.0%</b>	<b>117,472,636</b>	<b>16.6%</b>	<b>25.5%</b>
<b>GRAND TOTALS EDFs 8, 9 and 10 for the Period 2001-2010</b>				<b>64</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,118,072,676</b>	<b>100.0%</b>	<b>946,259,480</b>	<b>100.0%</b>	<b>84.6%</b>	<b>705,830,856</b>	<b>100.0%</b>	<b>63.1%</b>	

Notes: (1) Base Source: CRIS database - Status update as of 31 May 2011, as reflected in the Country Level Evaluation Final Inception Report on pp. 106 - 111  
Additional Sources of data for Aid method (column 7), methods of implementation / management mode (column 8), EU funding source / financing sources (column 9) and original FA maximum commitment (column 10), special remarks on financing (column 11) and originally planned closing date (column 14) are in hierarchical order: 1st: The original Financing Agreement; then 2nd: Action Fiche; then 3rd: the Project Summary Sheet (CRIS); and then 4th: the CRIS Detailed Decision Form

(2) CLE IR Closing date = DLE (End of Period of Execution)

(3) Classification of project cycle status codes (column 3): PO = Provisional, EG = Committed, EC = Under Implementation / Execution, CL = Closed, CA = Cancelled

(4) Classification of Aid Methods: PA = Project Approach; GBS = General Budget Support; SPSP = Sector Policy Support Programme (Sector Budget Support)

(5) - Classification of Methods of Implementation / Management Modes: DM = Decentralised management; DPM = Partially decentralised management; CM = Centralised management; CM-IO = Centralised management - Joint management with international organisation; ICM-DA = Indirect centralised management - Delegation agreement  
- CM Centralised management is a clustering of the three centralised management modes CM, CM-IO and ICM-DA

(6) Originally planned closing date is the "end date of project execution" as determined in the Financing Agreement (FA), which comprises both the operational implementation phase and the closure phase.

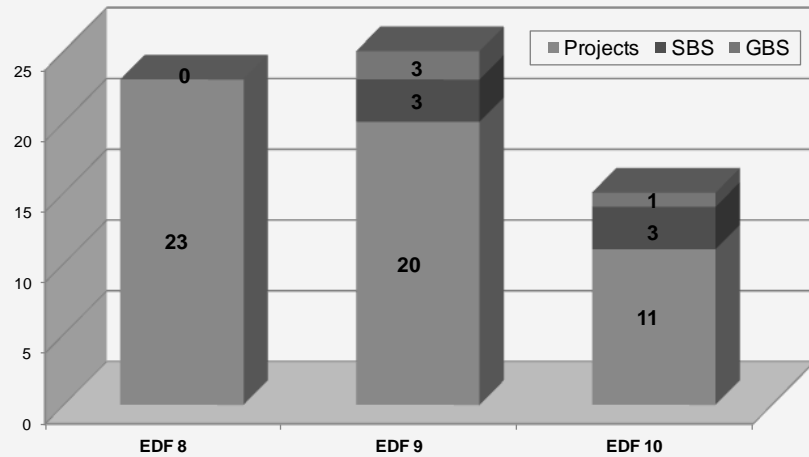
(7) Project 9-ACP-RPR-174 "Rural Electricity Infrastructures and Small Scale Projects" has been re-categorized from original CLE IR project portfolio listing (see pp 106 to 110) under EDF-10 to EDF-09 in line with the TA and other project and CRIS documents, henceforth the differences in financial totals for the EDF 9 and EDF 10 portfolio's.

**Table PF-5 : Zambia CSP-NIP Portfolio Summary Table of EDF Bilateral Funding ( Period 2001 - 2010 ) - By Method of Implementation / Management Mode <sup>(1)</sup>**

EDF-X (2001- 2010)	Method of Implementation <sup>(1)</sup> / Management Mode	Projects in Portfolio		Allocated / Committed			Contracted			Paid			Remarks
		#	% of EDF-X Total	In €	% of EDF-X Total	Average Allocation per Project	In €	% of EDF-X Total	Contracted in % of Allocated	In €	% of EDF-X Total	Paid in % of Allocated	
EDF-8	DM - Decentralised management (DM)	20	87.0%	224,690,453	84.0%	11,234,523	222,291,246	83.9%	98.9%	211,747,853	83.2%	94.2%	
	PM - Partially decentralised management (PDM)	0	0.0%	0	0.0%	-	0	0.0%	0.0%	0	0.0%	0.0%	
	CM - Centralised management (CM & CM-IO & ICM-DA)	3	13.0%	42,698,332	16.0%	14,232,777	42,698,332	16.1%	100.0%	42,698,332	16.8%	100.0%	
	<b>Totals EDF-8</b>	<b>23</b>	<b>100.0%</b>	<b>267,388,785</b>	<b>100.0%</b>	<b>11,625,599</b>	<b>264,989,578</b>	<b>100.0%</b>	<b>99.1%</b>	<b>254,446,185</b>	<b>100.0%</b>	<b>95.2%</b>	
EDF-9	DM - Decentralised management (DM)	17	65.4%	347,175,384	89.1%	20,422,081	327,711,912	89.1%	94.4%	304,621,531	91.2%	87.7%	
	PM - Partially decentralised management (PDM)	4	15.4%	20,078,507	5.2%	5,019,627	18,232,081	5.0%	90.8%	7,556,756	2.3%	37.6%	
	CM - Centralised management (CM & CM-IO & ICM-DA)	5	19.2%	22,200,000	5.7%	4,440,000	21,770,608	5.9%	98.1%	21,733,748	6.5%	97.9%	
	<b>Totals EDF-9</b>	<b>26</b>	<b>100.0%</b>	<b>389,453,891</b>	<b>100.0%</b>	<b>14,978,996</b>	<b>367,714,601</b>	<b>100.0%</b>	<b>94.4%</b>	<b>333,912,035</b>	<b>100.0%</b>	<b>85.7%</b>	
EDF-10	DM - Decentralised management (DM)	5	33.3%	63,900,000	13.9%	12,780,000	0	0.0%	0.0%	0	0.0%	0.0%	
	PM - Partially decentralised management (PDM)	2	13.3%	8,000,000	1.7%	4,000,000	1,302,064	0.4%	16.3%	450,845	0.4%	5.6%	
	CM - Centralised management (CM & CM-IO & ICM-DA)	8	53.3%	389,330,000	84.4%	48,666,250	312,253,237	99.6%	80.2%	117,021,791	99.6%	30.1%	
	<b>Totals EDF-10</b>	<b>15</b>	<b>100.0%</b>	<b>461,230,000</b>	<b>100.0%</b>	<b>30,748,667</b>	<b>313,555,301</b>	<b>100.0%</b>	<b>68.0%</b>	<b>117,472,636</b>	<b>100.0%</b>	<b>25.5%</b>	
<b>Totals EDF 8 to 10</b>	DM - Decentralised management (DM)	42	65.6%	635,765,837	56.9%	15,137,282	550,003,158	58.1%	86.5%	516,369,384	73.2%	81.2%	
	PM - Partially decentralised management (PDM)	6	9.4%	28,078,507	2.5%	4,679,751	19,534,145	2.1%	69.6%	8,007,601	1.1%	28.5%	
	CM - Centralised management (CM & CM-IO & ICM-DA)	16	25.0%	454,228,332	40.6%	28,389,271	376,722,177	39.8%	82.9%	181,453,871	25.7%	39.9%	
	<b>Grand Totals EDF 8, 9 &amp; 10 (2001-2010)</b>	<b>64</b>	<b>100.0%</b>	<b>1,118,072,676</b>	<b>100.0%</b>	<b>17,469,886</b>	<b>946,259,480</b>	<b>100.0%</b>	<b>84.6%</b>	<b>705,830,856</b>	<b>100.0%</b>	<b>63.1%</b>	

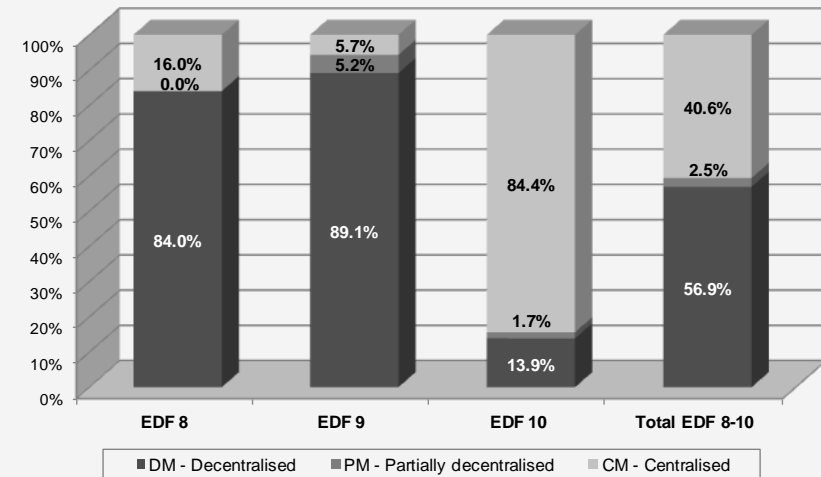
(1) - Classification of Methods of Implementation / Management Modes: DM = Decentralised management; DPM = Partially decentralised management; CM = Centralised management; CM-IO = Centralised management - Joint management with international organisation; ICM-DA = Indirect centralised management - Delegation agreement  
 - CM Centralised management is a clustering of the three centralised management modes CM, CM-IO and ICM-DA

**Figure PF-4 : Trend in Total Number of EDF Projects by EDF Cycle in the Period 2001 - 2010, with Breakdown by Aid Modality**



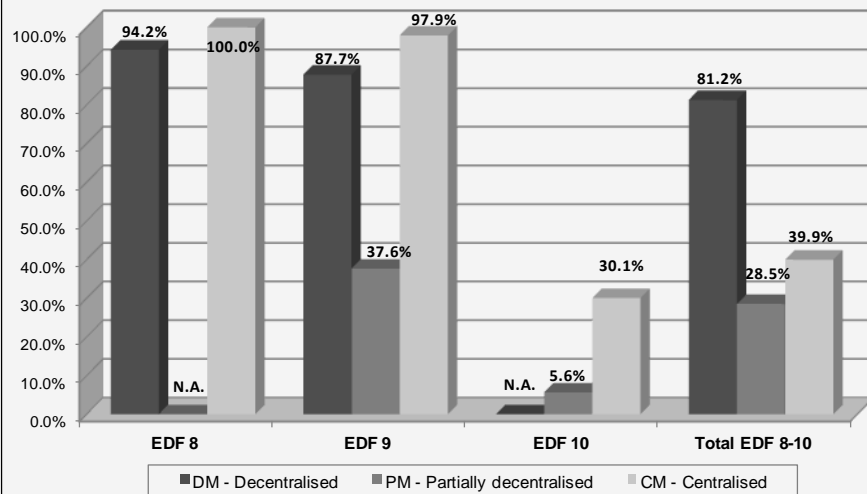
Source: EU CRIS database

**Figure PF-6 : Trends in Total EDF Commitments by Method of Implementation / Management Mode in the Period 2001-2010 (for EDF 8, 9 and 10)**



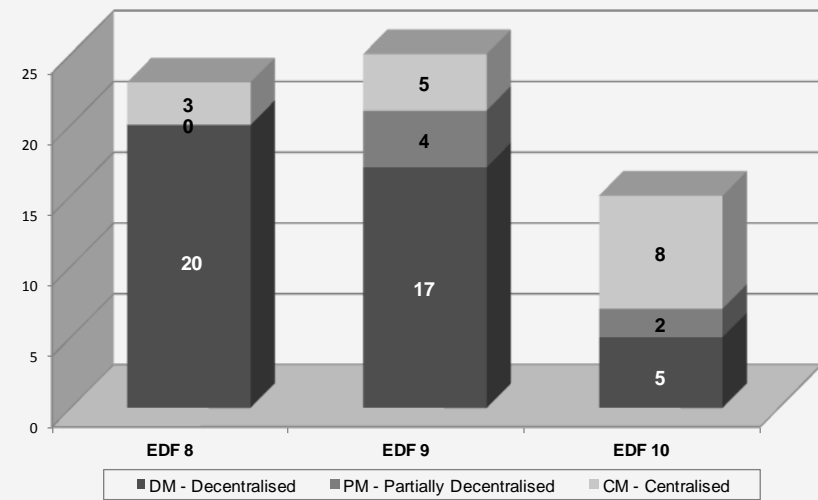
Source: EU CRIS database

**Figure PF-7 : Actually Paid in Percentage of Total Commitments, Broken Down by Method of Implementation / Management Mode and per EDF in the Period 2001-2010**



Source: EU CRIS database

**Figure PF-8 : Trends in the Total Number of EDF Projects in the Period 2001 - 2010 with regard to Intervention Method of Implementation / Management Mode**



Source: EU CRIS database

EC-JEU Country Level Evaluation Zambia (2011)  
 Aid Modalities Differentiated Portfolio Analysis of EDF Funding to Zambia over the Period 2001 - 2010

**Table PF-6 : List and Totals of Budget Support Funding under Zambia EDF-8, EDF-9 and EDF-10, Including Financial Data ( Period 2001 - 2010 ) (1) (4) (5)**

V.3 - 12/01/2012

Funding Identification and Implementation Details											Budget Support Programmes / Interventions Financial Data (In €)								
Seq. No.	Project No.	Decision No. (CRIS)	Status (3)	Title	DAC Code	Sector	Aid Method / Modality (4)	Method of Implementation / Mngt. Mode (5)	EU Funding Source / Financing Source	Special Remarks on Financing (Modalities) - if any	Allocated / Committed		Contracted			Paid			
											In €	In % of Total 2001-10 EDF-X	In €	In % of Total 2001-10 EDF-X	Contracted in % of Allocated	In €	In % of Total 2001-10 EDF-X	Paid in % of Allocated	
1.1. EDF-8 - GBS : Totals for "GBS" - General Budget Support					# of "GBS" Projects and in % of Total # of EDF-8 Projects					0	0%	0	0.00%	0	0.00%	0.00%	0	0.00%	-
1.2. EDF-8 - SPSP : Totals for "SPSP" - Sector Policy Support Programme					# of "SPSP" Projects and in % of Total # of EDF-8 Projects					0	0%	0	0.00%	0	0.00%	0.00%	0	0.00%	-
<b>1. TOTALS FOR BUDGET SUPPORT UNDER EDF-8</b>					# of "BS" Projects and in % of Total # of EDF-8 Projects					<b>0</b>	<b>0%</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>	<b>-</b>
3	9-ACP ZA-005	FED/2003/016-366	EC	POVERTY REDUCTION BUDGET SUPPORT PROGRAMME 2003-2006 (PRBS01)	51010	General budget support	GBS	DM	EDF-9 NIP	General budget support with 1 fixed annual and 5 variable tranches (PFM and PRSP indicators performance related)	108,200,000	27.78%	108,180,921	29.42%	99.98%	107,509,599	32.20%	99.36%	
14	9-ACP ZA-018	FED/2006/017-956	EC	EC SUPPORT TO THE PUBLIC EXPENDITURE MANAGEMENT (PEMFA)	15111	Government and civil society, general	GBS	CM	EDF-9 NIP	15.5m GBS with 10 semi-annual fixed tranches and 42.1m complementary support (multi-donor with 8 other CPs)	13,000,000	3.34%	13,000,000	3.54%	100.00%	13,000,000	3.89%	100.00%	
16	9-ACP ZA-024	FED/2006/018-569	EC	PRBS 02 (2007-2008)	51010	General budget support	GBS	DM	EDF-9 NIP	60m GBS and 2m complementary support	62,000,000	15.92%	53,017,437	14.42%	85.51%	52,478,486	15.72%	84.64%	
2.1. EDF-9 - GBS : Totals for "GBS" - General Budget Support					# of "GBS" Projects and in % of Total # of EDF-9 Projects					3	11.5%	183,200,000	47.04%	174,198,358	47.37%	95.09%	172,988,085	51.81%	94.43%
4	9-ACP-ZA-007	FED/2003/016-404	EC	SUPPORT TO THE EDUCATION STRATEGIC PLAN	11230	Basic education	SPSP	DM	EDF-9 NIP	Sector budget support consisting of 4 fixed annual tranches	10,002,243	2.57%	10,002,243	2.72%	100.00%	10,002,243	3.00%	100.00%	
10	9-ACP ZA-013	FED/2004/017-416	EC	PERIODIC MAINTENANCE OF TRUNK, MAIN AND DISTRICT ROADS	21020	Transport and storage	SPSP	DM	EDF-9 NIP	Sector budget support with 3 annual fixed tranches	96,000,000	24.65%	95,134,941	25.87%	99.10%	81,711,354	24.47%	85.12%	
15	9-ACP ZA-025	FED/2006/018-559	CL	RETENTION FOR HUMAN RESOURCES FOR HEALTH	12281	Basic health	SPSP	DM	EDF-9 NIP	Sector budget support with fixed and variable tranches (closure request NAO)	8,571,450	2.20%	8,571,450	2.33%	100.00%	8,571,450	2.57%	100.00%	
2.2. EDF-9 - SPSP : Totals for "SPSP" - Sector Policy Support Programme					# of "SPSP" Projects and in % of Total # of EDF-9 Projects					3	11.5%	114,573,693	29.42%	113,708,634	30.92%	99.24%	100,285,047	30.03%	87.53%
<b>2. TOTALS FOR BUDGET SUPPORT UNDER EDF-9</b>					# of "BS" Projects and in % of Total # of EDF-9 Projects					<b>6</b>	<b>23.1%</b>	<b>297,773,693</b>	<b>76.46%</b>	<b>287,906,992</b>	<b>78.30%</b>	<b>96.69%</b>	<b>273,273,132</b>	<b>81.84%</b>	<b>91.77%</b>
3	10-ACP-ZA-004	FED/2008/020-949	EC	PRBS 3 - MDG CONTRACT 1 - CRIS REF. 2008/199-76	51010	General budget support	GBS	CM	EDF-10 NIP	General budget support with fixed annual and variable tranches (2types: annual performance Y2-6 and V-FLEX MDG-C tranches Y4-6) with V-FLEX component: 30m €	255,000,000	55.29%	255,000,000	81.33%	100.00%	92,812,500	79.01%	36.40%	
3.1. EDF-10 - GBS : Totals for "GBS" - General Budget Support					# of "GBS" Projects and in % of Total # of EDF-10 Projects					1	6.7%	255,000,000	55.29%	255,000,000	81.33%	100.00%	92,812,500	79.01%	36.40%



Funding Identification and Implementation Details											Budget Support Programmes / Interventions Financial Data (in €)							
Seq. No.	Project No.	Decision No. (CRIS)	Status (3)	Title	DAC Code	Sector	Aid Method / Modality (4)	Method of Implementation / Mngt. Mode (5)	EU Funding Source / Financing Source	Special Remarks on Financing (Modalities) - if any	Allocated / Committed		Contracted			Paid		
											In €	In % of Total 2001-10 EDF-X	In €	In % of Total 2001-10 EDF-X	Contracted in % of Allocated	In €	In % of Total 2001-10 EDF-X	Paid in % of Allocated
4	10-ACP-ZA-005	FED/2008/020-950	EC	SUPPORTING PUBLIC HEALTH SERVICE DELIVERY IN ZAMBIA CRIS REF. 2008/198-54	12220	Basic health	SPSP	CM	EDF-10 NIP	Sector budget support: 3 annual fixed tranches and 3 variable tranches	35,000,000	7.59%	35,000,000	11.16%	100.00%	11,500,000	9.79%	32.86%
5	10-ACP-ZA-006	FED/2008/020-974	EC	SECOND SECTOR POLICY SUPPORT PROGRAMME - ROAD Sector CRIS REF. 2008/199-08	21020	Transport and storage	SPSP	CM	EDF-10 NIP	Budget support: 69.3m Eur - Complementary support: 7.7m. 4 fixed (09-12) and 3 (10012) variable tranches	77,000,000	16.69%	341,410	0.11%	0.44%	204,846	0.17%	0.27%
6	10-ACP-ZA-007	FED/2008/020-975	EC	SUPPORTING THE ELECTORAL SYSTEM IN ZAMBIA - CRIS REF. FED/2008/203-74	15151	Government and civil society, general	SPSP	CM-IO	EDF-10 NIP	Trust Fund with 7CPs at date of FA signing with UNDP lead	7,400,000	1.60%	7,400,000	2.36%	100.00%	3,580,000	3.05%	48.38%
<b>3.2. EDF-10- SPSP : Totals for "SPSP" - Sector Policy Support Programme</b>					<b># of "SPSP" Projects and in % of Total # of EDF-10 Projects</b>				<b>3</b>	<b>20.0%</b>	<b>119,400,000</b>	<b>25.89%</b>	<b>42,741,410</b>	<b>13.63%</b>	<b>35.80%</b>	<b>15,284,846</b>	<b>13.01%</b>	<b>12.80%</b>
<b>3. TOTALS FOR BUDGET SUPPORT UNDER EDF-10</b>					<b># of "BS" Projects and in % of Total # of EDF-10 Projects</b>				<b>4</b>	<b>26.7%</b>	<b>374,400,000</b>	<b>81.17%</b>	<b>297,741,410</b>	<b>94.96%</b>	<b>79.52%</b>	<b>108,097,346</b>	<b>92.02%</b>	<b>28.87%</b>
<b>9.1. Grand Totals for "GBS" - General Budget Support (EDFs 8,9 &amp; 10 - Period 2001-2010)</b>					<b># of "GBS" Projects and in % of Total # of EDF Projects (=64)</b>				<b>4</b>	<b>6.3%</b>	<b>438,200,000</b>	<b>39.19%</b>	<b>429,198,358</b>	<b>45.36%</b>	<b>97.95%</b>	<b>265,800,585</b>	<b>37.66%</b>	<b>60.66%</b>
<b>9.2. Grand Totals for "SPSP" - Sector Policy Support Programme (EDFs 8,9&amp;10 - Period 2001-2010)</b>					<b># of "SPSP" Projects and in % of Total # of EDF-10 Projects (=64)</b>				<b>6</b>	<b>9.4%</b>	<b>233,973,693</b>	<b>20.93%</b>	<b>156,450,044</b>	<b>16.53%</b>	<b>66.87%</b>	<b>115,569,893</b>	<b>16.37%</b>	<b>49.39%</b>
<b>9. GRAND TOTALS FOR BUDGET SUPPORT ( EDF-8, 9 &amp; 10 - Period 2001-2010 )</b>					<b># of "BS" Projects and in % of Total # of EDF-8,9&amp;10 Projects (=64)</b>				<b>10</b>	<b>15.6%</b>	<b>672,173,693</b>	<b>60.12%</b>	<b>585,648,402</b>	<b>61.89%</b>	<b>87.13%</b>	<b>381,370,478</b>	<b>54.03%</b>	<b>56.74%</b>

**Notes:** (1) Base Source: CRIS database - Status update as of 31 May 2011.  
Additional Sources of data for Aid method (column 7), methods of implementation / management mode (column 8), EU funding source / financing sources (column 9) and original FA maximum commitment (column 10), special remarks on financing (column 11) and originally planned closing date (column 14) are in hierarchical order: 1st: The original Financing Agreement; then 2nd: Action Fiche; then 3rd: the Project Summary Sheet (CRIS); and then 4th: the CRIS Detailed Decision Form

(2) CLE IR Closing date = DLE (End of Period of Execution)

(3) Classification of project cycle status codes (column 3): PO = Provisional, EG = Committed, EC = Under Implementation / Execution, CL = Closed, CA = Cancelled

(4) Classification of Aid Methods: PA = Project Approach; GBS = General Budget Support; SPSP = Sector Policy Support Programme (Sector Budget Support)

(5) Classification of Methods of Implementation / Management Modes: DM = Decentralised management; DPM = Partially decentralised management; CM = Centralised management; CM-IO = Centralised management - Joint management with international organisation; ICM-DA = Indirect centralised management - Delegation agreement

(6) Originally planned closing date is the "end date of project execution" as determined in the Financing Agreement (FA), which comprises both the operational implementation phase and the closure phase.

**EQ9: To what extent has the EU cooperation on national and regional level addressed the needs of the population as well as the policy priorities of the GRZ?**

JC 9.1: *The objectives of the strategy reflect the views and priorities of GRZ with respect to a comprehensive policy dialogue with the EU*

JC 9.2: *The objectives of the programmes correspond to needs of the population*

JC 9.3: *The selection of focal sectors of intervention and subsequent changes in the EU strategy were taken on the basis of the comparative advantages of the EU (e.g. experience and expertise in the sectors)?*

JC 9.4: *The EU's co-operation strategy for Zambia and its regional strategy were mutually reinforcing*

Background information

- **Ministry of Finance and National Planning (2011), p44** - Country Evaluation of the Implementation of the Paris Declaration in Zambia, Phase II

**Table 7: Total donor flows 2005 - 2010 (ZMK Billions) [\* 2010 figures are projections]**

	2005	2006	2007		2008	2009	2010
			Budget	Release			
SWAp	28.20	43.94	51.18	NA	43.72	35.00	35.00
Projects & Loans	70.55	229.60	292.60	NA	275.21	252.04	214.11
Grand Total	98.75	273.54	343.78	NA	318.93	287.04	249.11
<b>Basket as % of Total</b>	<b>29%</b>	<b>16%</b>	<b>15%</b>	<b>NA</b>	<b>14%</b>	<b>12%</b>	<b>14%</b>
<b>GRZ+Basket + HR support as % of Total</b>	<b>79%</b>	<b>39%</b>	<b>45%</b>	<b>NA</b>	<b>45%</b>	<b>47%</b>	<b>48%</b>
<b>HIV/AIDS as %age of Total</b>	<b>21%</b>	<b>61%</b>	<b>55%</b>	<b>NA</b>	<b>55%</b>	<b>53%</b>	<b>52%</b>

Source: MOH-SWAp Secretariat database

Extracts:

**JAR 2010, p4;** *In-country dialogue: The absence in 2010 of the traditional High Level Policy Dialogue was partially compensated by exchanges between Government and CPs on key policy issues (rural service delivery, decentralisation, macroeconomic issues, mining fiscal regime, governance public financial management reform etc.) during the June and December PRBS Reviews. Dialogue with Non State Actors remained limited.*

**EAMR, July 2007, p1:** *The Joint Assistance Strategy for Zambia (JASZ) has been completed and signed (May 2007). The purpose of the JASZ is to focus and organise development assistance provided by cooperating partners to support the implementation of Zambia's national development goals as they will be defined in the FNDP 2006-2010. This is in line with the Paris Declaration 2005 to which Zambia and its cooperating partners are signatory. The JASZ is foreseen to harmonise and align the many individual country strategies that cooperating partners in Zambia are currently using. The JASZ is the adequate instrument to progress towards further coordination and harmonisation following the requirements of the Cotonou Agreement and the EU development strategy. The EU joint programming can be fully compatible with this wider JASZ agreement.*

**JAR 2003, p7;** *Executive Summary: The main conclusion of this Joint Annual Review report for 2003 is that the CSP/NIP is in line with the Government poverty reduction strategy and there is no need to change the focal areas of the CSP/NIP. The report also concludes that Zambia has been performing quite well in the implementation of the CSP/NIP... Taking the above into consideration, sequentially to the Mid Term Review exercise, a proposal is made to confirm the current CSP/NIP strategy.*

**EDF10 CSP/NIP 2008-2013 Annex 6; The Harmonisation / Alignment in Zambia. The JASZ – Box on “Summary of Draft Zambian Aid Policy and Strategy – Principles: 1. Country ownership: To the extent that development cannot be imposed upon a people, the Government of Zambia shall take responsibility for setting Zambia’s own development vision and goals. In this respect, the Government shall make a conscious effort to move away from donor-led interventions towards country ownership. This shall entail (a) the building of a supportive policy environment and a country-led and effective organisational infrastructure in support of poverty reduction; (b) the creation of a more policy and organisational space for Zambian people to take the lead in, and ownership of their own development programme; (c) a preferential shift towards untied aid, including budget support; and (d) to make better use of existing systems and capacities within Zambia in the implementation of externally-supported programmes and, consequently, reduce the reliance on external technical cooperation. In the context of these ideals, cooperating partners shall ensure that all their supported activities in Zambia shall be consistent with the country’s own programme. This principle entails Government’s imposition of its will and priorities on cooperating partners and the implied readiness to reject aid if it is not consistent with national aspirations and priorities as stated in the country’s national development plans.**

**Centre d’Economie de la Sorbonne (2011) p23; Improving Aid Effectiveness in Aid Dependent Countries: Lessons from Zambia - Conclusion: In conclusion, it is clear that for Zambia and other aid-dependent countries the time has come to change how aid programmes are designed, how aid is delivered, how the incentives of donor agents and recipient-government officials are arrayed, and how aid-financed projects are evaluated. For the variety of reasons described above aid continues to fail to produce its expected and necessary impact. The challenge of aid dependency is systemic and involves donors and recipient countries alike. Perverse and conflicting incentives, a pervasive focus on instrumental goals over ultimate outcomes, inaccurate assumptions and distorted expectations, and administrative mechanisms that resist beneficial change, all serve to undermine the fundamental purposes of aid. Addressing these challenges will not be easy, but as the saying goes, nothing worthwhile ever is.**

#### **JC 9.1: The objectives of the strategy reflect the views and priorities of GRZ with respect to a comprehensive policy dialogue with the EU**

- **Indicator 9.1.1: Sector balance in NIPs, RIPs and other EU aid instruments reflects national policy priorities**

As far as the EDF9 CSP/NIP covering the period 2001-2007 is concerned, this CSP/NIP has been designed in line with the most important overall development plan of the GRZ of that period, the Poverty Reduction Strategy Paper (PRSP). The main conclusion of the GRZ-EU Joint Annual Review (JAR) report for 2003 is that the CSP/NIP is in line with the Government poverty reduction strategy and that there is no need to change the three focal areas of the CSP/NIP: (i) transport infrastructure, (ii) institutional reform and capacity building, and (iii) macroeconomic support. The report also concluded that Zambia has been performing quite well in the implementation of the CSP/NIP. Taking the above into consideration, sequentially to the Mid Term Review exercise, the EDF9 CSP/NIP strategy was confirmed as not needing changes.

Similarly, the GRZ Fifth National Development Plan (FNDP) 2006-2010 formed the basis for the discussions of the new EDF10 support programme (2008-2013) and the related programming exercise (JAR 2007). The country diagnosis under Chapter II of EDF10 CSP/NIP covers more than one third of the total number of CSP/NIP document pages, providing ample evidence of the EU response strategy solidly anchored in the national development and poverty reduction strategies. The country diagnosis, together with the overview of past and present EU cooperation, complementarity and consistency, forms the main basis for the formulation of the EU response strategy and the NIP. The only dissonance maybe is that despite the fact that projected budget expenditures on health and education are clearly indicated in the GRZ FNDP on health and education, no such provisions for the latter sector are provided for in the EDF9 CSP/NIP.

The solid anchoring of the EDF10 CSP/NIP 2008-2013 in and responsiveness to the national socio-economic and macro-economic situation and needs of the country may be illustrated by the Chapter II on the Country Diagnosis of the CSP/NIP document which as per the standard EU prescriptions consists of 4 main parts / chapters: (i) Analysis of the political, economic, social and environmental situation in the recipient country (6 sectors / thematic areas); (ii) Poverty reduction analysis – MDGs; (iii) Zambia development strategy and (iv) analysis of the challenges and risks of current and medium-term policies. This country diagnosis section covers pages 12 to 24 of the CSP document of 37 pages or more than

one third of the document. This country diagnosis, together with the overview of past and present EC cooperation, complementarity and consistency, is the main basis for the formulation of the response strategy and the NIP. The current evaluation therefore finds it somehow remarkable that the substantive changes in the macro-economic and macro-financial country framework which started emerging by the middle of the 2001-2010 period under review are not more prominently covered in the country diagnosis and as such automatically also not its repercussions for an adapted EU response strategy to this emerging new situation of Zambia gradually evolving to a lower middle income country. As also attested to in the 2007 JAR, the GRZ FNDP 2006-2010 and the JASZ have been the prime basis for discussions of the new EDF10 support programme (2008-2013) and the related programming exercise, This indirectly implies that the FNDP and the JASZ in reaction to that have not adequately considered and incorporated the actual and anticipated further pronounced transition of Zambia to this upgraded macro-economic development status. For the calculation of the external aid projections, the Fifth National Development Plan 2006-2010 for example argues that "due to a marginal rise in domestic revenues, the resource gap will mainly be financed from external sources."<sup>102</sup>

The in-country dialogue on policy and programming priorities regarding the EDF10 CSP/NIP between GRZ and Cooperating Partners has been facilitated through the Joint Assistance Strategy for Zambia at three levels: (i) strategic - policy, (ii) tactical sectoral and (iii) operational. This JASZ has been completed and signed in May 2007. Its purpose is to focus and organise development assistance provided by cooperating partners to support the implementation of Zambia's national development goals as defined in the FNDP 2006-2010. This is in line with the 2005 Paris Declaration to which Zambia and its cooperating partners are signatory. The JASZ is foreseen to harmonise and align the many individual country strategies that cooperating partners in Zambia are currently using and as such is a key instrument to progress towards further coordination and harmonisation following the requirements of the Cotonou Agreement and the EU development strategy. The EAMR of July 2007 confirmed that the EU joint programming can be fully compatible with the wider JASZ agreement. The absence in 2010 of the traditional High Level Policy Dialogue under JASZ was partially compensated by exchanges between Government and CPs on key policy issues (rural service delivery, decentralisation, macroeconomic issues, mining fiscal regime, governance public financial management reform etc.) during the June and December Poverty Reduction Budget Support (PRBS) Reviews. However, the prolonged absence of high level policy dialogue in the last few years of the period under review (2008 to 2010)) was marked in many interviews at EUD and with CPs during the December field visit as one of the main reasons for a failed policy dialogue in general in this period. The dialogue with Civil Society Organisations remained rather limited, also in the absence of appropriate institutional fora with moreover substantive differences amongst the sectors as argued earlier in relation to EQ6 on democratic governance and CSOs. Furthermore with regard to country ownership of the EU political and development response to Zambia and in line with one of the base principles underlying harmonisation and alignment in Zambia facilitated by the JASZ, it is clearly stated in the EDF10 CSP/NIP document (under annex 6) that this entails Government's imposition of its will and priorities on cooperating partners and the implied readiness to reject aid if it is not consistent with national aspirations and priorities as stated in the country's national development plans.

Another element of the EU response strategy alignment analysis with national policy priorities pertains to the reflection of Zambian national policy priorities in the Regional Strategy Papers and Regional Indicative Programmes (RSPs/RIPs). Whereas the first focal areas of the EDF10 RSP/RIP for 2008-2013 with the RESA-IO cover regional economic integration (the second area is related to regional political integration / cooperation) in the priority sectors of infrastructure (especially transport but also including energy), management of natural resources, environment and food security, this attention is relatively high (especially in budgetary terms) in comparison to their share in the national development strategy (FNDP) or in the EDF10 CSP/NIP. The quality of this strategic and programmatic link between the regional level and the national level is further explored hereafter under JC 9.4 (the EC's cooperation programme in Zambia and its regional programme were mutually reinforcing).

As far as the overarching goal of poverty alleviation is concerned, the 2009 Mid-Term Review of the FNDP provided evidence that during the 2006-2008 review period, annual budget allocations to Poverty Reduction Programmes (PRPs) recorded an increase from 42.6 per cent in 2006 to 47.2 per cent in 2008. Total allocations to PRPs over the review period averaged 45.78 per cent of the total budget from all the sectors and provinces. The budget releases out of the total allocations in the three years, however, were less than programmed and stood at an average of less than two-third (64.1%). In 2006, 42.6% of the budget was released to programmes classified as PRPs; in 2007 this was 46.9% while in 2008 PRP budget allocation was 47.0% of the total budget for the year.

<sup>102</sup> FNDP (2006); p352 including Figure 37.1 External Aid projections (copy hereunder)

Performance of selected FNDP poverty indicators from the base period to the mid-term review period has generally been positive although varied trends have been recorded for the different sectors. Poverty levels in the country have slightly declined showing an improvement over the trends before. However, the slow rate of decline would render the MDG target of halving poverty rates to 29 per cent challenging. The general trend in performance for economic indicators showed sustained improvements and even over-performance against set targets, although employment and annual inflation targets probably would not be attained as trends in these indicators show declines in performance. This is indicated by the higher than programmed outturn of 16.6 per cent in 2008 against a single digit target of 5 per cent in 2010. Similarly, employment rates have declined by 4 per cent from 2004 to 2008, thus rendering achievement of the FNDP goal of “Broad-based wealth and job creation through citizenry participation and technological advancement” difficult by 2010.

Data, figures, tables:

***FNDP (2006) p352: Fifth National Development Plan 2006-2010 - Table 37.3 Core FNDP Costs***

Table 37.3: Core FNDP Costs

Sector	GRZ	% of GRZ	Donor	% of Donor	Grand Total		% of Total
					K Billions	US \$ Billions	
Macroeconomics and financial management	1,158.30	4.6	362.4	2.7	1,520.70	0.4	3.9
Agriculture	2,750.90	10.9	1,585.10	12.5	4,436.00	1.1	11.5
Tourism	56.3	0.2	222.1	1.6	278.4	0.1	0.7
Lands	91.9	0.4	-	-	91.9	0	0.2
Natural Resources	64.2	0.3	313.4	2.3	377.6	0.1	1
Energy	239	0.9	262.4	1.9	501.3	0.1	1.3
Infrastructure	3,220.40	12.8	3,407.50	25.3	6,627.90	1.6	17.2
Oil/Roads	2,440.00	9.7	1,943.60	-	4,383.60	1.1	11.3
Local Govt and Decentralization	463.7	1.8	268.4	2	732	0.2	1.9
Communication	60.8	0.2	-	-	60.8	0	0.2
Mining	59.6	0.2	-	-	59.6	0	0.2
Manufacturing	102.4	0.4	177	1.3	279.4	0.1	0.7
Trade	83.2	0.3	-	-	83.2	0	0.2
Science and Technology	34	0.1	5	0	39	0	0.1
Water and Sanitation	235.3	0.9	1,211.00	9	1,446.30	0.4	3.7
Oil/ Water Resource Management and Dvpt	156.2	0.6	81.6	0.6	237.9	0.1	0.6
Water and Sanitation	79.1	0.3	1,129.30	8.4	1,208.40	0.3	3.1
Health	4,759.70	18.9	3,011.60	22.4	7,771.30	1.9	20.1
Education	8,896.70	35.3	1,651.80	12.3	10,548.50	2.6	27.3
Employment and Labour	36.6	0.1	41.3	0.3	77.9	0	0.2
Child and Youth	113.7	0.5	-	-	113.7	0	0.3
Social Protection	325.6	1.3	2.5	0	328.1	0.1	0.8
TEVET	183.7	0.7	268.5	2	452.2	0.1	1.2
Art and Culture	10.2	0	-	-	10.2	0	0
Food and Nutrition	9.1	0	2	0	11.2	0	0
Disability and Development	21.8	0.1	-	-	21.8	0	0.1
Central Administration	84.8	0.3	118	0.9	202.8	0.1	0.5
Governance	659.1	2.6	39.8	0.3	698.9	0.2	1.8
Monitoring and Evaluation (budgeted under macroeconomic)	199.6	0.8	148.8	-	348.4	0.1	0.9
Foreign Relations	134.5	0.5	-	-	134.5	0	0.3
Information Services	64.2	0.3	-	-	64.2	0	0.2
Public Order and Safety	1,147.10	4.6	-	-	1,147.10	0.3	3
Defence	80	0.3	-	-	80	0	0.2
HIV/AIDS Coordination	10.7	0	177.6	1.3	188.3	0	0.5
Environment	10.3	0	240.8	1.8	251.1	0.1	0.6
Gender	9.5	0	-	-	9.5	0	0
<b>TOTAL Core FNDP</b>	<b>25,177.30</b>	<b>100</b>	<b>13,468.10</b>	<b>100</b>	<b>38,645.40</b>	<b>9.4</b>	<b>100</b>

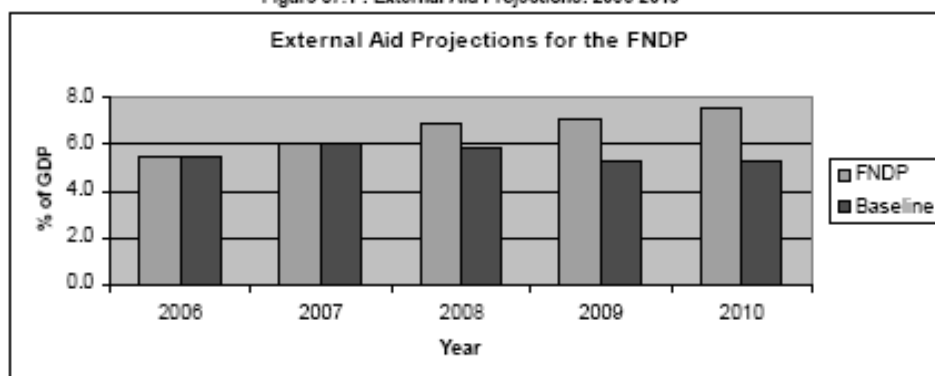
Source: Ministry of Finance and National Planning

*In absolute terms, total core expenditure is estimated K 38,645.4 billion (or USD 9.4 billion) as per the above table 37.3 with breakdown by main sector.*

***FNDP – (2006); p352 - Fifth National Development Plan 2006-2010 - Below Figure 37.1 External Aid projections: Due to a marginal rise in domestic revenues, the resource gap will mainly be financed from external sources. Thus, a significant part of the resource gap of K 2, 982 billion will have to be met from external grants and loans, donor commitments (see below figure 37.1). Below table 37.5***

presents the broad sectoral allocations for all the sectors during the 2006-2010 FNDP period. External loans are projected to average 1.0 per cent of GDP, or USD 160m per annum. This is inclusive of already existing loans to be disbursed over the Plan period. New borrowing is expected to be in the region of USD 50 to 60m per annum, mostly from the World Bank and the ADB.

Figure 37.1 : External Aid Projections: 2006-2010



FNDP (2006) pp. 355-356; Fifth National Development Plan 2006-2010 Table 37.5 Broad FNDP Sectoral Allocations (Percentage)

Table 37.5: Broad FNDP Sectoral Allocations (percentage)

	2006			2007			2008			2009			2010		
	GRZ	Donors	Total	GRZ	Donors	Total	GRZ	Donors	Total	GRZ	Donors	Total	GRZ	Donors	Total
Macroeconomics and financial management	0.0	3.0	7.0	0.0	3.0	7.0	0.0	3.0	7.0	0.0	3.0	7.0	0.0	3.0	7.0
Agriculture	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tourism	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Natural Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Energy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Infrastructure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Own Roads	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Local Govt and Decentralization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Communication	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mining	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Science and Technology	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water and Sanitation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Own Water Resource Management and Devt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Water and Sanitation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Employment and Labour	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Child and Youth	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Social Protection	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TEVET	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Art and Culture	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Food and Nutrition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disability and Development	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Central Administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Governance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	2006			2007			2008			2009			2010		
	GRZ	Donors	Total	GRZ	Donors	Total	GRZ	Donors	Total	GRZ	Donors	Total	GRZ	Donors	Total
Monitoring and Evaluation (budgeted under macroeconomic)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign Relations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Information Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public Order and Safety	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Defence	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
HIVAIDS Continuation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Environment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gender	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sub-total	78.0	100.0	88.0	84.0	100.0	88.0	88.1	100.0	88.2	87.3	100.0	88.8	86.8	100.0	88.8
Constitutional and Statutory Expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Low Domestic Debt Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Foreign Debt Service (including Amortization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Constitutional Posts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Medium-Term Pay Reform	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Contingency	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provincial Administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others n.e.d	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grand Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

**FNDP (2006) pp. 364-365; Fifth National Development Plan 2006-2010**

**Table 38.1 Institutional Roles and Responsibilities for the FNDP Implementation and Monitoring**

Table 38.1: Institutional Roles and Responsibilities for the FNDP Implementation and Monitoring		
Implementing Institutions	Advisory Institutions	Roles/Responsibilities
<b>National Level</b>		
<ul style="list-style-type: none"> <li>National Assembly</li> <li>Cabinet</li> <li>Cabinet Office</li> <li>Ministry of Finance and National Planning</li> <li>Private sector</li> <li>Sector Ministries and other spending Agencies</li> <li>Committees</li> </ul>	<ul style="list-style-type: none"> <li>National Development Co-ordinating Committee (NDCC) – To be established</li> <li>Umbrella Organizations and Research Institutions</li> <li>SAGs</li> <li>Special interest groups</li> <li>Thematic Committees</li> </ul>	<ul style="list-style-type: none"> <li>Parliament will discuss policy decisions for legislature that will support implementation.</li> <li>Cabinet will provide leadership and decide on new policy directions and priorities for national development interventions.</li> <li>Cabinet Office will provide supervisory functions in policy development and implementation.</li> <li>MFNP will develop the overall implementation targets and indicators and monitor the implementation process.</li> <li>The sector ministries will formulate sectoral policies, programmes and projects</li> <li>The National Development Coordinating Committee (NDCC) will be chaired by the Secretary to the Cabinet and will be responsible for making policy recommendations to Cabinet. The NDCC will also oversee overall monitoring and evaluation of programmes in the FNDP</li> <li>SAGs will provide professional and technical advice</li> <li>Special interest groups will participate in the relevant SAGs.</li> <li>The research institutions will add value to the process through the research findings and recommendations for policy development.</li> <li>The private sector will be a key partner in the implementation of the FNDP. They will be represented in SAGs, PDCCs, and DDCCs.</li> <li>Thematic Committees will be created to deal with specific issues.</li> </ul>
<b>Provincial Level</b>		
<ul style="list-style-type: none"> <li>Provincial Administration</li> <li>Provincial Sector Departments</li> </ul>	<ul style="list-style-type: none"> <li>Special interest groups</li> <li>PDCC</li> </ul>	<ul style="list-style-type: none"> <li>Special interest groups will provide advice to Government and private sector. They will be represented on PDCCs.</li> <li>The Provincial Administration will co-ordinate implementation and monitoring and evaluating of programmes through the Provincial Development Co-ordinating Committee (PDCC) chaired by the Provincial Permanent Secretary.</li> <li>PDCC will scrutinise and harmonise development plans from districts and monitor their implementation through sub-committees such as the Provincial M&amp;E sub-committee.</li> <li>PDCC will advise on the consistency of plan implementation with National Priorities.</li> </ul> <p>Note: These roles and responsibilities will be further refined as implementation of the decentralisation policy progresses.</p>
<b>District Level</b>		
<ul style="list-style-type: none"> <li>District Commissioner's office</li> <li>District Councils</li> </ul>	<ul style="list-style-type: none"> <li>Special interest groups</li> <li>DDCC</li> </ul>	<ul style="list-style-type: none"> <li>Implementation, monitoring and evaluation of programmes will be co-ordinated by the District Development Co-ordinating Committee (DDCC) chaired by the District Commissioner.</li> <li>DDCC will scrutinise development plans from departmental submissions and monitor their implementation through sub-committees representing each sector.</li> <li>DDCC will advise on the consistency of plan implementation with Provincial and National Priorities and present the plans to the Council.</li> <li>The District Council will approve all the district plans and guide their implementation.</li> </ul> <p>Note: These roles and responsibilities will be further refined as implementation of the decentralisation policy progresses.</p>
<b>Community Level</b>		
<ul style="list-style-type: none"> <li>Ward Development Committees:</li> <li>Resident development Committees</li> <li>Traditional Authorities or Establishments</li> </ul>		<ul style="list-style-type: none"> <li>Local participation should be co-ordinated at ward level by the ward development committee (WDC), Resident Development Committees (RDCs) and Area Development Committees (ADCs). These committees will participate in the implementation and monitoring of district plans by ensuring that the implementation is consistent with their local needs and priorities. Their participation will be through the District Development Co-ordinating Committees (DDCC) and District Councils.</li> </ul>

**FNDP (2006) p369; Fifth National Development Plan 2006-2010 – The key performance indicators for the main sectors / components of the FNDP are shown in FNDP Table 38.2 (excerpt only)**

13	Education and Skills Development	Net Enrolment ratio (a) Grades 1 – 7 (b) Grades 8 – 9 (c) Grades 10 – 12	(a) 94.77% (b) 23.5% (c) 21.32%	(a) 97.3% (b) 48.5% (c) 32.6%
		Completion Rate (a) Completion Rate at Grade 7 (b) Completion Rate at Grade 9 (c) Completion Rate at Grade 12	(a) 80.93% (b) 42.73% (c) 17.55%	(a) 90.0% (b) 65.4% (c) 29.6%
		Pupil Teacher Ratio (a) Grades 1 – 4 (b) Grades 5 – 7 (c) Grades 8 – 9	(a) 80.3 (b) 37.5 (c) 32.5 (d) 21.7	(a) 60.1 (b) 41.1 (c) 36.8 (d) 27.6
		(d) Grades 10 – 12		
		Teacher Qualification (a) Grades 1 – 7 (b) Grades 8 – 9 (c) Grades 10 – 12	(a) 98% (b) 98% (c) 31.4%	(a) 100% (b) 100% (c) 50%
		Gender Parity Index (a) Grades 1 – 7 (b) Grades 1 – 9 (c) Grades 1 – 12	(a) 0.96 (b) 0.95 (c) 0.81	(a) 0.98 (b) 0.97 (c) 0.82
		District Performance Index		
14	Health	Percentage of deliveries assisted by midwives, nurses, doctors or Clinical Officers	43%	60%
		Percentage of fully immunized children under one year of age in 20 worst performing districts	50%	70%
		Malaria case fatality rate among children below five years	24 / 1,000	15 / 1,000
		Utilisation rate of PHC facilities	0.48	0.8
		% MoH releases to district level	55%	65%
15	Water Supply and Sanitation	Volume of treated water produced (m <sup>3</sup> ) by commercial utilities		
		Newly installed water points in (a) Peri-urban areas (b) Rural areas (c) Total	(a) (b) (c)	(a) (b) (c)
		Number of new appropriate sanitary facilities		
26	Governance	Average time taken to dispose of cases (criminal and civil) at each stage of the administration of justice process.	100%	55%
		Backlog of cases.	--	10%
		Remand/convict ratio.	--	25%
		Number of verifiable interactions between MP's and their constituencies/citizens or civil society organisations	100	125
		Proportion between human rights cases reported and investigated	--	100%
		Proportion of recommendations from the Public accounts committee based on OAG reports that have timely and adequate action taken by responsible government institution	--	100%
		Proportion of Registered Voters compared to ...	TBD	80%
27	HIV and AIDS	Number tested for HIV at VCT and receiving the test results	150,000	500,000 (cumulative)
		Number of HIV+ pregnant women receiving a complete course of ARV prophylaxis		50,000 (cumulative)
		Number of persons with advanced HIV infection on ART (a) men (b) women (c) total	(a) 12,656 (b) 17,456 (c) 30,112	250,000
		Number of workplaces, including line ministries, with developed workplace policies and programmes for HIV and AIDS	628	
		Amount of funds spent on HIV and AIDS in the past 12 months		
28	Gender	% Declarations and conventions domesticated	2	5
		% of women with titled land	5%	30%
		% Women in decision making positions (in civil service)	12%	30%
		Ratio of boys to girls at (a) Primary (b) Secondary (c) Tertiary levels of education	(a) (b) (c)	(a) (b) (c)
		Percentage reduction in number of cases of gender violence	100% = 2520 cases	5% reduction
		Number of sectors with gender disaggregated data bases	1	8

**FNDP MTR (2009) p39; Fifth National Development Plan 2006-2010 - Mid-Term Review of October 2009**



Table 2.1: Poverty trends, 2004 - 2006

Residence/Province	Indicators	1998	2004	2006
Total Zambia	Total Poor	73	68	64
	Extremely Poor	58	53	51
	Moderately Poor	15	15	14
	Non-Poor	27	32	36
Rural Areas	Total Poor	83	78	80
Urban Areas	Total Poor	56	53	34
Provinces				
Central	Total Poor	77	76	72
Copperbelt	Total Poor	65	56	42
Eastern	Total Poor	79	70	79
Lusaka	Total Poor	82	79	73
Lusaka	Total Poor	53	48	29
Northern	Total Poor	81	74	78
North-western Province	Total Poor	77	76	72
Southern	Total Poor	75	69	73
Western	Total Poor	69	83	84

Source: CSO, Living Conditions Monitoring Survey, 1998, 2004 and 2006.

**FNDP MTR (2009) p43; Fifth National Development Plan 2006-2010 - Mid-Term Review of October 2009 - Chapter 2.6 Performance of Selected Poverty Indicators**

Performance of selected FNDP poverty indicators from the base period to the mid-term review period has generally been positive although varied trends have been recorded for the different sectors. Poverty levels in the country have slightly declined showing an improvement over the last trends. However, the slow rate of decline would render the MDG target of halving poverty rates to 29 per cent challenging. The general trend in performance for economic indicators shows sustained improvements and even over-performance against set targets, although employment and annual inflation target may not be attained as trends in these indicators show declines in performance. This is indicated by the higher than programmed outturn of 16.6 per cent in 2008 against a single digit target of 5 per cent in 2010. Similarly, employment rates have declined by 4 per cent from 2004 to 2008, thus rendering achievement of the FNDP goal of “Broad-based wealth and job creation through citizenry participation and technological advancement” difficult by 2010 (see MTR table 2.3 hereunder).

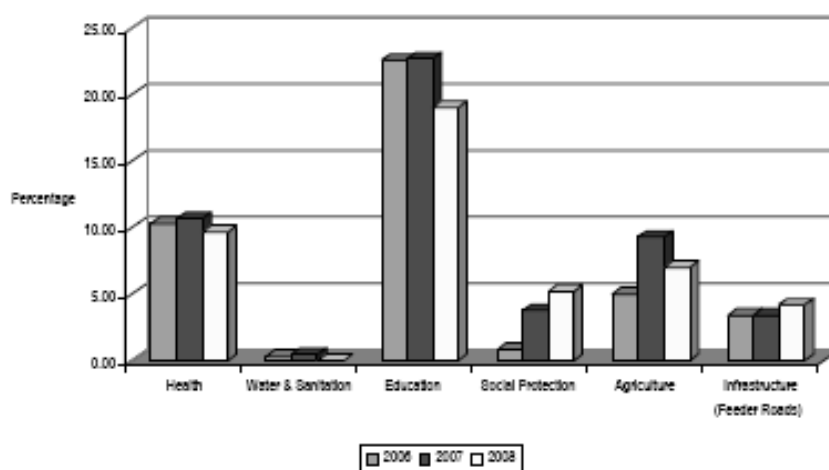
Table 2.3: Overview of Performance against selected Poverty Indicators

Indicator	Baseline (Year)	Current (Year)	Target 2010	Comment
Total Poor	68 (2004)	64 (2006)	29 (2015)	Improved
Of which Urban (%)	53	34		Improved
Of which Rural (%)	78	80%		Worsened
Annual Real GDP Growth (%)	5.4 (2004)	6.0 (2008)	7	Improved but below target
Annual Inflation %	8.9 (2006)	16.6 (2008)	5 (2010)	Increased
Employment %	59 (2004)	55 (2006)	No target set	Declined
Real per capita GDP (in US\$)	635 (2005)	962 (2008)	676	Improved
Life expectancy at Birth	51.9 (2006)	51.3 (2008)	No target set	Declined
Population Growth Rate %	3.0 (2006)	2.9 (2008)	2.0 (2010)	Declined
Population with access to safe water %	57 (2004)	59 (2006)	75 (2015)	Improved
HIV Prevalence %	15.6 (2001/2)	14.3 (2007)	16 or less (2015)	Improved and above target
Infant Mortality Rate	95/1,000 (2001/2)	70/1,000 (2007)	30/1,000 (2015)	Improved
Child Mortality Rate	81/1,000 (2001/2)	52/1,000 (2007)	No target set	Improved
Households with access to sanitary % means of Waste disposal <sup>1</sup>	10 (2004)		35	Improved
Maternal Mortality Rate	729/100,000 (2001/2)	449/100,000 (2007)	162/100,000 (2015)	Improved
Stunting Prevalence %	46.8 (2001/2)	45.4 (2007)	37	Improved
Wasting Prevalence%	5.0 (2001/2)	5.2 (2007)	2.5	Worsened

Source: Central Statistical office

**FNDP MTR (2009) p41; Fifth National Development Plan 2006-2010 - Mid-Term Review of October 2009:**

Figure 2.1: Releases as Percentage of Discretionary Budget for Selected Sectors, 2006 - 2008

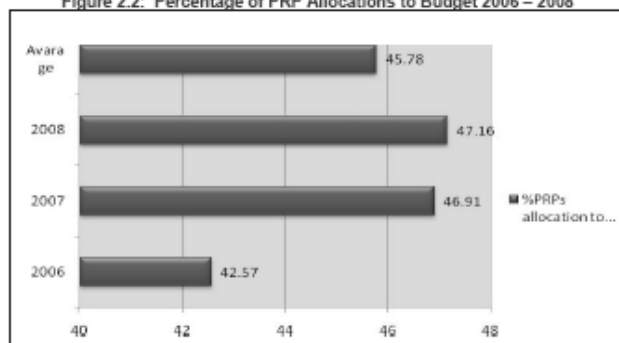


Source: Economic Reports 2006 – 08

The budget implementation data show that spending on priority and pro-poor sectors has generally been satisfactory. Thus achievement of the overall funding targets to these sectors may be attained but there is still need for intra-budgetary re-alignment for more effective results.

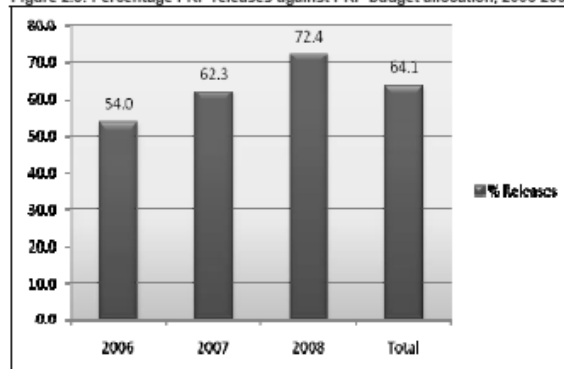
**FNDP MTR (2009) p42;** Fifth National Development Plan 2006-2010 - Mid-Term Review of October 2009 - Chapter 2.5 Budget Implementation: During the review period, annual budget allocations to Poverty Reduction Programmes (PRPs) recorded an increase from 42.6 per cent in 2006 to 47.2 per cent in 2008. Total allocations to PRPs over the review period averaged 45.78 per cent of the total budget from all the sectors and provinces. The budget releases out of the total allocations in the three years, however, were less than programmed and stood at an average of 64.1 per cent (MTR figure 2.2 below). In 2006, a total of K2,343.7 billion (or 42.57 per cent of the budget) was released to programmes classified as PRPs. During 2007, a total of K5,645.7 billion (or 46.9 per cent of the total budget) was allocated to poverty reduction programmes while the 2008 PRP budget allocation was K6,488.8 billion, representing 47 per cent of the total budget for the year. The actual percentage releases in respect of PRP allocations are shown in MTR figure 2.3 further below on the next page.

Figure 2.2: Percentage of PRP Allocations to Budget 2006 – 2008



Source: Ministry of Finance and National Planning

Figure 2.3: Percentage PRP releases against PRP budget allocation, 2006-2008



Source: Ministry of Finance and National Planning

**Extracts:**

**EDF10 CSP/NIP 2008-2013:** Chapter II Country Diagnosis of the CSP/NIP document consists of 4 main parts / chapters as per the standard prescriptions, (i) Analysis of the political, economic, social and environmental situation in the recipient country (6 sectors / thematic areas); (ii) Poverty reduction analysis – MDGs; (iii) Zambia development strategy and (iv) analysis of the challenges and risks of current and medium-term policies. This section covers pages 12 to 24 of the CSP document of 37 pages or more than one third of the document. This country diagnosis, together with the overview of past and present EC cooperation, complementarity and consistency, is the main basis for the formulation of the response strategy and the NIP.

**JAR 2007, p30:** Moreover, the GRZ FNDP 2006-2010 and the JASZ was the basis for discussions of the new EDF10 support programme (2008-2013) and the related programming exercise.

**JAR 2003, p18:** 4.2 Focal sectors of the EDF9 - The CSP/NIP in line with the PRSP proposed three focal sectors: Transport Infrastructure, Institutional Reform and Capacity Building, and Macroeconomic Support.

**JAR 2003, p37:** JAR Conclusions: Overall, the implementation of the PRSP in Zambia is improving, although considerable room still exists to improve the implementation process and, ultimately, to generate the desirable outcomes in terms of poverty reduction. The CSP/NIP has been proved in line with the Government poverty reduction strategy.

**CSP/NIP EDF10:** page 41 conditionalities FNDP budget expenditures on health and education (but no education in NIP)

▪ **Indicator 9.1.2: Emerging policy priorities integrated in MTR and ETR at national and regional level**

There is documentary evidence of the integration of emerging policy priorities in the Mid-Term Reviews and End-Term Reviews at the national and regional strategy levels. How and to what extent this is done to ensure continued relevance of the EU response strategy is illustrated in the EDF10 CSP Mid-Term Review conclusions. These attest to the continued relevance of the initial response strategy of the Community as expressed in the CSP 2008-2013 under the EDF10 since it supports the main objectives of the National Development Strategy. At the same time, the strategy also has provided an appropriate framework to absorb additional funds allocated to address the effects of the global financial crisis and the food prices crisis (V-FLEX modality). The 2009 MTR concludes that the EU remains convinced that the budget support modality provides the levels of ownership of development and permits the GRZ to allocate resources in accordance with national priorities. It continues that the recent concerns on the effectiveness of Public Financial Management (PFM) systems, which could challenge GRZ eligibility to budget support, have been identified and are being addressed by GRZ through a detailed roadmap with support from the CPs. The MTR as such appears to underestimate the gravity of the governance issues in the transport and health sectors which evolved into a crisis situation with some EU member states suspending their cooperation and backing out.

As far as more concrete examples of emerging policy priorities integration are concerned, the 2009 Mid-Term Review report of the EDF10 CSP for example provides ample evidence of this smooth integration of new policy directions and priorities. In August 2009, after many delays, the GRZ had launched the National Anti-Corruption Policy. The EDF10 CSP MTR reported the implementation of this policy appearing to be on track with the major milestones in 2010 likely to be attained but at the same time the MRT referred to the questioning in 2010 of the Government's commitment to fight corruption as it removed the clause of "Abuse of office and illicit wealth" from the revised Anti-Corruption Commission Act. A phenomenon causing more focused concerns and requiring new EC/EU policy objectives and commitments as reported in the MTR of the EDF10 CSP are migrations, with three main dimensions: brain drain, refugees and rural migration. Although Zambia has never been counted among the major countries of emigration in the region, it has experienced a very critical brain drain, especially during the last decade and in particular in the health sector. This was met by special EDF support for the retention of human resources in the health sector under budget support modalities and got especially focused on in the MTR. An example of a sectoral MTR is the MTR of the Education Strategic Plan 2003-2007 completed in 2007. As reported in the JAR for 2007, the Ministry worked on a National Implementation Framework for the NDP period 2006-2010, taking the Education chapter of the National Development Plan as strategic document. The MTR's overall conclusion was that the policies are right, but implementation insufficient, mostly because of "little sense of accountability throughout the system".

An example in case of the integration of emerging policy priorities at regional level and their reflection at Zambia country level is the Joint African EU Strategy (JAES) as reported in the MTR of the EDF10 CSP. The review revealed that elements of the JAES objectives were already articulated in the Zambia's FNDP as prerequisites for economic growth and development. After the Lisbon Summit of December 2007, Zambia was actively involved with two key initiatives under the JAES. The Peace and Security Council (PSC) of the African Union (AU) held a retreat in Livingstone in December 2008 to consider an appropriate mechanism for interaction between the Peace and Security Council and Civil Society Organisations (CSOs) in the promotion of peace, security and stability in Africa within the framework of Article 20 of the PSC protocol. In September 2009, the Lusaka Declaration on the high-level Meeting of the Eastern and Southern Africa – Indian Ocean (ESA-IO) Region and the European Commission included JAES in the agenda. The MTR furthermore reported however that there is little

evidence that all stakeholders including GRZ, Parliament, NSAs and private sector fully own the JAES and are actively involved in its implementation.

In general, it appears that the issue is not so much the reflection of emerging policy priorities in MTRs, ETRs and other related documents at national and regional levels which raises concerns, but their ownership by the respective main stakeholder groups concerned, is as much as policies that are not owned by the main stakeholders tend to fail. This is confirmed by the Country Level Political Economy Analysis of Zambia<sup>103</sup> commissioned by the EU in 2011 which under section 5.3 “Linking Analysis and Action – Suggestions for an EU Strategy in Zambia” provides ideas about the about the implications of the analysis for development assistance in Zambia based on the discussion at the workshop in Lusaka in June 2011, with staff of the EU delegation, member states and the World Bank. The report asserts that “Overall these ideas suggest that political economy analysis may not imply doing a lot of different things, but it does point to the need to do quite a lot of things differently, including<sup>104</sup>: (i) Take a longer term view; (ii) Find a compelling political narrative; (iii) Think about the impact of donor behaviour and aid modalities; (iv) Look for the short term room for manoeuvre; (v) Adopt more indirect strategies to help shift rules of the game over time; (vi) Taxation is a strategically important issue; (vii) Maximise the scope for international and EU leverage; (viii) Pay attention to local level economy dynamics; (ix) Be realistic about capacity building, and; (x) The political economy of the EU delegation?”

Extracts:

**MTR EDF10 CSP Conclusions, p1:** *After many delays, GRZ launched the National Anti-Corruption Policy in August 2009. Overall, its implementation appears on track with the major milestones for 2010 likely to be attained. But Government's commitment to fight corruption has been questioned in 2010 as it removed the clause of "Abuse of office and illicit wealth" from the revised Anti-Corruption Commission Act.*

**MTR EDF10 CSP Conclusions, p5; 1.2 New EC/EU policy objectives and commitments - Migrations:** *brain drain, refugees and rural migration: Although Zambia has never counted among the major countries of emigration in the region, it has experienced a very critical brain drain, especially during the last decade and in particular in the health sector. Under the EDF9, a €10m programme was designed to support retention of human resources for the Health Sector under budget support modalities.*

**MTR EDF10 CSP Conclusions, p5; JAES:** *Elements of the JAES objectives were already articulated in the Zambia's FNDP as prerequisites for economic growth and development. After the Lisbon Summit of December 2007, Zambia was actively involved with two key initiatives under the JAES. The Peace and Security Council (PSC) of the African Union (AU) held a retreat in Livingstone in December 2008 to consider an appropriate mechanism for interaction between the Peace and Security Council and Civil Society Organisations (CSOs) in the promotion of peace, security and stability in Africa within the framework of Article 20 of the PSC protocol. In September 2009, the Lusaka Declaration on the high-level Meeting of the Eastern and Southern Africa – Indian Ocean (ESA-IO) Region and the European Commission included JAES in the agenda. There is little evidence that all stakeholders including GRZ, Parliament, NSAs and private sector fully own the JAES and are actively involved in its implementation.*

**JAR 2007, p24; 2.3.2 Education:** *In 2007, the Ministry of Education concluded the implementing the Education Strategic Plan 2003-2007. A MTR of the Plan was completed in 2007, and the Ministry worked on a National Implementation Framework for the NDP period 2006-2010, taking the Education chapter of the National Development Plan as strategic document. The MTR's conclusion is that the policies are right, but implementation insufficient, mostly because of "little sense of accountability throughout the system".*

**Simutanyi, N. & Unsworth S. (2011) pp. 41-49; Section 5: Linking Analysis and Action: Country Level Strategies: 5.3. Suggestions for an EU strategy in Zambia:** *The following ideas about the implications of the analysis for development assistance in Zambia reflect discussion at the workshop in Lusaka in June 2011, with staff of the EU delegation, member states and the World Bank. Overall these ideas suggest that political economy analysis may not imply doing a lot of different things, but it does point to the need to do quite a lot of things differently: [Note: Only titles are reflected here, to*

<sup>103</sup> Simutanyi, N. & Unsworth S. (2011) pp. 41-49; Section 5: Linking Analysis and Action: Country Level Strategies : 5.3. Suggestions for an EU strategy in Zambia.

<sup>104</sup> Only the titles of the chapters are reflected here, in order to be able to keep the large excerpt concerned succinct.

*keep the large excerpt succinct]: (i) Take a longer term view; (ii) Find a compelling political narrative; (iii) Think about the impact of donor behaviour and aid modalities; (iv) Look for the short term room for manoeuvre; (v) Adopt more indirect strategies to help shift rules of the game over time; (vi) Taxation is a strategically important issue; (vii) Maximise the scope for international and EU leverage; (viii) Pay attention to local level economy dynamics; (ix) Be realistic about capacity building, and; (x) The political economy of the EU delegation?*

**MTR EDF10 CSP Conclusions, pp. 8-9:** *Chapter 1.4. Conclusions and Recommendations Regarding the Relevance of the Response Strategy: The initial response strategy of the Community as expressed in the CSP 2008-2013 under the EDF10 remains relevant since it supports the main objectives of the National Development Strategy. The strategy has provided also an appropriate framework to absorb additional funds allocated to address the effects of the global financial crisis and the food prices crisis. The EU remains convinced that the budget support modality provides the levels of ownership of development and permits the GRZ to allocate resources in accordance with national priorities. Recent concerns on the effectiveness of Public Financial Management (PFM) systems, which could challenge GRZ eligibility to budget support have been identified and are being addressed by GRZ through a detailed roadmap with support from the CPs.*

▪ **Indicator 9.1.3: Balance between interventions supporting policy formulation and interventions improving policy implementation.**

Especially under the budget support programmes (GBS and SBS) a balance is strived for between interventions supporting policy formulation and interventions improving policy implementation. The 2003 JAR for example concluded in this connection that the Government of Zambia is committed to good governance. The Anti-corruption Commission is the central body in charge of the implementation of the zero-tolerance policy against corruption. But at the same time the 2003 JAR noticed that misappropriation of funds still is a major concern. It expected the ongoing public sector reform to significantly improve good governance. The EDF9 CSP/NIP addresses good governance issues through the focal area “Institutional Reform and Capacity Building”

In the more recent period, since 2007 or so, policy dialogue with national authorities especially focused on (i) conditions for progress in budget support (PRBS group process), (ii) the situation in priority sectors (social sectors, HIV/AIDS, agriculture/food security, infrastructure, private sector/PSD), and (iii) analysing the first period of implementation of the donor-supported programme for public finance management reform (PEMFA). Hence a balance of policy formulation and policy implementation issues is discussed, whereas traditionally such dialogue was more concentrated on project / programme implementation issues.

With the budget support programmes (and particularly the General Budget Support – GBS), a shift of the balance to the other side is noted and reported on with special (over-)concentration on policy dialogue and policy formulation issues, not exceptionally to the detriment of policy and programme / project implementation. The recently conducted country evaluation (2011) on the implementation of the Paris Declaration (PD) in Zambia in this regard notes that it is perceived that there is too much focus on PD processes rather than translating them into development action. With respect to administrative efficiency, reports and minutes of the SWAp coordination meetings from 2002 to 2010 showed that a substantial amount of time is spent attending these meetings. MoH staff interviewed indicated that considerable time is spent organizing and staging SWAp-specific and other technical meetings. As part of the organisation process, matters arising during the meetings have to be followed up and action taken, reports produced and circulated to all members in time for the next meeting. The donors who were not pooling resources had their own separate planning, budgeting and reporting formats. This is reported to have increased the administration workload of staff, especially the programme managers at lower levels who have had to regularly submit reports. Substantive, too substantive if not disproportionately high amounts of time and resources to be invested in policy dialogue matters, particularly those pertaining to budget support and the wider harmonisation efforts to the detriment of actual aid management and coordination, were reported to the evaluation team during different interviews with EUD, CP and GRZ key stakeholder parties involved / concerned. The policy dialogue reportedly has signified a particularly extensive burden for the smaller EU Member States Embassies in Zambia.

The 2011 PD evaluation furthermore noted that, while Cooperating Partners (CPs) invest in and have access to quality information, the government does not do so, resulting in an unequal dialogue relationship between the two. This seems to affect the capacity of GRZ to effectively negotiate with donors. Achieving recognised standards of performance and accountability remains a challenge as the government continues to suffer from weak human and institutional capacities at all levels of governance...The

PD evaluation continues that areas of contribution to progress on aid effectiveness of the Paris Declaration include: (i) the development policy framework, (ii) aid coordination mechanisms and (iii) sector wide management approaches, hence policy formulation support interventions. These are significant and sustainable results which have translated into some development investments which reflect all or some of the PD principles in their design and implementation. Specially, the Paris Declaration has enhanced intense dialogue in the health sector which has contributed to the development of mechanisms and processes that have encouraged coordinated support to national systems and the wider use of programme-based approaches.

Sectoral / thematic area illustrations of the balance between policy formulation and policy implementation interventions strived for in the EU response strategy are provided for by climate change and environment. Traditionally the impact of climate change and environmental degradation on the economy has not been a main government priority until recently, as the modest record on the achievement of MDG7 – ensuring environmental sustainability – shows. However, both the FNDP and the National Policy on the Environment emphasize the integration of environmental issues in sector development plans and programmes. In 2008, the Environment Mainstreaming Strategy was developed with some progress reported during the year for finalisation in the next year. Another positive step was the creation in 2008 of the Climate Change Facilitation Unit in the Ministry of Tourism, Environment and Natural Resources (MTENR), which had been set up to prepare a more permanent secretariat in the appropriate institution especially focusing on policy formulation.

Extracts:

**JAR 2003, p35:** *(ix) Governance - Government of Zambia is committed to good governance. The Anti-corruption Commission is the central body in charge of the implementation of the zero-tolerance policy against corruption (see 3.1). However, misappropriation of funds is still a major concern. It is expected that the ongoing public sector reform (see 2) will significantly improve good governance. As part of the reform process, public financial management has been improving in 2003, although from a low basis. The CSP/NIP addresses good governance issues through the focal area "Institutional Reform and Capacity Building" (see 4.2.2 and 5).*

**MTR EDF10 CSP Conclusions, p4:** *The impact of climate change and environmental degradation on the economy has not been a main government priority until recently, as the modest record on the achievement of MDG7 – ensuring environmental sustainability – shows. However, both the FNDP and the National Policy on the Environment emphasize the integration of environmental issues in sector development plans and programmes. In 2008, the Environment Mainstreaming Strategy was developed with some progress reported during the year but it was not finalised. A positive step was the creation in 2008 of the Climate Change Facilitation Unit in the Ministry of Tourism, Environment and Natural Resources (MTENR), which has been set up to prepare a more permanent secretariat in the appropriate institution.*

**JAR 2007, p30:** *In the most recent period, policy dialogue with national authorities focussed on conditions for progress in budget support (PRBS group process), the situation in priority sectors (social sectors, HIV/AIDS, agriculture/food security, infrastructure, private sector/PSD), and analysing the first period of implementation of the donor-supported programme for public finance management reform (PEMFA). Moreover, the GRZ FNDP 2006-2010 and the JASZ was the basis for discussions of the new EDF10 support programme (2008-2013) and the related programming exercise.*

**JAR 2007, p30:** *The absence of NAO representatives at important project/programme decision-making events also adversely affects project implementation.*

**Ministry of Finance and National Planning (2011) p. xi:** *Country Evaluation of the Implementation of the Paris Declaration in Zambia, Phase II; February 2011: To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships (process and intermediate outcomes) – Core Question 2. It is perceived that there is too much focus on Paris Declaration (PD) processes rather than translating them into development action. Another problematic area was the structure of dialogue between CPs and the recipient country. In interviews, many donors described the existing dialogue mechanism between GRZ and CPs as "insufficient". It was noted that, while CPs invest in and have access to quality information, the government does not do so, resulting in an unequal dialogue relationship between the two. This seems to affect the capacity of GRZ to effectively negotiate with donors. On achieving recognised standards of performance and accountability, it remains a challenge as*

*the government continues to suffer from weak human and institutional capacities at all levels of governance.*

**Ministry of Finance and National Planning (2011), p. xii;** *Country Evaluation of the Implementation of the Paris Declaration in Zambia, Phase II; February 2011: To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships (process and intermediate outcomes) – Core Question 2. With respect to administrative efficiency, reports and minutes of the SWAp coordination meetings from 2002 to 2010 showed that a substantial amount of time is spent attending these meetings. MoH staff interviewed indicated that considerable time is spent organizing and staging SWAp-specific and other technical meetings. As part of the organisation process, matters arising during the meetings have to be followed up and action taken, reports produced and circulated to all members in time for the next meeting. The donors who were not pooling resources had their own separate planning, budgeting and reporting formats. This is reported to have increased the administration workload of staff, especially the programme managers at lower levels who have had to regularly submit reports to the Ministry of Health Headquarters.*

**Ministry of Finance and National Planning (2011) p. xii;** *Country Evaluation of the Implementation of the Paris Declaration in Zambia, Phase II; February 2011: Has the implementation of the Paris Declaration strengthened the contribution of aid to sustainable development results (development outcomes)? How? – Core Question 3. Areas of contribution to progress on aid effectiveness of the Paris Declaration include development policy framework, aid coordination mechanisms and sector wide management approaches. These are significant and sustainable results which have translated into some development investments which reflect all or some of the PD principles in their design and implementation. Specially, the Paris Declaration has enhanced intense dialogue in the health sector which has contributed to the development of mechanisms and processes that have encouraged coordinated support to national systems and the wider use of programme-based approaches. Paris Declaration commitments have guided implementation of the National Strategic Development Plan towards achievement of the Millennium Development Goals.*

Field Visit Additional Information on JC 9.1:

**JASZ-II (2011) p1;** *JASZ-II Objectives Aligned with the SNDP;* The overall goal of development assistance to Zambia and thus the JASZ II is to support broad based, inclusive growth and poverty reduction as set out in Zambia's Sixth National Development Plan (SNDP). The objective of the Joint Assistance Strategy for Zambia II (JASZ-II 2011-2015) is to deliver aid effectively to support the following development outcomes of the SNDP: (i) Economic growth and diversification is stimulated through improved transport infrastructure, expanded clean energy generation, and improving productivity of private sector; (ii) (Rural) poverty and inequality is reduced through increased investment in rural areas, in particular in agricultural diversification and productivity, in manufacturing and in tourism; (iii) Human development is improved through quality education, cost-effective, quality primary health care, and expanded water supply and sanitation, and; (iv) High quality and cost-effective public services are delivered, facilitated through a sound public finance management system including the effective management of all revenue sources, a strengthened local government system, and active engagement of non-state actors.

**JASZ-II (2011) p14;** *JASZ-II Principles of Cooperation – 3.1.1 Managing for Results:* Hence, GRZ and CPs decided to formulate a Memorandum of Understanding between GRZ and CPs (MoU) which links the SNDP and the JASZ II, explaining what Zambia want to achieve in terms of development and how GRZ and CPs plan to work together to attain these development objectives. The MoU is operationalised by an Action Matrix and selected Sector Key Performance Indicators.

**DIE & IOB (2011) p27;** *Evaluation Summary Recommendations:* Develop reliable indicators for the measurement of (rural) poverty. While general budget support is associated with poverty reduction, the PAF does not include reliable indicators for the measurement of poverty. Poverty data depend on four-yearly household surveys (LCMS), and it is precisely because these surveys are held once every four years that the results become easily politicised (as the examples of the 2006 and 2010 surveys show). Another consequence of the four-yearly survey is that results may come as a surprise. Therefore, GRZ and cooperating partners should develop more reliable indicators that can be measured at shorter intervals. One possibility is the development of an annual or biennial household panel.

**JC 9.1: The objectives of the strategy reflect the views and priorities of GRZ with respect to a comprehensive policy dialogue with the EU**

The EDF9 CSP/NIP covering the period 2001-2007 has been designed in line with the most important overall development plan of the GRZ of that period, the Poverty Reduction Strategy Paper (PRSP), as attested to for example by the 2003 JAR and that there is no need to change the three focal areas of the CSP/NIP: (i) transport infrastructure, (ii) institutional reform and capacity building, and (iii) macro-economic support. Similarly, the GRZ Fifth National Development Plan (FNDP) 2006-2010 formed the basis for the discussions of the new EDF10 support programme (2008-2013) and the related programming exercise. The only dissonance maybe is that despite the fact that projected budget expenditures on health and education are clearly indicated in the GRZ FNDP on health and education, no provisions for the education sector are provided for in the EDF9 CSP/NIP.

The solid anchoring of the EDF10 CSP/NIP 2008-2013 in and responsiveness to the national socio-economic and macro-economic situation and needs of the country is illustrated by the Chapter II on the Country Diagnosis of the CSP/NIP document which as per the standard EU prescriptions consists of 4 main parts / chapters: (i) Analysis of the political, economic, social and environmental situation in the recipient country (6 sectors / thematic areas); (ii) Poverty reduction analysis – MDGs; (iii) Zambia development strategy and (iv) analysis of the challenges and risks of current and medium-term policies. This country diagnosis section covers pages 12 to 24 of the CSP document of 37 pages or more than one third of the document. This country diagnosis, together with the overview of past and present EC cooperation, complementarity and consistency, is the main basis for the formulation of the response strategy and the NIP. The current evaluation therefore finds it somehow remarkable that the substantive changes in the macro-economic and macro-financial country framework which started emerging by the middle of the 2001-2010 period under review are not more prominently covered in the country diagnosis and as such automatically also not its repercussions for an adapted EU response strategy to this emerging new situation of Zambia gradually evolving to a lower middle income country. As also attested to in the 2007 JAR, the GRZ FNDP 2006-2010 and the JASZ have been the prime basis for discussions of the new EDF10 support programme (2008-2013) and the related programming exercise, This indirectly implies that the FNDP and the JASZ in reaction to that have not adequately considered and incorporated the actual and anticipated further pronounced transition of Zambia to this upgraded macro-economic development status. For the calculation of the external aid projections, the Fifth National Development Plan 2006-2010 for example argues that “due to a marginal rise in domestic revenues, the resource gap will mainly be financed from external sources.”<sup>105</sup>

The in-country dialogue on policy and programming priorities regarding the EDF10 CSP/NIP between GRZ and Cooperating Partners has been facilitated through the Joint Assistance Strategy for Zambia at three levels: (i) strategic - policy, (ii) tactical sectoral and (iii) operational. This JASZ has been completed and signed in May 2007. Its purpose is to focus and organise development assistance provided by cooperating partners to support the implementation of Zambia's national development goals as defined in the FNDP 2006-2010. This is in line with the 2005 Paris Declaration to which Zambia and its cooperating partners are signatory. The JASZ is foreseen to harmonise and align the many individual country strategies that cooperating partners in Zambia are currently using and as such is a key instrument to progress towards further coordination and harmonisation following the requirements of the Cotonou Agreement and the EU development strategy. The EAMR of July 2007 confirmed that the EU joint programming can be fully compatible with the wider JASZ agreement. The absence in 2010 of the traditional High Level Policy Dialogue under JASZ was partially compensated by exchanges between Government and CPs on key policy issues (rural service delivery, decentralisation, macroeconomic issues, mining fiscal regime, governance public financial management reform etc.) during the June and December Poverty Reduction Budget Support (PRBS) Reviews. However, the prolonged absence of high level policy dialogue in the last few years of the period under review (2008 to 2010) was marked in many interviews at EUD and with CPs during the December field visit as one of the main reasons for a failed policy dialogue in general in this period. The dialogue with Civil Society Organisations remained rather limited, also in the absence of appropriate institutional fora with moreover substantive differences amongst the sectors as argued earlier in relation to EQ6 on democratic governance and CSOs. Furthermore with regard to country ownership of the EU political and development response to Zambia and in line with one of the base principles underlying harmonisation and alignment in Zambia facilitated by the JASZ, it is clearly stated in the EDF10 CSP/NIP document (under annex 6) that this entails Government's imposition of its will and priorities on cooperating partners and the implied readiness to reject

<sup>105</sup> FNDP (2006); p352 including Figure 37.1 External Aid projections (copy hereunder)



aid if it is not consistent with national aspirations and priorities as stated in the country's national development plans.

Also the objectives of the recently concluded follow-up JASZ-II covering the years 2011-2015 to which the EU is one of the 15 co-signatory CPs are aligned with the national development plans and strategies. The overall goal of JASZ II development assistance to Zambia is to support broad based, inclusive growth and poverty reduction as set out in Zambia's Sixth National Development Plan (SNDP). As such the SNDP and the JASZ-II form the broader reference framework for the formulation of the EDF11 CSP/NIP. The objective of the Joint Assistance Strategy for Zambia II (JASZ-II 2011-2015) is to deliver aid effectively to support a well-defined selection of development outcomes of the SNDP. Moreover, the JASZ-II will be more results oriented along management for development results principles. To that effect, GRZ and CPs decided to formulate a Memorandum of Understanding between them which links the SNDP and the JASZ II, explaining what Zambia wants to achieve in terms of development and how GRZ and CPs plan to work together to attain these development objectives. The MoU is operationalised by an Action Matrix and selected Sector Key Performance Indicators.

Another dimension of the EU response strategy alignment analysis with national policy priorities pertains to the reflection of Zambian national policy priorities in the Regional Strategy Papers and Regional Indicative Programmes (RSPs/RIPs). Whereas the first focal areas of the EDF10 RSP/RIP for 2008-2013 with the RESA-IO cover regional economic integration (the second area is related to regional political integration / cooperation) in the priority sectors of infrastructure (especially transport but also including energy), management of natural resources, environment and food security, this attention is comparatively high (especially in budgetary terms) in comparison to their share in the national development strategy (FNDP) or in the EDF10 CSP/NIP. The quality of this strategic and programmatic link between the regional level and the national level is further explored hereafter under JC 9.4 (the EC's cooperation programme in Zambia and its regional programme were mutually reinforcing).

As far as the overarching goal of poverty alleviation is concerned, the 2009 Mid-Term Review of the FNDP provided evidence that during the 2006-2008 review period, annual budget allocations to Poverty Reduction Programmes (PRPs) recorded an increase from 42.6 per cent in 2006 to 47.2 per cent in 2008. Total allocations to PRPs over the review period averaged 45.78 per cent of the total budget from all the sectors and provinces. The budget releases out of the total allocations in the three years, however, were less than programmed and stood at an average of less than two-third (64.1%). In 2006, 42.6% of the budget was released to programmes classified as PRPs; in 2007 this was 46.9% while in 2008 PRP budget allocation was 47.0% of the total budget for the year.

Performance of selected FNDP poverty indicators from the base period to the mid-term review period has generally been positive although varied trends have been recorded for the different sectors. Poverty levels in the country have slightly declined showing an improvement over the trends before. However, the slow rate of decline would render the MDG target of halving poverty rates to 29 per cent challenging. The general trend in performance for economic indicators showed sustained improvements and even over-performance against set targets, although employment and annual inflation targets probably would not be attained as trends in these indicators show declines in performance. This is indicated by the higher than programmed outturn of 16.6 per cent in 2008 against a single digit target of 5 per cent in 2010. Similarly, employment rates have declined by 4 per cent from 2004 to 2008, thus rendering achievement of the FNDP goal of "Broad-based wealth and job creation through citizenry participation and technological advancement" difficult by 2010. (I-9.1.1)

There is documentary evidence of the integration of emerging policy priorities in the Mid-Term Reviews and End-Term Reviews at the national and regional strategy levels. How and to what extent this is done to ensure continued relevance of the EU response strategy is illustrated in the EDF10 CSP Mid-Term Review conclusions. These attest to the continued relevance of the initial response strategy of the Community as expressed in the CSP 2008-2013 under the EDF10 since it supports the main objectives of the National Development Strategy. At the same time, the strategy also has provided an appropriate framework to absorb additional funds allocated to address the effects of the global financial crisis and the food prices crisis (V-FLEX modality). The 2009 MTR concludes that the EU remains convinced that the budget support modality provides the levels of ownership of development and permits the GRZ to allocate resources in accordance with national priorities. It continues that the recent concerns on the effectiveness of Public Financial Management (PFM) systems, which could challenge GRZ eligibility to budget support, have been identified and are being addressed by GRZ through a detailed roadmap with support from the CPs. The MTR as such appears to underestimate the gravity of the governance issues in the transport and health sectors which evolved into a crisis situation with some EU member states suspending their cooperation and backing out.

As far as more concrete examples of emerging policy priorities integration are concerned, the 2009 Mid-Term Review report of the EDF10 CSP for example provides ample evidence of this smooth integration of new policy directions and priorities. In August 2009, after many delays, the GRZ had launched the National Anti-Corruption Policy. The EDF10 CSP MTR reported the implementation of this policy appearing to be on track with the major milestones in 2010 likely to be attained but at the same time the MRT referred to the questioning in 2010 of the Government's commitment to fight corruption as it removed the clause of "Abuse of office and illicit wealth" from the revised Anti-Corruption Commission Act. A phenomenon causing more focused concerns and requiring new EC/EU policy objectives and commitments as reported in the MTR of the EDF10 CSP are migrations, with three main dimensions: brain drain, refugees and rural migration. Although Zambia has never been counted among the major countries of emigration in the region, it has experienced a very critical brain drain, especially during the last decade and in particular in the health sector. This was met by special EDF support for the retention of human resources in the health sector under budget support modalities and got especially focused on in the MTR. An example of a sectoral MTR is the MTR of the Education Strategic Plan 2003-2007 completed in 2007. As reported in the JAR for 2007, the Ministry worked on a National Implementation Framework for the NDP period 2006-2010, taking the Education chapter of the National Development Plan as strategic document. The MTR's overall conclusion was that the policies are right, but implementation insufficient, mostly because of "little sense of accountability throughout the system".

An example in case of the integration of emerging policy priorities at regional level and their reflection at Zambia country level is the Joint African EU Strategy (JAES) as reported in the MTR of the EDF10 CSP. The review revealed that elements of the JAES objectives were already articulated in the Zambia's FNDP as prerequisites for economic growth and development. After the Lisbon Summit of December 2007, Zambia was actively involved with two key initiatives under the JAES. The Peace and Security Council (PSC) of the African Union (AU) held a retreat in Livingstone in December 2008 to consider an appropriate mechanism for interaction between the Peace and Security Council and Civil Society Organisations (CSOs) in the promotion of peace, security and stability in Africa within the framework of Article 20 of the PSC protocol. In September 2009, the Lusaka Declaration on the high-level Meeting of the Eastern and Southern Africa – Indian Ocean (ESA-IO) Region and the European Commission included JAES in the agenda. The MTR furthermore reported however that there is little evidence that all stakeholders including GRZ, Parliament, NSAs and private sector fully own the JAES and are actively involved in its implementation.

In general, it appears that the issue is not so much the reflection of emerging policy priorities in MTRs, ETRs and other related documents at national and regional levels which raises concerns, but their ownership by the respective main stakeholder groups concerned, is as much as policies that are not owned by the main stakeholders tend to fail. This is confirmed by the Country Level Political Economy Analysis of Zambia<sup>106</sup> commissioned by the EU in 2011 which under section 5.3 "Linking Analysis and Action – Suggestions for an EU Strategy in Zambia" provides ideas about the about the implications of the analysis for development assistance in Zambia based on the discussion at the workshop in Lusaka in June 2011, with staff of the EU delegation, member states and the World Bank. The report asserts that "Overall these ideas suggest that political economy analysis may not imply doing a lot of different things, but it does point to the need to do quite a lot of things differently, including<sup>107</sup>: (i) Take a longer term view; (ii) Find a compelling political narrative; (iii) Think about the impact of donor behaviour and aid modalities; (iv) Look for the short term room for manoeuvre; (v) Adopt more indirect strategies to help shift rules of the game over time; (vi) Taxation is a strategically important issue; (vii) Maximise the scope for international and EU leverage; (viii) Pay attention to local level economy dynamics; (ix) Be realistic about capacity building, and; (x) The political economy of the EU delegation? (I-9.1.2)

Especially under the budget support programmes (GBS and SBS) a balance is strived for between interventions supporting policy formulation and interventions improving policy implementation. The 2003 JAR for example concluded in this connection that the Government of Zambia is committed to good governance, but it at the same time noticed that misappropriation of funds still is a major concern. The EDF9 CSP/NIP addresses good governance issues through the focal area "Institutional Reform and Capacity Building". In the more recent period, since 2007 or so, policy dialogue with national authorities especially focused on (i) conditions for progress in budget support (PRBS group process), (ii) the situation in priority sectors (social sectors, HIV/AIDS, agriculture/food security, infrastructure, private sector/PSD), and (iii) analysing the first period of implementation of the donor-supported programme for public finance management reform (PEMFA). Hence a balance of policy formulation and policy imple-

<sup>106</sup> Simutanyi, N. & Unsworth S. (2011) pp. 41-49; Section 5: Linking Analysis and Action: Country Level Strategies : 5.3. Suggestions for an EU strategy in Zambia.

<sup>107</sup> Only the titles of the chapters are reflected here, in order to be able to keep the large excerpt concerned succinct.

mentation issues is discussed, whereas traditionally such dialogue was more concentrated on project / programme implementation issues.

With the budget support programmes (and particularly the General Budget Support – GBS), a shift of the balance to the other side is noted and reported on with special (over-)concentration on policy dialogue and policy formulation issues, not exceptionally to the detriment of policy and programme / project implementation. The recently conducted country evaluation (2011) on the implementation of the Paris Declaration (PD) in Zambia in this regard notes that it is perceived that there is too much focus on PD processes rather than translating them into development action. With respect to administrative efficiency, reports and minutes of the SWAp coordination meetings from 2002 to 2010 showed that a substantial amount of time is spent attending these meetings. MoH staff interviewed indicated that considerable time is spent organizing and staging SWAp-specific and other technical meetings. As part of the organisation process, matters arising during the meetings have to be followed up and action taken, reports produced and circulated to all members in time for the next meeting.

The donors who were not pooling resources had their own separate planning, budgeting and reporting formats. This is reported to have increased the administration workload of staff, especially the programme managers at lower levels who have had to regularly submit reports. Substantive, too substantive if not disproportionately high amounts of time and resources to be invested in policy dialogue matters, particularly those pertaining to budget support and the wider harmonisation efforts to the detriment of actual aid management and coordination, were reported to the evaluation team during different interviews with EUD, CP and GRZ key stakeholder parties involved / concerned. The policy dialogue reportedly has signified a particularly extensive burden for the smaller EU Member States Embassies in Zambia.

The 2011 PD evaluation furthermore noted that, while Cooperating Partners (CPs) invest in and have access to quality information, the government does not do so, resulting in an unequal dialogue relationship between the two. This seems to affect the capacity of GRZ to effectively negotiate with donors. Achieving recognised standards of performance and accountability remains a challenge as the government continues to suffer from weak human and institutional capacities at all levels of governance...The PD evaluation continues that areas of contribution to progress on aid effectiveness of the Paris Declaration include: (i) the development policy framework, (ii) aid coordination mechanisms and (iii) sector wide management approaches, hence policy formulation support interventions. These are significant and sustainable results which have translated into some development investments which reflect all or some of the PD principles in their design and implementation. Specially, the Paris Declaration has enhanced intense dialogue in the health sector which has contributed to the development of mechanisms and processes that have encouraged coordinated support to national systems and the wider use of programme-based approaches.

Sectoral / thematic area illustrations of the balance between policy formulation and policy implementation interventions strived for in the EU response strategy are provided for by climate change and environment. Traditionally the impact of climate change and environmental degradation on the economy has not been a main government priority until recently, as the modest record on the achievement of MDG7 – ensuring environmental sustainability – shows. However, both the FNDP and the National Policy on the Environment emphasize the integration of environmental issues in sector development plans and programmes. In 2008, the Environment Mainstreaming Strategy was developed with some progress reported during the year for finalisation in the next year. Another positive step was the creation in 2008 of the Climate Change Facilitation Unit in the Ministry of Tourism, Environment and Natural Resources (MTENR), which had been set up to prepare a more permanent secretariat in the appropriate institution especially focusing on policy formulation. (I-9.1.3)

## **JC 9.2: The objectives of the programmes correspond to needs of the population**

- **Indicator 9.2.1: Logical framework of programming documents (CSP/RSP, NIP/RIP, MTR), based on reliable information and analyses on national needs**

The intervention framework and performance indicators for the EDF10 CSP/NIP 2008-2013 are presented under a special chapter 1.6 of the CSP/NIP document. However, the section only has the Log-Frames for the two focal sectors (regional integration/transport infrastructure, and human development – health), plus the logframe for macro-economic support – general budget support. Only the three results levels are reflected (overall objective, programme purpose and results) in the LogFrames. No vertical logic / results chain levels are foreseen for inputs and activities. Objectively verifiable indicators with

concomitant sources of verification are included for each results level. However, the indicators are vaguely formulated and mostly are formulated at the logical level only (yes/no) hence not making possible refined performance measurement. Moreover, they are formulated without any indicator target setting or baseline data, or timeframe indication. The Macro-economic support – General budget support LogFrame matrix in the EDF10 CSP/NIP does not include any specific indicators, as only broad areas of indicators are provided. Reference is made to the PRBS MoU as the context wherein the indicators will be established jointly in a common Performance Assessment Framework (PAF). This PAF is a rolling document, as it is updated at regular intervals. The logframe matrix in the CSP/NIP document only includes broad areas of indicators.

Chapter 6.6 entitled “Intervention Frameworks: Programme Planning Matrix” in the EDF9 CSP/NIP document for the period 2001-2007 consists of one page and only has the overall objectives level of the LogFrame matrix intervention logic included for two focal sectors, (i) Transport, and (ii) Institutional Development and Capacity Building. For the latter, the further completed LogFrame matrix for the three results levels (labelled respectively as overall goal, objective and results) is provided under Annex 5 to the CSP/NIP document, but not including the inputs and activities results chain levels. The quality characteristics of EDF9 CSP/NIP indicators are basically as described above in relation to the EDF10 CSP/NIP indicators.

All EDF10 CSP/NIP projects were subject to Results Oriented Monitoring (ROM) in 2010. The reports concluded that all had good potential for sustainability (all ranked between 3 and 4) with effectiveness being the lowest where only two projects out of five were rated 3.0 (good). However, all the projects were ROM reported to have weak Logical Framework matrices and had challenges with setting up working Monitoring and Evaluation systems. Two projects were said to have over-estimated their targets. (JAR 2010, p15).

CSP/NIP M&E systems have been gradually refined in the process. In relation to EDF9, following the second poverty review conference in April 2003 to discuss the monitoring and evaluation strategies relating to the implementation of the PRSP/TNDP, significant progress has been achieved in refining the poverty indicators. In June 2003 the Refined PRSP Indicator System was finalised. The system contains the most important indicators (input, output, outcome and impact) needed to monitor the major objectives and sectors of the PRSP/TNDP. The system however has not been completed with baseline and targets to monitor the indicators. Furthermore, the Poverty Monitoring and Analysis (PMA) framework was finalised which aims at improving coordination of PRSP activities under one single umbrella incorporating the main stakeholders (GRZ, Civil Society, and Cooperating Partners) with the aim of (i) harmonizing data collection, (ii) improving dissemination of information and (iii) using the monitoring and evaluation mechanism for policy decision-making purposes. In October 2003, the first PRSP Implementation Progress Report was presented. In presenting the report, the Government acknowledged the fact that the mechanism of monitoring the PRSP has not yet been well developed and that several shortcomings still exist. Although the report presents a detailed picture of the implementation of each Poverty Reduction Programme (PRP) it lacks a comprehensive view of the results and outcomes in terms of poverty reduction at global and sectoral levels. Also, the report does not analyse trends in resource allocations over the years. A great deal of work was done and progress achieved in 2003 in preparation of the first MTEF for 2004-2006.

The complexity of sectoral performance monitoring in a mixed (combination of GBS and SBS) budget support setting under the EDF10 CSP/NIP can be illustrated by the health sector (FA – 10-ACP-2A-005 p4). Performance monitoring is the responsibility of the Ministry of Health, while the Ministry of Finance and National Planning coordinates monitoring the implementation of the FNDP. In the health sector dialogue the progress in implementing the National Health Strategic Plan is reported on through the routine Health Management Information System (HMIS). The Health components of the PAF (Performance Assessment Framework under the PRBS) and the Health sector Performance Monitoring Framework (HPMF) are the main tools for performance assessment. They provide a synthetic picture, derived from the existing strategic policy frameworks and annual work plans, of sector commitments in terms of inputs, outputs and outcomes. The broad HPMF includes the DAC selected standard indicators.

In conclusion, generally the logical frameworks in the Zambia country level programming documents are partial only and very general, and they do not contain performance indicators with baseline values or target setting. Hence it cannot be ascertained that these LogFrames are based on reliable information and analyses on national needs and therefore in a broader sense if the objectives of the programmes correspond to the needs of the population (JC 9.2).

Data, figures, tables:

• **EDF9 CSP/NIP 2001-2007; p28: Chapter 6.6: Intervention frameworks – Program Planning Matrix**

**Logframe for the Transport Sector**

	<b>Intervention Logic</b>	<b>Objectively verifiable Indicators</b>	<b>Sources of verification</b>	<b>Assumptions</b>
<b>Overall Objective:</b>	<b>Economic growth facilitated by improved transport infrastructure</b>			
<b>Intervention purposes</b>	1) Contribute to sustainable maintenance of trunk, main and district roads 2) Improve access to rural areas 3) Improve transport mode co-ordination	1) Backlog reduced; Fuel levy increased; Highway management system completed. 2) Number of gravel and dirt roads in poor condition reduced. 3) Strengthened institutional capacity.	1) HMS surveys NRB reports Ministry of Finance Roads Department 2) Reports by MoLG&H, Provinces and Districts 3) Ministry of Transport and Communication	1) Road Fund contributions to periodic maintenance progressively increased 2) Institutional reform supported and implemented 3) Commitment to a transport system in which different transport modes are efficiently combined

**Institutional Development and Capacity Building Focal Sector**

(see Annex 3 for further details)

<b>Intervention</b>	<b>Performance Indicator</b>	<b>Means of Verification</b>	<b>Assumptions</b>
<b>Overall Objective:</b> <b>To Strengthen the Institutional Capacities of the Zambian public and private sectors to manage the economy and promote private sector led development</b>	-Financial and Economic Management capacities of the Zambian Public Service Strengthened. -Capacities for public-private dialogue built as a basis for improving the policy and institutional environment for private sector development. -Capacities of Non-State Actors to participate and benefit from EU-Zambia Cooperation developed. -Access of private and public actors to the distance learning courses of the BOZ increased.	-Products, reports, policy documents available for review, and systems operational.  Services: client satisfaction.  -Physical evidence/organisation of structured dialogue processes & mechanisms. -Public and Private actors willing and able to prepare and defend arguments, positions etc, and to participate on a regular basis in dialogue.	-Government maintains its commitment to the reform of the Public Service. -Pay reform and economic growth create the opportunity to offer more competitive salaries as a basis for recruiting and retaining qualified staff, and for offering necessary operating budgets to government departments.

• **EDF10 CSP/NIP 2008-2013; pp. 45-50: Chapter 1.6: Intervention framework & performance indicators for the two focal sectors and for macro-economic support – general budget support (excerpt)**

**1.6.3 Macro-economic support. General budget support**

	<b>Intervention Logic</b>	<b>Objectively Verifiable Indicators</b>	<b>Sources of Verification</b>	<b>Assumptions</b>
<b>Overall Objective</b>	Support to the national strategy to promote broad-based and stable growth and poverty reduction			
<b>Programme Purpose</b>	1) Contribute to macro-economic stability to sustain broad-based economic growth 2) Enhance service delivery both for social sectors (e.g. health and education) and private agents (e.g. creation of a friendly business environment) 3) Continued strengthening of PFM systems			
<b>Results</b>	1) Macro-economic targets achieved 2) Targets for improved service delivery achieved 3) PFM reforms progress at an accelerate pace	In the context of the PRBS MoU, indicators will be established jointly (CPs-GRZ) in a common Performance Assessment Framework (PAF). The PAF is a rolling document, as it is updated at regular intervals. Broad areas of indicators would include: – Macro-economic performance: - public deficit/domestic borrowing indicators; - Government wage bill - Domestic revenue in GDP  Service delivery: - Public service reform - Social equity indicators (mostly for Health and Education) - Private sector development - Financial sector reforms  PFM reform: - releases/allocations - expenditure/releases - arrears clearance - enhanced oversight functions (Auditor general, Parliament)	MFNP and IMF Reports, CSO statistics, Bank of Zambia bulletins.  MFNP MoH, MoE, reports; HMIS, EMIS; MCTI, ZBA, Bank of Zambia  MFNP reports, PEMFA reports, PEFA Evaluation, OAG reports	Commitment to macro-economic stability is maintained;  Sectoral strategies are implemented; dialogue between MFNP and line Ministries is enhanced.  Commitment to PFM reforms is maintained

• **Health Sector Performance Assessment Framework (PAF) - Health component of the PAF under the Poverty Reduction Budget Support (PRBS)**

• **JAR 2003, Annex 1: Rationale for the focal sectors interventions and macroeconomic support 1. Programme Planning Matrix – Institutional Development and Capacity Building Focal Sector**

Intervention	Performance Indicator	Means of Verification	Assumptions
<b>Overall Goal:</b> <b>To Strengthen the Institutional Capacities of the Zambian public and private sectors to manage the economy and promote private sector led development</b>	-Financial and Economic Management capacities of the Zambian Public Service Strengthened. -Capacities for public-private dialogue built as a basis for improving the policy and institutional environment for private sector development. -capacities of Non-State Actors to participate and benefit from EU-Zambia Cooperation developed. - access of private and public actors to the distance learning courses of the BOZ increased.	See Below	See Below

**Extracts:**

**EDF10 CSP/NIP 2008-2013:** *The intervention framework & performance indicators are presented under chapter 1.6 of the CSP/NIP document. The section has the LogFrames for the two focal sectors (regional integration/transport infrastructure, and human development – health, plus the logframe for macro-economic support – general budget support. Only the three results levels are reflected (overall objective, programme purpose and results), no vertical logic / no results chain levels of inputs and activities. Objectively verifiable indicators with concomitant sources of verification are identified for each results level, however without any indicator target setting or baseline data, or timeframe indication.*

**JAR 2010, p15:** *All ... projects were subject of Results Oriented Monitoring in 2010. The reports concluded that all had good potential for sustainability (all ranked between 3 and 4) with effectiveness being the lowest where only 2 projects out of five were rated 3.0 (good). ... However, all the projects had weak logical framework matrices and had challenges with setting up working Monitoring and Evaluation systems. Self Help Africa and Plan UK projects were said to have over-estimated their targets.*

**JAR 2003, pp. 8-9; PRSP/TNDP Monitoring and Evaluation:** *Following the first annual poverty review conference in March 2002, the Government organised a second annual conference in April 2003 to discuss the monitoring and evaluation strategies relating to the implementation of the PRSP/TNDP. Subsequently, significant progress has been achieved with the support of GTZ in refining the poverty indicators. In June 2003 the Refined PRSP Indicator System was finalised. The System contains the most important indicators (input, output, outcome and impact) needed to monitor the major objectives and sectors of the PRSP/TNDP. However, the system has not been completed with baseline and targets to monitor the indicators. Furthermore, the Government finalised in August/September 2003 the Poverty Monitoring and Analysis (PMA) framework with the support of DFID and JICA. The PMA framework aims at improving coordination of PRSP/TNDP activities under a single umbrella incorporating the main stakeholders (GRZ, Civil Society, and Cooperating Partners), harmonizing data collection, improving dissemination of information and using the monitoring and evaluation mechanism for policy decision-making purposes. In October 2003, in an effort that has to be commended, the Government presented the first PRSP Implementation Progress Report. In presenting the report, the Government acknowledged the fact that the mechanism of monitoring the PRSP has not yet been well developed and that several shortcomings still exist. Although the report presents a detailed picture of the implementation of each Poverty Reduction Programme (PRP) it lacks a comprehensive view of the results and outcomes in terms of poverty reduction at global and sectoral levels. Also the report does not analyse trends in resource allocations over the years. A great deal of work was done and progress achieved in 2003 in preparation of the first MTEF for 2004-2006.*

**FA 10-ACP-2A-005 SPSP Supporting Public Health Service Delivery in Zambia; TAPA p4; Chapter 2.3. Performance monitoring and disbursement criteria:** *Performance monitoring is the responsibility of the Ministry of Health, while the Ministry of Finance and National Planning coordinates monitoring the implementation of the FNDP. In the health sector dialogue the progress in implementing the National Health Strategic Plan is reported on through the routine Health Management Information System (HMIS). The Health components of the PAF (Performance Assessment Framework under the PRBS) and the Health sector Performance Monitoring Framework (HPMF) will be in the coming years*

*the main tools for performance assessment. They provide a synthetic picture – derived from the existing strategic policy frameworks and annual work plans – of the sector commitments, in terms of inputs, output and outcomes. The broad HPMF includes the DAC selected standard indicators.*

▪ **Indicator 9.2.2: Existence of updates of the content of the policy dialogue and the cooperation programme according to the analysis of needs' satisfaction**

There is no evidence of systematic needs assessment through satisfaction surveys or other similar types of analyses at the level of the targeted beneficiaries / clientele and/or of the population in general, at least not in as much as these are reflected in the overall strategy and programming documents or strategy implementation reviews. Also no evidence of such needs and satisfaction surveys emanated from the sectoral analyses under this evaluation. Hence no conclusive answer or indication can be given in relation to the indicator measuring / assessing the existence of updates of the content of the policy dialogue and the cooperation programme according to the analysis of needs' satisfaction. In the field visit interviews it was confirmed that needs assessments, target groups / beneficiaries / clients satisfaction surveys are not (yet) systematically used as planning and programme management tools.

An overall appreciation of the outcomes / impact of budget support on poverty reduction has been provided in the 2011 budget support evaluation. The main finding / conclusion in this regard is summarised as follows: "Within its short existence, budget support could not contribute very much to the reduction of poverty in Zambia. While improvements are visible in a number of areas, developments have been slow. The improvement of living conditions in poor rural areas had not always been the highest priority. On the other hand, more realism is needed... So far Government and Cooperating Partners have not been able to meet the rising expectations of the poorest groups. At the same time, it would be illusive to think that with the small amounts of aid (per capita) it would be possible to "make poverty history" within a few years. Too many other variables are at stake, while the contribution to budget support was not that high." (DIE-IOB, 2011, p.v)

Extracts:

*DIE – IOB (2011), p. v; Evaluation of Budget Support in Zambia – Synthesis Report, Main Findings of the Evaluation regarding budget support and poverty reduction: "Within its short existence, budget support could not contribute very much to the reduction of poverty in Zambia. While improvements are visible in a number of areas, developments have been slow. The improvement of living conditions in poor rural areas had not always been the highest priority. On the other hand, more realism is needed... So far Government and Cooperating Partners have not been able to meet the rising expectations of the poorest groups. At the same time, it would be illusive to think that with the small amounts of aid (per capita) it would be possible to "make poverty history" within a few years. Too many other variables are at stake, while the contribution to budget support was not that high."*

▪ **Indicator 9.2.3: Enhanced CSOs participation in policy dialogue platforms and external cooperation frameworks**

The recent 2010 GRZ-EU Joint Assessment Review (JAR) is straightforward on the topic of CSO participation in policy dialogue platforms and external cooperation frameworks and particularly in relation to the budget support policy dialogue platform by asserting that "... engagement of other stakeholders such as parliamentarians and civil society on issues pertaining to budget support remained limited; this further reinforced the need for EU capacity building interventions to complement the budget support programme, for example in support to Parliament and civil society on the budgetary process." This JAR observation is supported by an independent study<sup>108</sup> on the impact of civil society on the national budgeting process in Zambia. The study highlighted both the opportunities and challenges CSOs face in their endeavour to influence important national programmes such as the budget. The findings point at an urgent need for the development of a legal and policy framework for civil society participation in the budget process and other national programmes. This will help to clarify the extent of civil society's role in the national programmes budget process in order to make this more inclusive and thus how CSOs can participate meaningfully in this process. An earlier ZCSD (2010) case study report in the framework of an assessment of civic engagement trends in Zambia pointed out that in the last years, the civil society in Zambia has been engaged in a number of policy related activities. The most salient participation reportedly is in the formulation of the Poverty Reduction Strategy Paper (PRSP) launched in 2002, as well as the formulation of the Fifth National Development Plan (FNDP), which was launched in 2006 and was aiming to come to completion in 2010.

<sup>108</sup> ZCSD and Civicus (2011); pp 74-76

The EDF10 CSP/NIP Mid-Term Review pointed at weaknesses of CSO's vertical networking in the other direction, namely the links with the grassroots, with the population / target groups the CSOs claim to defend or to represent: "There is also a gap between organised interest at the national level and participation at community level. CS organisations should ensure that the real population is not left aside in the dialogue with the government and the donors. Targeted communication between service, development and advocacy organisations would help narrowing the gap. CSO should also be more active in influencing the legislation for NGOs as well as more engaged in the decentralisation process. In addition, they need to be more coordinated to guide discussions with government and donors." (Op. Cit., p16). This brings with it the still unresolved issue on the definition and classification of CSOs and their delineation vis-à-vis NSAs, NGOs, POs, etc. as further elaborated on in the discussion on EQ-6 The EDF9 CSP-NIP document for example refers to the involvement of Non-State Actors, which only covers private sector intermediary organisations.

The EDF9 CSP/NIP document clarifies under a special chapter on the involvement of Non-State Actors that consultations with the private sector and the civil society have reinforced the choices of the focal sectors under the CSP/NIP. The former has identified deficiencies in the transport infrastructure as well as lack of capacity in public administration as major obstacles. The CSP/NIP document foresees that civil society and NGO capacity building will be assisted by specific requests for budget lines. In a special annex 10 to the CSP/NIP document a listing of CSP consultations (meetings and participants) is provided: Of the 15 preparatory meetings, 2 were with civil society organisations. The first meeting had 4 NGO's participating; the second had representatives from 3 CSOs.

A recent report on modalities of civil society support<sup>109</sup> clarified that National CSOs prefer unilateral support as found in the high scores this model gets for promoting results, dialogue, ownership and alignment. Unilateral funding tends to create stronger, strategic and more equal partnerships between donors and NCSOs, which in turn gives better dialogue, enables alignment and creates stronger ownership. This is particularly true when unilateral and joint support is direct and the chain of actors the shortest possible, thus strengthening the position of the end recipient CSOs in direct touch with the population. The NCSOs themselves however think that International CSOs (ICSOs) are better at promoting donor coordination and harmonisation. The explanation may be that ICSOs are considered as closer connected to donors and therefore better positioned to promote donor coordination. Remarkably, ICSOs score equally high on promoting mutual accountability between intermediaries and donors. The report concludes from this that NCSOs appear good at promoting dialogue and mutual accountability between donors and end recipient CSOs but less successful in promoting mutual accountability between themselves as intermediaries and their CSO partners.

Extracts:

**JAR 2010, p9:** *Nevertheless, engagement of other stakeholders such as parliamentarians and civil society on issues pertaining to budget support remained limited; this further reinforced the need for EU capacity building interventions to complement the Budget Support programme, for example in support to Parliament and civil society on the budgetary process.*

**MTR EDF10 CSP Conclusions, p16:** *Despite Zambia's vibrant civil society (CS), there is a need to strengthen the vertical linkages with the grass roots level. There is also a gap between organised interest at the national level and participation at community level. CS organisations should ensure that the real population is not left aside in the dialogue with the government and the donors. Targeted communication between service, development and advocacy organisations would help narrowing the gap. CSO should also be more active in influencing the legislation for NGOs as well as more engaged in the decentralisation process. In addition, they need to be more coordinated to guide discussions with government and donors.*

**EDF9, CSP/NIP 2001-2007:** *Chapter 5.3 on involvement of Non-State Actors only refers to the private sector intermediary organisations. The NIP foresees for targeted support for private sector intermediary organisations capacity development for and cooperation with a broad range of non-state actors. Quote: "Consultations with the private sector and the civil society have reinforced the choices of the focal sectors. The former has identified deficiencies in the transport infrastructure as well as lack of capacity in public administration as major obstacles. Civil society and NGO capacity building will be assisted by specific requests for budget lines. The consultations with NSA's and other stakeholders are presented in Annex 7.*

*However, in the copy of the EDF9 CSP/NIP document available with the evaluation team, no such*

<sup>109</sup> Embassy of Sweden (2010), p10



*Annex 7 on NSAs and other stakeholders could be found, neither under another annex number. Maybe symptomatic for the broad absence of CSO's in the EDF9 policies, strategies and programmes? Under Annex 10 to the CSP/NIP document a listing of CSP consultations (meetings and participants) is provided. Of the 15 preparatory meetings, 2 were with civil society organisations. The first meeting had 4 NGO's participating; the second one had representatives from 3 CSOs.*

**ZCSD and CIVICUS (2011) pp. 74-76:** *Civil Society Index Analytical Country Report for Zambia – Chapter 3 – Mapping Civil Society Case study 3: An Assessment of Civil Society Impact on the National Budgeting Process in Zambia: The aim of the study was to assess the impact of civil society on the national budgeting process in Zambia. It examined the potential influence of CSOs in all stages of the budgeting process, from the drafting stage through to the implementation stage, and it also examined whether governments actually take these interventions and influences seriously. At this point, it suffices to mention that the Zambian government policy is said to be ambiguous on the role of the civil society in the budgetary process. Mudenda, Ndulo and Wakumelo, (2005) pointed out that government does provide an opportunity to civil society to submit proposals to the budget, but it is not obliged to take CSOs submissions into account. CSOs also lack information on the processes and capacity to effectively interact with the public institutions, in order for them to make meaningful submissions. The study highlighted both the opportunities and challenges CSOs face in their endeavour to influence important national programmes such as the budget. The findings of the study will therefore enable the stakeholders in issues of public policy to see the need for the development of a legal and policy framework for civil society participation in the budget process and other national programmes. This will help to clarify the extent of civil society's role in the national programmes budget process inclusive and how they can participate meaningfully.*

**ZCSD (2010);** *Assessing Civic Engagement Trends in Zambia - A Case Study Report: In the most recent past, the civil society in Zambia has been engaged in a number of policy related activities. The most salient participation being in the formulation of the Poverty Reduction Strategy Paper (PRSP) launched in 2002, as well as the formulation of the Fifth National Development Plan (FNDP), which was launched in 2006 and was aiming to come to completion in 2010 (Sichone, 1996). Civil society has also been very instrumental in the ongoing constitutional setting process, where they have continued sensitising the masses to the importance of the process and also continued providing checks and balances to the National Constitutional Conference (NCC), a body constituted to deliberate on the constitutional agenda setting process.*

#### Field Visit Additional Information on I-9.2.3:

**Embassy of Sweden (2010) p10;** Implementation of the Nordic+ Conclusions on Civil Society Support – Chapter 3.2. Results – Unilateral Support and Joint Support: The answer to why NCSOs (National CSOs) prefer unilateral support may be found in the high scores this model gets for promoting results, dialogue, ownership and alignment. As pointed out by Scanteam and by many NCSOs since then, unilateral funding tends to create stronger, strategic and more equal partnerships between donors and NCSOs, which in turn gives better dialogue, enables alignment and creates stronger ownership... This is particularly true when unilateral and joint support is direct and the chain of actors the shortest possible, thus strengthening the position of the end recipient CSOs.

**Embassy of Sweden (2010) p14;** Implementation of the Nordic+ Conclusions on Civil Society Support – Chapter 3.3.1 Results – Indirect Support via CSO Intermediaries: Because of donors' strong support, NCSOs (National CSOs) also rank as the top intermediary in relation to donor coordination and harmonisation. The NCSOs themselves however think that ICSOs (International CSOs) are better at promoting donor coordination and harmonisation. The explanation may be that ICSOs are considered as closer connected to donors and therefore better positioned to promote donor coordination. NCSOs are also top rated in total in relation to dialogue between CSOs, donors and other stakeholders, and to mutual accountability between end recipient CSOs and donors. ICSOs however score equally high on promoting mutual accountability between intermediaries and donors. This is quite remarkable given that NCSOs are frequently voiced as the intermediaries who are closest to the end recipient CSOs. Thus NCSOs appear good at promoting dialogue and mutual accountability between donors and end recipient CSOs but less successful in promoting mutual accountability between themselves as intermediaries and their CSO partners.

▪ **Indicator 9.2.4: Examples of significant changes (thematic, target areas or groups) brought to policy frameworks by CSOs participation to public debates/policy dialogue platforms**

This indicator I-9.2.4 on examples of significant changes brought to policy frameworks by CSOs participation to public debates / policy dialogue platforms is closely related to the prior indicator I-9.2.3. on enhanced CSOs participation in policy dialogue platforms. Whereas a major finding in relation to the latter was that engagement of other stakeholders such as parliamentarians and civil society in policy frameworks was limited, this also implies that it is questionable that significant changes in policy frameworks may have brought about by this CSOs participation in public debates and policy dialogue platforms.

The EDF10 CSP/NIP Mid-Term Review report nevertheless mentioned that in 2009 the MTR process greatly benefited from the input of NSA during the in-country consultations and drafting of the JAR and governance action plan update. The MTR further specified that although not directly affecting the set-up of the CSP/NIP, the number of proposals made by the NSAs could make CSP/NIP implementation more successful for the remainder of the EDF10. A 2009 study on how non-state-actors lobby to influence budget outcomes in Zambia (Bwalya S. & Mpembamoto P.; 2009; p25). Most of these proposals did influence tax policy and budget outcomes, but those submitted through line government ministries, departments and agencies have a greater chance of being adopted in the budget than those submitted directly to the tax policy committee in the Ministry of Finance and National Planning.

Extracts:

***MTR EDF10 CSP Conclusions, p6;** Participation of MS other donors, NSA LA and Parliament in the review process: In 2008, the European Commission Delegation presented to the Zambian Parliament the EDF10 CSP. Members of Parliament were also associated to a number of sector related meetings during programming and the MTR process. In 2009, the MTR process benefited greatly from the input of NSA during the in-country consultations and drafting of the JAR and governance action plan update. NSAs made a number of proposals which, although not directly affecting the setup of the CSP, could make its implementation more successful for the remainder of the EDF10.*

***Bwalya Samuel M., Phiri E. & Mpembamoto, K (2009) p25;** How non-state actors lobby to influence budget outcomes in Zambia. One key objective of the study was to establish whether the current budget process provides adequate scope for productive engagement of non-state actors in formulating the national budget and whether participation of non-state actors in the budget process has led to the adoption of pro-poor tax and expenditures policies in Zambia. Firstly, an analysis of registration data has revealed significant growth in the number of interest groups, including business and civil society organisations formed following political and economic liberalisation in 1991. This suggests an increasing interest of non-state actors to actively participate in political and economic governances of the country. Secondly, an analysis of tax and expenditure proposals submitted to government suggests that those through the Ministry of Finance and National Planning have also increased reaching 42 submissions containing 249 different proposals. Most of these proposals did influence tax policy and budget outcomes, but those submitted through line government ministries, departments and agencies have a greater chance of being adopted in the budget than those submitted directly to the tax policy committee in the Ministry of Finance and National Planning, unless when these are competently presented and justified. This means that the capacity to articulate policy proposals is important in influencing fiscal policy decision-making, but other political and institutional factors also come into play.*

Field Visit Additional Information on JC 9.2:

***DIE & IOB (2011) p15;** Evaluation Summary and Conclusions: Overall, the results of this evaluation contribute to the debate on the potential of budget support. On the one hand, the Zambian experience confirms that budget support cannot simply 'buy' fundamental institutional reform, nor can it reduce poverty in a matter of a couple of years. Aid agencies can only expect to push through sustainable reform when there is a critical level of government ownership. On the other hand, this cannot be used as an ex-post reason to argue that budget support is an ineffective instrument...The budget increases helped to improve service delivery, especially in the social sectors. Nevertheless, serious challenges remain. While the situation has improved, the allocation of funds to the main sectors remains regressive and shortages persist at all levels. While there is evidence that the poorest groups did benefit*

from the increased spending, poverty levels remain high, especially in rural areas, and access to many public services is still unsatisfactory. However – and here a warning is in place as well – realistic time frames need to be set and over-optimistic expectations about what can be achieved in a short period of time need to be kept in check. The evaluation covers the period 2005-2009, which is not a long time, especially taking into account the extensive ambitions of cooperating partners. These ambitions were not always realistic.

***DIE & IOB (2011) p19; Evaluation Summary and Conclusions: Budget support and poverty reduction***

- Because it had not been in existence for very long, budget support was not able to contribute very much to the reduction of poverty in Zambia. While improvements are visible in a number of areas, development has been slow. Although improving living conditions in poor rural areas was not always given the highest priority, more realism is needed when addressing expectations. Economic policy created conditions that were favourable for economic growth. But in spite of this, poverty has not decreased much and the already high income disparities have widened further. According to 2006 data, 64% of the households may be classified as poor (and in rural areas 80%). Preliminary data of the most recent survey (2010) do not suggest an improved situation. Rural poverty is particularly persistent. One of the main causes is the slow growth of agricultural production. Moreover, a simulation of the potential effects showed that aid may exert a negative impact on the income of farmers. This means that increased aid should be accompanied by well-targeted programmes. One of the main programmes in this sector, the Fertilizer Support Programme (FSP), did not sufficiently target the poorest groups. Recently, the programme has been transformed into the Farmer Input Support Programme (FISP). It has been suggested that this programme will target these groups more effectively. Cooperating partners have continued to show their concerns over service delivery in the most under-served areas. However, the government and cooperating partners have not, so far, been able to meet the rising expectations of the poorest groups. Evidence shows that access to many facilities has not improved much for the poorest rural groups. There continue to be major disparities between rural areas, and between the poorest groups and other groups in terms of access to basic services. Roads and water and sanitation programmes insufficiently targeted the poorest rural groups. However, more dynamic analyses also identify some improvements in health and education. The poorest groups particularly benefited from improved access to basic education.

***Norwegian Embassy (2010); pp1-2; Aid transformation in Zambia: From large scale grant aid transfers towards regular partnership in development - Why and How?; Discussion Paper, May 2010 – 1.***

*Why?:* Zambia has been a land of great development contrasts since independence to date. It started off its independence in 1964 being the second richest country in Sub Saharan Africa (SSA) in GDP per capita terms. In terms of resources the country harbour some of the most fertile soil, extensive water resources, extensive forestry cover and among the richest mineral deposits in the region or even in the world for key base metals and gemstones in particular. In the first decade after independence this development potential seemed to have been utilised with success as the economy grew at high rates, the domestic revenues were at 25-30 % of GDP and there was a strong expansion in the public expenditure as the independent state established extensive social and industrial base infrastructure.

Towards the end of the first decade of independence the country moved towards nationalisation of key industries and a model of state control and import substitution that gradually changed the development model in a radical manner. This coincided with a sharp decline in the price of copper in particular from 1973 onwards. In the 80s and 90s, this led the country into high aid dependency to fund its continued high public expenditure and state led development model. From 1975-2000, Zambia received in aid close to 20 % of GDP (the equivalent of between 50-75 % of the national budget), and with considerable loans being part of this package, combined with negative or very low economic growth, this pushed the country into an external debt crisis. In relative terms this made Zambia one of the most aid dependent countries in the world in this time period as well as one of the most heavily indebted.

In the last decade (2000-2010) this situation has changed fundamentally, following the results of a wave of much debated rapid liberalisation and privatisation undertaken primarily in the 90s, together with extensive foreign direct reinvestment in the mining sector on the back of a steep recovery in mineral price. In this period Zambia has managed to re-establish macroeconomic balance and growth, and in 2005 reached the HIPC completion point and with this received large scale international debt cancellation. In this period, the importance of aid in the economy has declined considerably as compared with earlier decades. In the first half of the decade aid was at 10 % of GDP, whereas in recent years it has come down to 5-7% of GDP. In this period the national budget has been reduced downwards in relative terms, and as such the aid contribution to the national budget has gone down to be-

low 20 %.

In terms of development, Zambia is now therefore once again just about to be classified in 2010 as a low middle income country. Now with a population that is four times higher than at independence, but with similar levels of urbanisation and a similar intensity of livelihood and employment in agriculture (70% now compared with 80-85% after independence).

However the benefits of development have been highly skewed in the last growth recovery with only slow poverty reduction and increasing levels of inequality. As a result still about 60 % of the population lives below the national poverty line, only down from 68 % in the end 90s, and poverty in the rural areas seems to have increased or only reduced marginally between some years. This represents a very high incidence of inequality and absolute poverty compared with most other developing countries in the African region, and in particular comparing with low middle income countries. Regional comparisons are however fraught with difficulties due to divergent national poverty lines. As Zambia prepares the sixth national development for the period 2011-2015, it is now an opportunity for the donor community, together with the Government and the rest of Zambian society, to reflect upon how the country can move more effectively towards full independence in terms of financing its own development and why this is important.

As Zambia prepares the sixth national development for the period 2011-2015, it is now an opportunity for the donor community, together with the Government and the rest of Zambian society, to reflect upon how the country can move more effectively towards full independence in terms of financing its own development and why this is important. Global experience has shown that it is important in such processes to move decisively towards the mobilisation of domestic revenues through taxation and non-taxation related local funding, thereby firmly establishing a more mature relationship between the firms, the citizens and the state. The elected government and the parliament, must increasingly become responsive to its electorate rather than towards external aid agencies and considerable funding flows from outside. The emergence of a truly independent and genuine modern African state without the strengthening of this link will be difficult.

So what are the chances of this movement off large scale grant aid in Zambia? We will argue that if we as donors put increased emphasis on domestic revenue mobilisation, domestic accountability institutions and efficient and transparent public expenditures coupled with effective national and sector development strategies, it is feasible to move gradually off large scale grant aid in the next 5-10 years. We will also argue that much more can be done through innovative direct funding and programming to address rural poverty, food security and livelihood and to improve social protection. If implemented on a national level with sufficient funding and efficiency, as is the plan with the reformed national food security pack and the social cash transfer programs, this could have the potential to address more effectively, the challenge of rising inequality and slow progress with regards to the reduction of poverty and human development overall. This will remain important in the Zambian economy as it is likely that future growth trends will remain capital intensive without reaching its full potential in terms of poverty reduction. In many ways this could also represent an initial attempt to put in place adequate social welfare systems and mechanisms reflective of the fact that Zambia is an emerging lower middle income country in Africa. Obviously there are numerous risks in this scenario, among them the development in the world economy and in particular the mineral prices, as well as domestic risks.

**Norwegian Embassy (2010); pp3-4; Aid transformation in Zambia: From large scale grant aid transfers towards regular partnership in development - Why and How?; Discussion Paper, May 2010 – 1. How?:** Now let us examine briefly below some areas where further progress need to be made to enable a movement from a large scale grant aid relationship towards a more regular partnership in development or on relevant policy areas. As explained above there are many reasons for the necessity of such a transformation process to happen in Zambia.

It is time to emphasize that aid can be part of the problem, and not only part of the solution to promote development in a sustainable manner. Adverse unintended effects of aid are associated with and form part of the problem of aid dependency, as is well documented in the development literature over the last decade in particular. It is important to realize that there are important opportunity costs linked to providing continued large scale aid to Zambia, basically since the level of global aid is limited and several other countries may have much more limited potential domestic resource-revenue base as well as policy implementation that would deliver poverty reduction and human development more effectively. To some extent the areas of emphasis described below are not new. What could and should be new would be the level of focus and the possible transformation of aid modalities and funding patterns. How a decision on this is decided upon will obviously vary between donors and should happen in a dialogue with the government and relevant stakeholders in Zambia. It is likely and maybe also an advantage that the process and speed of such a move will vary between the donors and other stake-

holders.

The first area of focus is the *untapped domestic revenue potential*. As mentioned above Zambia used to collect 25-30 % of GDP at similar real prices and export levels of minerals in the first decade after independence. The average for African low middle income countries is 22 % of GDP. The IMF estimates that there is could be an under collection of perhaps 30-40 % in domestic tax revenue in Zambia and is currently carrying out detailed studies of this in the case of Value added tax (VAT) and pay as you earn (PAYE) to get more detailed information regarding possible actions to address this issue.

In contrast to this, the current actual collection rate in Zambia is expected at 16 % of GDP for both 2010 and as the preliminary estimated average for the sixth national development plan (SNDP) period. Support can and should be provided to Zambia, in the areas of improved tax policy and administration over the next years to re-establish domestic revenues up to and well above 20 % of GDP. As a contrast and comparison Tanzania is just finalizing their next five year development plan and aims to reach 19-20 % of GDP in domestic revenues with an expected GDP/capita level of about half the Zambian. Without more progress in this area, Zambia is not utilizing its potential to develop, as public investments will have to be kept at a minimum in the period 2011-2015 and gains from the extraction of non-renewable resources will continue to mainly be taken out of the country.

The second key area of focus is to *ensure higher efficiency in public expenditures*. Here several priority actions should be selected, and the SNDP has a very ambitious target of reducing recurrent expenditures down to comparable levels in South Saharan Africa as they are currently very high. Furthermore continued focus on audit of public expenditures and revenues should increasingly contribute towards reduced levels of irregularities. This should improve the service delivery and facilitate development outcomes. Public procurement is also important in this context and measures need to be taken to improve its planning, implementation and follow up. In particular considering the deficits anticipated in terms of fiscal space where currently the projections under the SNDP are not promising for public investments.

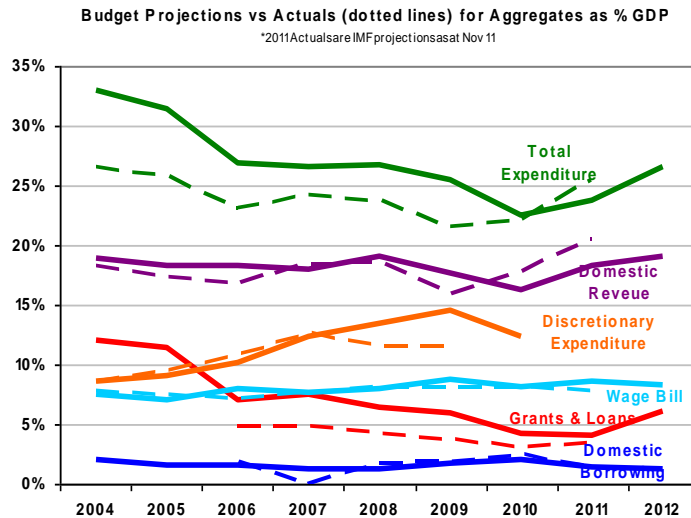
The third area of focus is a better prioritisation *and implementation of strategies and action plans in key sectors under the SNDP*, delivering in particular more direct productivity improvements in the rural agricultural and livelihood sectors. Linked to this is a need to implement effective rural development with a focus on food security, social and productive infrastructure that ultimately delivers much higher agricultural productivity growth among the majority of farming households. Simultaneously improved employment and growth opportunities need to emerge in low and semi-skilled manufacturing in both rural and urban areas, to increase the value added and structural transformation towards higher paying jobs that improve living standards for larger parts of the workforce. Underlying much of the above is the current challenge in Zambia of competitiveness of production and exports, and more progress in this area will to a large extent also decide whether the country can diversify and sustain its own development in the years and decades to come.

**SAG on Macro-Economy (2012);** *Macro Economic Group; 2012 Budget Highlights; Presentation, January 2012 – Slides 1-17.* Because of providing in a succinct way an updated overview of the Country's macro-economic and fiscal performance in 2011 and the highlights of the 2011 budget of direct relevance for EU-EDF strategic and operational planning and programming, the presentation is presented hereunder in detail:

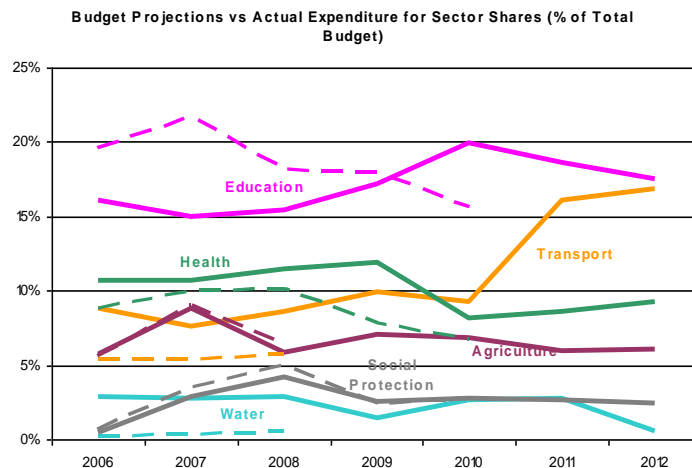
- *Excellent Macro Performance in 2011:* GDP growth of 6.5% (projected); Inflation of 8.7% to October 2011; Forex reserves US\$ 2.6 bn at September 2011 – 4.3 months imports; Maize harvest 3.0 MT in 2011 (a record); Copper exports US\$ 8.4 bn (projected) in 2011 from \$5.8 bn in 2010 (reflects price and volume increases); Non-traditional exports increased from \$1.2 bn to (projected) \$1.5 bn; Kwacha relatively stable; Modest rise in credit to private sector; Increase in GRZ bond and Treasury Bill yields due to increased borrowing; External and domestic debt both healthy at 8.2% and 16.1% of GDP respectively in September.
- *2011 Fiscal Performance Less Impressive:* Expenditure 18.8% over budget, mainly because of FRA maize purchases of K1.7 trillion (1.8% of GDP) – and Formula 1 (K1.3 tr?); Revenue 23.2% over budget – largely due to windfall tax arrears from 2008 of K1.7 trillion (1.9% of GDP); Deficit 3.1% (0.2% over budget). Excluding tax arrears, deficit 5.0% - largest since 2003.
- *2012 Objectives:* GDP growth > 7%; Inflation < 7%; Maintain reserves > 4 months import cover; Increase revenue / GDP ratio to 19%; Overall fiscal deficit < 4.3% of GDP; Domestic borrowing < 1.3% of GDP; Net external borrowing < 3% of GDP; Social sector & infrastructure > 50% of expenditure.
- *Expenditure 2012;* Increases from outturn of K17.6 trillion (22.7% of GDP) in 2010 to K26.3 tr (25.2%); 27% real increase over 2 years; Slight fall from 25.4% of GDP in 2011 to 25.2%; Due to

FRA maize purchases falling from K1.7 tr (1.8% of GDP) to K0.3 tr (0.3%). How realistic is this?

- *Tax Revenue 2012*: Increase from K 13.1 tr (16.9% of GDP) in 2010 to K19.3 tr (18.4% of GDP) in 2012; 25% real increase – unclear where it will come from; Doubling of mining royalties to contribute K 981 billion (0.9% of GDP); Minimum threshold for PAYE doubled to K24 million pa, exempting 80,000, & tax brackets widened; Pro-poor? Revenue cost K1 trillion pa (0.9% of GDP)



- *Fiscal Deficit*: Increases from 3.1% of GDP in 2011 to 4.3% in 2012; Highest level since 2003; Net domestic and external borrowing increase by 1.3% of GDP and 3.0% respectively; \$500m sovereign bonds.
- *Massive Increase in Roads Allocation*: 2010 outturn \$243 mn (record, 1.5% of GDP); 2011 budget \$650 mn; 2012 budget \$905 mn (4.3% of GDP); largely inherited from MMD; Largely uneconomic; Mongu – Kalabo confirmed (\$260 mn); Fuel levy (maintenance) \$93 mn.
- *Large Increases for Education & Health (from 2011 Budget)*: Education up 18% real; Health up 36% real; Net recruitment of 5,000 teachers & 2,500 health workers; User fees abolished for primary health care; Total wage bill from 7.9% to 8.3% of GDP.
- *Agriculture*: FISP to be 'redesigned'; Allocation K500 bn (<K600 bn in 2011); FRA Maize subsidy from K1.7 tn (1.8% of GDP) in 2011 to K0.3 tn (0.3%): Risk of major overspend – again



- *Inflation of 7%?* Food inflation suppressed by 2 bumper harvests; Non-food inflation double digits; Large increase in public expenditure; Tax giveaways; Suppressed interest rates
- *Decentralisation*: "It is a priority of this Government to decentralize appropriate functions to councils over the medium term. The focus in 2012 will be to build capacity at local level in preparation for the phased devolution of functions from 2013."; Grants to councils doubled "to demonstrate commitment to capacitating councils";
- *Debt management / project appraisal*: "This Government will ensure transparent and accountable

use of loans by strengthening parliamentary oversight. Further, the capacity to appraise projects in the Ministry of Finance and other ministries implementing major projects will be strengthened. The Government will also review the existing legal framework in order to strengthen debt management.”

- *Two Major Mining Reforms:* Royalties on copper & cobalt from 3% to 6%; Hedging to be taxed separately from core mining activities; No intention to increase GRZ equity to 35%.
- *Summary:* Populist, expansionary budget; Still affordable with macro picture so healthy – consistent with IMF framework; But worries over quality of expenditure – roads, FRA, etc; Wait & see

#### **JC 9.2: The objectives of the programmes correspond to needs of the population**

The JC examining if the objectives of the programmes correspond to the needs of the Zambian population has been assessed along four indicators respectively on (i) the quality of the logical frameworks in relation to national needs; (ii) the quality of dialogue and programming updates based on analysis of (changing) needs; (iii) enhanced CSO participation in policy dialogue and cooperation frameworks, and; (iv) significant changes in policy frameworks brought about by CSOs participation in dialogue processes. Some other evaluation findings which could not be associated well directly with any of these four indicators are added here directly in relation to the JC itself.

The logical frameworks in the Zambia country level programming documents are partial only and very general, and they do not contain performance indicators with baseline values or target setting, hence it cannot be ascertained that these LogFrames are based on reliable information and analyses on national needs (I-9.2.1) and therefore in a broader sense if the objectives of the programmes correspond to the needs of the population (JC 9.2). For both the EDF9 and 10 CSPs/NIPs, only the LogFrames of the focal sectors are presented and moreover for these only the results levels (goal, purpose and direct results - Impact, outcome and outputs levels). The included indicators are formulated in a general way mostly at statistical logical level only (yes/no), without target setting and without baseline values. These further operationalisations are to be looked for in other documents e.g. in the Performance Assessment Framework (PAF) document. The ROM reports on all projects in 2010 concluded that all had good potential for sustainability, but with effectiveness rating being the lowest (JAR 2010, p15). All the projects were reported to have weak Logical Framework matrices and had challenges with setting up working Monitoring and Evaluation systems. (I-9.2.1)

CSP/NIP M&E systems have been gradually refined in the process. In relation to EDF9, following the second poverty review conference in April 2003 to discuss the monitoring and evaluation strategies relating to the implementation of the PRSP/TNDP, significant progress has been achieved in refining the poverty indicators. In June 2003 the Refined PRSP Indicator System was finalised. The system contains the most important indicators (input, output, outcome and impact) needed to monitor the major objectives and sectors of the PRSP/TNDP. The system however has not been completed with baseline and targets to monitor the indicators. Furthermore, the Poverty Monitoring and Analysis (PMA) framework was finalised which aims at improving coordination of PRSP activities under one single umbrella incorporating the main stakeholders (GRZ, Civil Society, and Cooperating Partners) with the aim of (i) harmonizing data collection, (ii) improving dissemination of information and (iii) using the monitoring and evaluation mechanism for policy decision-making purposes. In October 2003, the first PRSP Implementation Progress Report was presented. In presenting the report, the Government acknowledged the fact that the mechanism of monitoring the PRSP has not yet been well developed and that several shortcomings still exist. Although the report presents a detailed picture of the implementation of each Poverty Reduction Programme (PRP) it lacks a comprehensive view of the results and outcomes in terms of poverty reduction at global and sectoral levels. Also, the report does not analyse trends in resource allocations over the years. A great deal of work was done and progress achieved in 2003 in preparation of the first MTEF for 2004-2006. Sectoral performance monitoring in a mixed (combination of GBS and SBS) budget support setting under the EDF10 CSP/NIP is a complex undertaking based on the use of different instruments and systems, as illustrated by the health sector.<sup>110</sup> (I-9.2.1)

A recent evaluation of the budget support to Zambia<sup>111</sup> concluded with regard to its effectiveness in relation to poverty alleviation and to sustainable and equitable socio-economic development that serious challenges remain. While the situation has improved, the allocation of funds to the main sectors remains regressive and shortages persist at all levels. While there is evidence that the poorest groups did benefit from the increased spending, poverty levels remain high, especially in rural areas, and access to many public services is still unsatisfactory. However – and here a warning is in place as well – realistic time

<sup>110</sup> More detailed discussion under JC 8.1.

<sup>111</sup> DIE & IOB (2011) p15

frames need to be set and over-optimistic expectations about what can be achieved in a short period of time need to be kept in check. The extensive ambitions of cooperating partners were not always realistic. Also, economic policy has created conditions that were favourable for economic growth, but in spite of this, poverty has not decreased much and the already high income disparities have widened further. According to 2006 data, 64% of the households may be classified as poor (and in rural areas 80%). Preliminary data of the most recent survey (2010) do not suggest an improved situation. Rural poverty is particularly persistent. One of the main causes is the slow growth of agricultural production. Cooperating partners have continued to show their concerns over service delivery in the most underserved areas. However, the government and cooperating partners have not, so far, been able to meet the rising expectations of the poorest groups. Evidence shows that access to many facilities has not improved much for the poorest rural groups. There continue to be major disparities between rural areas, and between the poorest groups and other groups in terms of access to basic services. Roads and water and sanitation programmes insufficiently targeted the poorest rural groups. However, more dynamic analyses also identify some improvements in health and education. The poorest groups particularly benefited from improved access to basic education. (JC 9.2)

In more recent analyses, as was also confirmed during different interviews on the occasion of the evaluation field visit to Zambia, an increasingly more outspoken assessment emerges of CPs' response strategies not adequately adapted to the changing macro-economic situation of Zambia emerging since about the middle of the last decade characterised by steady and substantive GDP growth, extensive foreign direct investments particularly from the BRIC countries and South Africa, rising domestic public revenues basically from mining thanks to the booming world demand for copper and concomitant rises in commodity prices, which would lead Zambia to achieving lower middle-income status by the end of the decade. On the other hand, this steady GDP growth and income status is accompanied by a growing urban – rural divided and by growing disparities between and within Provinces, and with poverty alleviation, human development and socio-economic development indicators lagging far behind. Moreover, in the preceding decade Zambia has managed to re-establish macroeconomic balance and growth, and in 2005 reached the HIPC completion point and with this received large scale international debt cancellation. In this period, the importance of aid in the economy has declined considerably as compared to earlier decades.

In a 2010 discussion paper entitled "Aid transformation in Zambia: From large scale grant aid transfers towards regular partnership in development"<sup>112</sup> it has been argued that as Zambia prepares the sixth national development for the period 2011-2015, this is an opportunity for the donor community, together with the Government and the rest of Zambian society, to reflect upon how the country can move more effectively towards full independence in terms of financing its own development and why this is important. Global experience has shown that it is important in such processes to move decisively towards the mobilisation of domestic revenues through taxation and non-taxation related local funding, thereby firmly establishing a more mature relationship between the firms, the citizens and the state. The elected government and the parliament, must increasingly become responsive to its electorate rather than towards external aid agencies and considerable funding flows from outside. The emergence of a truly independent and genuine modern African state without the strengthening of this link will be difficult, the paper continues.

It is argued that a movement off large scale grant aid in Zambia in the next 5-10 years is possible if CPs, in tandem with GRZ, put increased emphasis on domestic revenue mobilisation, domestic accountability institutions and efficient and transparent public expenditures coupled with effective national and sector development strategies. It is also argued that much more can be done through innovative direct funding and programming to address rural poverty, food security and livelihood and to improve social protection. If implemented on a national level with sufficient funding and efficiency, as is the plan with the reformed national food security pack and the social cash transfer programs, this could have the potential to address more effectively, the challenge of rising inequality and slow progress with regards to the reduction of poverty and human development overall. This is assessed to remain important in the Zambian economy as it is likely that future growth trends will remain capital intensive without reaching its full potential in terms of poverty reduction. In many ways this could also represent an initial attempt to put in place adequate social welfare systems and mechanisms reflective of the fact that Zambia is an emerging lower middle income country in Africa. The paper acknowledges that obviously there are numerous risks in this scenario, among them the development in the world economy and in particular the mineral prices, as well as domestic risks. Underlying much of the above is the current challenge in Zambia of competitiveness of production and exports, and more progress in this area will to a large extent also decide whether the country can diversify and sustain its own development in the years and

<sup>112</sup> Norwegian Embassy (2010); pp 1-2



decades to come. On the other hand at CPs side, the paper asserts that what could and should be new would be the level of focus and the possible transformation of aid modalities and funding patterns. The three main areas of focus would be: (i) the untapped domestic revenue potential; (ii) ensuring higher efficiency in public expenditures, and; (iii) Better prioritisation and implementation of strategies and action plans in key sectors under the SNDP.

In relation to and as a further update of the above, continued excellent macro performance and less impressive fiscal performance were reported by the SAG on Macro-Economy, headed by the EU in accordance with the new DOL under the JASZ-II, in its just recent early 2012 presentation on the country's performance in the past year 2011 and on the highlights of the national budget for the coming year 2012. (JC 9.2)

Regarding indicator 9.2.2 under this JC, there is no evidence of systematic needs assessment by means of satisfaction surveys or other similar types of analyses at the level of the targeted beneficiaries / clientele and/or of the population in general, at least not in as much as these are reflected in the overall strategy and programming documents or strategy implementation reviews. Also no evidence of such needs and satisfaction surveys emanated from the sectoral analyses under this evaluation. Hence no conclusive answer or indication can be given in relation to the indicator measuring / assessing the existence of updates of the content of the policy dialogue and the cooperation programme according to the analysis of needs' satisfaction. In the field visit interviews it was confirmed that needs assessments, target groups / beneficiaries / clients satisfaction surveys are not (yet) systematically used as planning and programme management tools.

An overall appreciation of the outcomes / impact of budget support on poverty reduction has been provided in the 2011 budget support evaluation. The main finding / conclusion in this regard is summarised as follows: "Within its short existence, budget support could not contribute very much to the reduction of poverty in Zambia. While improvements are visible in a number of areas, developments have been slow. The improvement of living conditions in poor rural areas had not always been the highest priority. On the other hand, more realism is needed... So far Government and Cooperating Partners have not been able to meet the rising expectations of the poorest groups. At the same time, it would be illusive to think that with the small amounts of aid (per capita) it would be possible to "make poverty history" within a few years. Too many other variables are at stake, while the contribution to budget support was not that high."<sup>113</sup> (I-9.2.2)

The recent 2010 GRZ-EU Joint Assessment Review (JAR) is straightforward on the topic of CSO participation in policy dialogue platforms and external cooperation frameworks and particularly in relation to the budget support policy dialogue platform by asserting that engagement of other stakeholders such as parliamentarians and civil society on issues pertaining to budget support remained limited indeed. This further reinforced the need for EU capacity building interventions to complement the budget support programme, for example in support to Parliament and civil society on the budgetary process. This JAR observation is supported by an independent study<sup>114</sup> on the impact of civil society on the national budgeting process in Zambia. The findings point at an urgent need for the development of a legal and policy framework for civil society participation in the budget process and other national programmes. This will help to clarify the extent of civil society's role in the national programmes budget process in order to make this more inclusive and thus how CSOs can participate meaningfully in this process. The EDF10 CSP/NIP Mid-Term Review pointed at weaknesses of CSO's vertical networking in the other direction, namely the links with the grassroots, with the population / target groups the CSOs claim to defend or to represent. The EDF9 CSP/NIP document stated that the involvement of Non-State Actors has reinforced the choices of the focal sectors under the CSP/NIP. Of the 15 preparatory meetings for the CSP/NIP, 2 were with civil society organisations. (I-9.2.3)

Whereas a major finding in relation to indicator I-9.2.3. on enhanced CSOs participation in policy dialogue platforms is that engagement of other stakeholders such as parliamentarians and civil society in policy frameworks has been limited, this also implies that it is questionable that significant changes in policy frameworks may have been brought about by CSOs participation in public debates and policy dialogue platforms (as assessed by indicator I-9.2.4). However, a 2009 study on how non-state-actors lobby to influence budget outcomes in Zambia revealed that most of these proposals did influence tax policy and budget outcomes, but those submitted through line government ministries, departments and agencies have a greater chance of being adopted in the budget than those submitted directly to the tax policy committee in the Ministry of Finance and National Planning. (I-9.2.4)

<sup>113</sup> DIE-IOB (2011); p. v

<sup>114</sup> ZCSD and Civicus (2011); pp 74-76

**JC 9.3: The selection of focal sectors of intervention and subsequent changes in the EU strategy were taken on the basis of the comparative advantages of the EU (e.g. experience and expertise in the sectors)?**

▪ **Indicator 9.3.1: Existence of internal reports and notes defining comparative advantages of the various sectors in the context**

Mutatis mutandis, this indicator I-9.3.1 “Existence of internal reports and notes defining comparative advantages of the various sectors in the context” is already covered under respectively (i) EQ 8 indicator I-8.1.1 “Reports and notes issued by EU defining comparative advantages of the various instruments and approaches in the context” and the three indicators under JC 8.6 “Aid modalities combinations were the result of complementarity with other donors”: (ii) Indicator I-8.6.1. “The EU Code on Complementarity and Division of Labour used in strategic/programming documents determining donors’ aid modalities” and also indicators (iii) I-8.6.2 “Donor mapping of sectoral involvement and their perceived comparative advantages were used in strategic response as a basis for decisions on modalities” and (iv) I-8.6.3 “Orphan” and “Darling” sectors actively discussed with other donors with a view of leveling out donor involvement across sectors”. Kindly refer to the EQ-8 information matrix concerned for the main indicator findings, as well as for data, figures, tables and extracts.

As a brief summary finding the following excerpt of the EDF10 CSP/NIP Mid-Term Review: The comparative advantage of the EU in Zambia is demonstrated through its leadership in the two focal areas of health and infrastructure and there is strong complementarity with other donors. These focal areas are vital in creating an enabling environment for Zambia to implement growth strategies. The non-focal areas, specifically those relating to agriculture and EPA support, are important in assisting the efforts of GRZ to diversify the economy.

For the new 2012-2015 DOL in relation to the Sixth National Development Plan, the EU was demanded by the GRZ to lead Governance, though it for itself had suggested a lower “active” status. This EU lead for Governance was confirmed in the JASZ-II signed by the CPs on 18 November 2011, with furthermore also entrusted lead positions for the sectors of transport and of agriculture, livestock and fisheries.

Extracts:

*Pls. refer to the EQ-8 information matrix, more particularly to the extracts under indicators I-8.1.1, I-8.6.1, I-8.6.2 and I-8.6.3.*

**MTR EDF10 CSP Conclusions, p9:** *The comparative advantage of the EU in Zambia is demonstrated through its leadership in the two focal areas of health and infrastructure and there is strong complementarity with other donors. These focal areas are vital in creating an enabling environment for Zambia to implement growth strategies. The non-focal areas, specifically those relating to agriculture and EPA support, are important in assisting the efforts of GRZ to diversify the economy.*

▪ **Indicator 9.3.2: Evidence of integration of lessons learned from previous programmes or other cooperating partners documented and integrated in strategic programming documents**

Mutatis mutandis, this indicator I-9.3.2 “Evidence of integration of lessons learned from previous programmes or other cooperating partners documented and integrated in strategic programming documents” is already covered under EQ 8 indicator (i) I-8.1.2 “Lessons learned from previous or other aid modalities documented and integrated in strategic programming documents” and the three indicators under JC 8.2 “Emerging issues were incorporated quickly and effectively into EU programming and policy dialogue”: (ii) Indicator I-8.2.2 “Mix of instruments, approaches and financing modalities changed over the period along with the context” and also (iii) Indicators I-8.2.1. “Mix of instruments, approaches and financing modalities different according to sector specific factors” and (iv) indicator I-8.2.3 “Policy dialogue reporting incorporated emerging issues”. Kindly refer to the EQ-8 information matrix concerned for the main indicator findings, as well as for data, figures, tables and extracts.

*Pls. refer to the EQ-8 information matrix, more particularly to the extracts under indicators I-8.1.2, I-8.2.2, I-8.2.1 and I-8.2.3.*

▪ **Indicator 9.3.3: Monitoring and evaluation focused on sector approach efficiency and ability to achieve EU assistance's goals**

Mutatis mutandis, this indicator I-9.3.3 “Monitoring and evaluation focused on sector approach efficiency and ability to achieve EU assistance's goals” is already covered under (i) EQ 8 indicator I-8.1.3 “Monitoring and evaluation focused on instrument and approach efficiency and ability to achieve EU assistance's goals” and also (ii) Indicator I-8.3.3. “Follow-up or monitoring reports assess the actual synergy between aid modalities overall and for focal sectors”. Kindly refer to the EQ-8 information matrix concerned for the main indicator findings, as well as for data, figures, tables and extracts.

In the Mid-Term Review of the EDF10 CSP/NIP, progress towards the MDGs (which are the EU assistance goals in harmony with the MDG indicators forming the basis of General Budget Support (GBS) performance monitoring for decision making on the releases of the GBS variable tranches) is summarised as follows: The assessment concluded that four targets are likely to be met (those related to hunger, universal primary education, gender equality, and reversing the spread of HIV/AIDS). Five other targets will potentially be met (related to extreme poverty, under-5 mortality rate, maternal mortality rate, access to water and sanitation) while the environmental sustainability target is unlikely to be met. According to the latest available data, interim targets in 2010 will likely only be met in net enrolment ratio and potentially in the prevalence of underweight children under 5.

It was noted earlier that the general budget support monitoring and evaluation indicators basically focus on outcome and impact indicators (PRSP related for the EDF9 CSP/NIP, FNDP and PAF / PRBS-MDG related for the EDF10 CSP/NIP) and inputs indicators (PEFA/PEMFA financial utilisation and good governance related). As far as the sectors with sectoral budget support (SBS – SPSSP) are concerned, the above are complemented by the efficiency indicators (activities and direct outputs) from the sectoral performance M&E systems as for example the Health Sector Performance Monitoring Framework (HPMF) in the case of the health sector. Together these are expected to provide a synthetic performance measurement picture covering all levels of the results chain (from inputs to impact), and as such also the three “E”s of performance management (Economy, Efficiency and Effectiveness).<sup>115</sup>

The PRBS – MDG related indicators also ensure that General Budget Support (GBS) resources are “automatically” channelled to poverty reduction / alleviation sectors high (potential) impact sectors as education and health. This also has been an explicit objective of EU GBS as for example evidenced from the 2003 JAR which stated that as part of the EC support to the PRSP process, the Commission has committed itself to allocate 35% of the resources to the social sectors. In Zambia, 48.7 % of the “A” envelope of the NIP under the EDF9 is linked directly or indirectly to the social sectors. Under the NIP of the EDF9, the EC will support directly health (€10m) and education (€10m) sectors. As regards to the Poverty Reduction Budget Support (PRBS), the disbursement of the variable tranche (€100m) will be linked to performance indicators related to expenditures in health and education as well as outcome indicators in both sectors.

From the different monitoring and review documents, and as confirmed during the evaluation field interviews, there however appears an over-emphasis on the economy and effectiveness of the 3Es of performance management and under-emphasis on the efficiency dimension (activities and direct outputs management) in the CSP/NIP management and monitoring. This appears to be conform a still ongoing balancing process in international development cooperation between on the one hand the traditional activities management from the early days of international cooperation and the tilted switch to the other extreme of results management (especially focused on the higher end results of outcomes and impact) in the more recent times, and now coming to an equilibrium situation of performance management equally focusing on all levels of the results chain and thus also on the 3Es of performance management. This brings with it a renewed attention and valuation of operational management of “doing the job” on the ground, however now, different from the early days, in the perspective of a development results focus.

As confirmed by the recent budget support evaluation, generally more coordination is needed on the monitoring and evaluation (M&E) function. Information about issues related to budget support is often fragmented and not directly available or is not available in a structured and consistent way. The current practice – with consultants asking for the same information again and again – is inefficient and leads to high transaction costs for the MoFNP. The study in this regard recommends that apart from the need to enlarge the M&E Department within the MoFNP, it is also advisable to appoint a specific PRBS focal

<sup>115</sup> More details are provided in the discussion concerned under JC 8.1 “Several options of aid modalities have been discussed for aid activities by sector” with regard to indicator I 8.1.3 “Monitoring and evaluation focused on instrument and approach efficiency and ability to achieve EU assistance goals”.

point within that Department.

In the recently approved JASZ-II document, management for results is highlighted as one of the main principles of cooperation amongst the CPs. To that effect a JASZ II Action Matrix has been agreed upon to improve aid effectiveness and mutual accountability. Annual work plans with realistic targets operationalise the Action Matrix and facilitate monitoring of the implementation. This is expected to help GRZ and CPs to remain focused on development results as well as processes rather than getting diverted into short-term issues. The Mutual Accountability Group (MAG) is responsible for tracking and reviewing progress on the work plan during its monthly meetings and will revise / update the work plan on an annual basis. Another main tool to enable effective management for development results are the sector Key Performance Indicators (KPIs) selected from the SNDP monitoring framework representing those indicators which allow for assessing development progress. This is expected to help focus attention of sector CPs and the Cooperating Partners Group (CPG) on desired development results. Aid effectiveness indicators specifically assess individual and collective CP performance on aid effectiveness commitments in the JASZ and ideally are expected to cover the contributions of all donors in Zambia, not just JASZ II signatories.

Extracts:

*Pls. refer to the EQ-8 information matrix, more particularly to the extracts under indicators I-8.1.3 and I-8.3.3.*

**MTR EDF10 CSP Conclusions, p3:** *Progress towards MDGs (2007): The assessment concluded that four targets are likely to be met (those related to hunger, universal primary education, gender equality, and reversing the spread of HIV/AIDS). Five other targets will potentially be met (related to extreme poverty, under-5 mortality rate, maternal mortality rate, access to water and sanitation) while the environmental sustainability target is unlikely to be met. According to the latest available data, interim targets in 2010 will likely only be met in net enrolment ratio and potentially in the prevalence of underweight children under 5.*

**JAR 2003, p33;** *5.2.1 Policy initiatives and commitments relevant to Zambia: As part of the EC support to the PRSP process, the Commission has committed itself to allocate 35% of the resources to the social sectors. In Zambia, 48.7 % of the “A” envelope of the NIP under the EDF9 is linked directly or indirectly to the social sectors. Under the NIP of the EDF9, the EC will support directly health (€10m) and education (€10m) sectors. As regards to the Poverty Reduction Budget Support (PRBS), the disbursement of the variable tranche (€100m) will be linked to performance indicators related to expenditures in health and education as well as outcome indicators in both sectors.*

**FA 10-ACP-2A-005 SPSP Supporting Public Health Service Delivery in Zambia; TAPA p4 – Chapter 2.3. Performance monitoring and disbursement criteria:** *Performance monitoring is the responsibility of the Ministry of Health, while the Ministry of Finance and National Planning coordinates monitoring the implementation of the FNDP. In the health sector dialogue the progress in implementing the National Health Strategic Plan is reported on through the routine Health Management Information System (HMIS). The Health components of the PAF (Performance Assessment Framework under the PRBS) and the Health sector Performance Monitoring Framework (HPMF) will be in the coming years the main tools for performance assessment. They provide a synthetic picture – derived from the existing strategic policy frameworks and annual work plans – of the sector commitments, in terms of inputs, output and outcomes. The broad HPMF includes the DAC selected standard indicators.*

*“The lessons learnt from the MTR are crucial to ensure that the programme becomes again a reliable, realistic and affordable master document for the sector. Lessons learnt from the MTR of SPSP I, EDF9, have been used to formulate the EDF10 SPSP II subject to this fiche. Since 2005, EDF9 provides Sector Budget Support which is recognised as a most valuable financing modality. The major lessons learnt are that sector budget support has led (i) to reduced transaction and administrative costs, increased ownership and predictability of funds from the Government's perspective and (ii) increased impact of aid, comprehensive sector dialogue, no more micromanagement of projects and contracts, ensuring a voice in coherent sector policy and strategy formulation from the EC's perspective. The targeted approach used under SPSP I will be changed to non-targeted support under SPSP II. Continuation of SBS under EDF10 is regarded as very important to the sustained success of ROADSIP II and is fully in line with Government and EC objectives as confirmed by the MTR of SPSP I.” SPSP2 Action Fiche*

Field Visit Additional Information on JC 9.3:

***DIE & IOB (2011) p26; Evaluation Recommendations for MoFNP:*** More coordination is needed on the monitoring and evaluation (M&E) function. Information about issues related to budget support is often fragmented and not directly available or is not available in a structured and consistent way. The current practice – with consultants asking for the same information again and again – is inefficient and leads to high transaction costs for the MoFNP. Apart from the need to enlarge the M&E Department, it is also advisable to appoint a specific PRBS focal point within that department.

***JASZ-II (2011) p14; 3.Principles of Cooperation – 3.1.2 Managing for Results: What:***

*The JASZ II Action Matrix* focuses on necessary actions to improve on aid effectiveness and mutual accountability. An annual work plan with realistic targets operationalises the Action Matrix and facilitates monitoring of the implementation. This will help GRZ and CPs to remain focused on development results as well as processes rather than getting diverted into short-term issues. The Mutual Accountability Group (MAG) will be responsible for tracking and reviewing progress on the work plan during its monthly meetings and will revise the work plan on an annual basis.

*Sector Key Performance Indicators* (see Annex 1) selected from the SNDP monitoring framework represent those indicators which allow for assessing development progress. This will help to focus attention of sector CPs and the Cooperating Partners Group (CPG) on desired development results. Aid effectiveness indicators specifically assess individual and collective CP performance on aid effectiveness commitments in the JASZ and will ideally cover the contributions of all donors in Zambia, not just JASZ II signatories.

**JC 9.3: The selection of focal sectors of intervention and subsequent changes in the EU strategy were taken on the basis of the comparative advantages of the EU (e.g. experience and expertise in the sectors)?**

Judgement Criterion 9.3 formulated as “The selection of focal sectors of intervention and subsequent changes in the EU strategy were taken on the basis of the comparative advantages of the EU (e.g. experience and expertise in the sectors)” is based on the following three indicators: (i) I-9.3.1. “Existence of internal reports and notes defining comparative advantages of the various sectors in the context”, (ii) I-9.3.2 “Evidence of integration of lessons learned from previous programmes or other cooperating partners documented and integrated in strategic programming documents, and (iii) I-9.3.3. “Monitoring and evaluation focused on sector approach efficiency and ability to achieve EU assistance’s goals”. Mutatis mutandis, this Judgement Criterion 9.3 and its 3 indicators on the selection of focal sectors where the EU has a comparative advantage is similar to the Judgement Criteria 8.1 and 8.6 with their respective indicators under Evaluation Question EQ-8 related to the choice and combination / synergy of aid modalities. To avoid repetition in logical argumentation based on the indicator findings, the reader is referred to the JCs 8.1 and 8.6 with these indicators concerned.

Generally can be concluded that the selection of focal sectors of intervention and subsequent changes in the EU strategy were taken on the basis of the comparative advantages of the EU (e.g. experience and expertise in the sectors). There are a few exceptions maybe to this general finding and judgement, including the dropping of education as a focal sector in the EDF10 CSP/NIP. The ultimate rationale for the selection of focal sectors however is with the JASZ, the Joint Assistance Strategy for Zambia, the institutionalised forum for policy dialogue between the Cooperating Partners (CPs) and the GRZ in application of Division of Labour (DOL) principles adhered to and in line with the EU Code of Conduct on Complementarity (especially in as much as complementarity with the programmes of the EU Member States is concerned). Zambia, under the inspiration of the EU and other lead CPs, appears to be / have been a pioneer and trend setter of these DOL principles as a further concretisation of the Paris Declaration principles regarding development effectiveness and the Accra Agenda of Action.

A brief summary finding illustrating the above is the following summary excerpt of the EDF10 CSP/NIP Mid-Term Review: The comparative advantage of the EU in Zambia is demonstrated through its leadership in the two focal areas of health and transport infrastructure and there is strong complementarity with other donors. These focal areas are vital in creating an enabling environment for Zambia to implement growth strategies. The non-focal areas, specifically those relating to agriculture and EPA support, are important in assisting the efforts of GRZ to diversify the economy. For the new 2012-2015 DOL in

relation to the Sixth National Development Plan, the EU was demanded by the GRZ to lead Governance, though it for itself had suggested a lower “active” status. This EU lead for Governance has been confirmed in the JASZ-II signed by the CPs on 18 November 2011, with furthermore also entrusted lead positions for the sectors of transport and of agriculture, livestock and fisheries. (I-9.3.1 and I-9.3.2)

As far as indicator I-9.3.3. on the M&E focus on sector approach efficiency and ability to achieve EU assistance goals is concerned, the main conclusions of the Mid-Term Review of the EDF10 CSP/NIP regarding programme progress towards the MDGs (which are the EU assistance goals in harmony with the MDG indicators forming the basis of General Budget Support (GBS) performance monitoring for decision making on the releases of the GBS variable tranches) have been summarised as follows: Four targets are likely to be met (those related to hunger, universal primary education, gender equality, and reversing the spread of HIV/AIDS). Five other targets will potentially be met (related to extreme poverty, under-5 mortality rate, maternal mortality rate, access to water and sanitation) while the environmental sustainability target is unlikely to be met. According to the latest available data, interim targets in 2010 will likely only be met in net enrolment ratio and potentially in the prevalence of underweight children under 5.

The general budget support monitoring and evaluation indicators basically focus on outcome and impact indicators (PRSP related for the EDF9 CSP/NIP, FNDP and PAF / PRBS-MDG related for the EDF10 CSP/NIP) and inputs indicators (PEFA/PEMFA financial utilisation and good governance related). As far as the sectors with sectoral budget support (SBS – SPSSP) are concerned, the above are complemented by the efficiency indicators (activities and direct outputs) from the sectoral performance M&E systems as for example the Health Sector Performance Monitoring Framework (HPMF) in the case of the health sector. Together these are expected to provide a synthetic performance measurement picture covering all levels of the results chain (from inputs to impact), and as such also the three “E”s of performance management (Economy, Efficiency and Effectiveness).

The PRBS – MDG related indicators also ensure that General Budget Support (GBS) resources are “automatically” channelled to poverty reduction / alleviation sectors high (potential) impact sectors as education and health. This also has been an explicit objective of EU GBS as for example evidenced from the 2003 JAR which stated that as part of the EC support to the PRSP process, the Commission has committed itself to allocate 35% of the resources to the social sectors. In Zambia, 48.7 % of the “A” envelope of the NIP under the EDF9 is linked directly or indirectly to the social sectors. Under the NIP of the EDF9, the EC will support directly health (€10m) and education (€10m) sectors. As regards to the Poverty Reduction Budget Support (PRBS), the disbursement of the variable tranche (€100m) will be linked to performance indicators related to expenditures in health and education as well as outcome indicators in both sectors. (I-9.3.3)

From the different strategy and programmes/projects monitoring and review documents, and as confirmed during the evaluation field interviews, there however appears an over-emphasis on the economy and effectiveness of the “3Es” of performance management and under-emphasis on the efficiency dimension (activities and direct outputs management) in the CSP/NIP management and monitoring. This appears to be conform a still ongoing balancing process in international development cooperation between on the one hand the traditional activities management from the early days of international cooperation and the tilted switch to the other extreme of results management (especially focused on the higher end results of outcomes and impact) in the more recent times, and now coming to an equilibrium situation of performance management equally focusing on all levels of the results chain and thus also on the 3Es of performance management. This brings with it a renewed attention and valuation of operational management of “doing the job” on the ground, however now, different from the early days, in the perspective of a development results focus.

As confirmed by the recent budget support evaluation, generally more coordination is needed on the monitoring and evaluation (M&E) function. Information about issues related to budget support is often fragmented and not directly available or is not available in a structured and consistent way. The current practice – with consultants asking for the same information again and again – is inefficient and leads to high transaction costs for the MoFNP. The study in this regard recommends that apart from the need to enlarge the M&E Department within the MoFNP, it is also advisable to appoint a specific PRBS focal point within that Department.

In the recently approved JASZ-II document, management for results is highlighted as one of the main principles of cooperation amongst the CPs. To that effect a JASZ II Action Matrix has been agreed upon to improve aid effectiveness and mutual accountability. Annual work plans with realistic targets operationalise the Action Matrix and facilitate monitoring of the implementation. This is expected to help GRZ and CPs to remain focused on development results as well as processes rather than getting di-

verted into short-term issues. The Mutual Accountability Group (MAG) is responsible for tracking and reviewing progress on the work plan during its monthly meetings and will revise / update the work plan on an annual basis. Another main tool to enable effective management for development results are the sector Key Performance Indicators (KPIs) selected from the SNDP monitoring framework representing those indicators which allow for assessing development progress. This is expected to help focus attention of sector CPs and the Cooperating Partners Group (CPG) on desired development results. Aid effectiveness indicators specifically assess individual and collective CP performance on aid effectiveness commitments in the JASZ and ideally are expected to cover the contributions of all donors in Zambia, not just JASZ II signatories. (I-9.3.3)

**JC 9.4: The EU's co-operation strategy for Zambia and its regional strategy were mutually reinforcing**

Data, figures, tables:

**EAMR, Jan 2011, p23:** 5. Regional project pipeline and work on new commitments: 5.1. EDF10 RSP/RIP for the ESA-IO region

REGIONAL	Funding:	2010 Forecast	2010 Actual	Actual v Forecast
<b>New Global Commitments:</b>	EDF10 RSP-RIP	150.973.960 €	68.073.960 €	45 %
	EDF Food Facility - HQ	20.000.000 €	20.000.000 €	100 %
	EDF Thematic - HQ	4.000.000 €	4.000.000 €	100 %
<b>Total:</b>	AI	<b>174.973.960 €</b>	<b>92.073.960 €</b>	<b>52 %</b>

Extracts:

**EAMR Jan 2011, p3;** *Nevertheless, the co-ordination of the RSP activities in the sphere of the IRCC has been difficult, and a reflection on how best to reinvigorate the co-ordination process was initiated. The absence of proper leadership on regional infrastructure continued to pose a problem.*

**9-ACP RSA-40 pp. 2-3;** *Continuation of Support to the IRCC (Inter-regional Coordinating Committee) based at the COMESA Secretariat – ToR: Under the provisions of the Cotonou Agreement the regional programming under the 9th and 10th European Development Funds for the Eastern and Southern African (ESA) – Indian Ocean (IO) region has been undertaken as a joint effort of the Regional Integration Organisations (RIO) of Southern and Eastern Africa: Common Market for Eastern and Southern Africa (COMESA), the Indian Ocean Commission (IOC), East African Community (EAC) and the Intergovernmental Authority for Development (IGAD).*

*The EDF9 Regional Strategy Paper and Regional Indicative Programme (RSP/RIP) was signed by the concerned parties (European Commission and the RIOs of Eastern and Southern Africa) in Kampala, Uganda on 19th November 2002. The EDF10 RSP/RIP for the ESA-IO region was signed by all parties on the 15th November 2008 in Strasbourg, France.*

*The EDF9 RIP had three focal areas: regional economic integration, management of natural resources; and transport and communications. Projects in the fourth non-focal area include capacity building and peace and security. Implementation of the EDF9 RSP/RIP, with an initial indicative budget amounting to Euro 223m, has taken effect as from January 2003 with the establishment of the Inter-Regional Co-ordinating Committee (IRCC) Secretariat at the COMESA Secretariat.*

*The regional organisations decided to establish an Inter-Regional Co-ordinating Committee (IRCC) which, under the authority of their respective Chief Executives in their roles as EDF Regional Authorising Officers (RAO), will be responsible for the design and implementation of the Regional Indicative Programme (RIP). The Secretariat of the IRCC, responsible for overall co-ordination and overseeing of the regional indicative programme (RIP) is based at the COMESA Secretariat, this being the regional organisation with the largest geographical coverage of the entire region.*

*With regard to the EDF10 RSP/RIP the European Commission puts 645m Euros of the European Development Fund (EDF) at the disposal of the four Regional Organisations to support the regional integration process. Implementation, as for the EDF9, is coordinated through the Inter-Regional Coordinating Committee (IRCC), to contribute to the harmonisation of policies in line with the recommenda-*

tions of the African Union. The EDF10 RSP/RIP agreement also provides for the European Investment Bank to contribute to the Regional Strategy Paper by operations financed from the Investment Facility and/or from its own resources. It is set for implementation during the period 2008 – 2013, and has two concentration (focal) areas: (i) Focal Area 1 is Regional Economic Integration covering regional integration policies, trade and EPA, and regional sector policies; (ii) Focal Area 2 is the Regional Political Integration/Cooperation Agenda, through the development of a series of flanking measures aimed at assisting the region to tackle regional political problems in a coordinated fashion.

▪ **Indicator 9.4.1: Existence in EU programming and implementation documents of operational links (TA missions, co-financed projects or events, etc.) between NIP and RIP strategic responses**

Under the provisions of the Cotonou Agreement the regional programming under EDF9 and EDF10 for the Eastern and Southern African (ESA) – Indian Ocean (IO) region has been undertaken as a joint effort of the Regional Organisations (RO) of Southern and Eastern Africa: The Common Market for Eastern and Southern Africa (COMESA), the Indian Ocean Commission (IOC), the East African Community (EAC) and the Intergovernmental Authority for Development (IGAD). And then there is also the Southern African Development Community (SADC) as regional organisation of which Zambia is a member state.

The EDF9 RSP/RIP was signed in Kampala, Uganda on 19 November 2002. The EDF10 RSP/RIP for the ESA-IO region was signed by all parties on the 15th of November 2008 in Strasbourg, France. The EDF9 Regional Integration Programme (RIP) had three focal areas: Regional economic integration, management of natural resources; and transport and communications. Projects in the fourth non-focal area include capacity building and peace and security. Implementation of the EDF9 RSP/RIP, with an initial indicative budget amounting to Euro 223m, has taken effect as from January 2003 with the establishment of the Inter-Regional Co-ordinating Committee (IRCC) Secretariat at the COMESA Secretariat. The Secretariat of the IRCC, responsible for overall co-ordination and overseeing of the RIP is based at the COMESA Secretariat, this being the regional organisation with the largest geographical coverage of the entire region.

For the EDF10 RSP/RIP the EC puts 645m € of EDF resources at the disposal of the four Regional Organisations to support the regional integration process. Implementation, as for the EDF9, is coordinated through the IRCC to contribute to the harmonisation of policies in line with the recommendations of the African Union. The EDF10 RSP/RIP agreement also provides for the EIB to contribute to the RSP by operations financed from the Investment Facility and/or from its own resources. It is set for implementation during the period 2008 – 2013, and has two concentration (focal) areas: (i) Focal Area 1 is Regional Economic Integration covering regional integration policies, trade and EPA, and regional sector policies; (ii) Focal Area 2 is the Regional Political Integration / Cooperation Agenda, through the development of a series of flanking measures aimed at assisting the region to tackle regional political problems in a coordinated fashion.

In relation to the other countries in the region, a comparatively high percentage of the 2008-2013 RIP resources is allocated to trade related infrastructure in Zambia (78.52 per cent as against 35.7 per cent for the region). This is also comparatively high in comparison with the Zambia NIP national allocation for focal sector 1 “Regional Integration / Transport infrastructure” with 24.6 per cent of the EDF10 CSP/NIP resources allocated to this focal sector.

The EDF10 CSP/NIP document has under Annex 10 a one page executive summary of the EDF10 RSP-RIP for the 2008-2012 period. This is the documentary link to the RSP in the CSP. The incorporation of the regional integration agenda in the national development planning and the CSP/NIP is explicitly focused on in the MTR of the EDF10 CSP/NIP. The review concluded that the Infrastructure focal area of the EDF10 CSP for Zambia is couched in terms of regional integration, rather than simply relying only on national infrastructure (the Zimb-Livingstone road, the rehabilitation of sections of the Great East Road as elements of the North-South Corridor). As for the Sugar Accompanying Measures allocated to Zambia are concerned, the RIP funded the identification / pre-feasibility study for a multi-modal dry-port in Chipata.

Evidence of EU Delegation involvement in the preparation of the ESA RSP-RIP (EDF10) is provided in the July 2007 EAMR which mentioned that the Delegation attended two meetings on ESA-EPA negotiations (Lilongwe in April and Brussels in June 2007). The January 2007 EAMR mentioned that EUD discussions with the regional authorities (mostly COMESA) focused on regional priorities for the EDF10 (including issues linked to EPAs financing) as well as regular exchanges on on-going EDF9 projects including issues on transport & communication. During implementation the linkage between NIPs and



the RIP is exploited further by enhancing cooperation between the four RAOs and the ESA-IO NAOs, notably by organising annual meetings to discuss implementation of the EDF10 RIP and the NIPs.

Vice versa, the RSP/RIP 2008-2013 document has a special annex 2 which provides a synoptic view of the linkages and complementarities between the Regional Indicative Programme (RIP) and the ESA-IO National Indicative Programmes (NIPs). From this overview can be concluded that generally the NIPs of the ESA-IO region (incl. Zambia) have substantial linkages with the RIP. This particularly pertains to the large regional infrastructure projects. Other areas of complementarity between the NIPs and the RIP cover private sector development, food security, rural development and agricultural development, as well as specific activities for supporting the implementation of the regional and bilateral trade agenda Free Trade Agreement (FTA)s, customs unions, monetary unions, EPA, etc.).

As part of the recently concluded MTR of the RSP-RIP, some key questions were posed to EU Delegations in the ESA-IO region. Asked if regional integration features in the EUD dialogue with the national authorities, the Lusaka EUD replied positively, however only to the extent that it addresses the focal sector of the NIP (infrastructure – roads).

Regarding the link between the regional and national levels, the 2011 review of the co-operation between the European Union and the ESA-IO Region indicated that ROs are quite adamant to affirm that Member States are duly involved through their instances (Council, etc.) and that this is the legitimate structure in place in the institutional architecture of the ROs. However, from the consultations with EU Delegations and national authorities a need was voiced for more funds/support at national level for regional integration. EDF programming (both national and regional) is assessed a potentially of help for resolving regional integration obstacles, but for that the review concludes a different balance may be needed to better support implementation of regional commitments at national level. Remarkably however, Chapter II of the joint progress report which explicitly deals with “Coherence of RSP/RIP” assesses different coherence components at the regional level (e.g. with other regional strategies, with the SADC region, with the Africa-EU Strategic Partnership, with the African Peace and Security Architecture) but not with the CSP/NIPs at the level of the Member Countries. This focus of the progress report probably by itself is already an indication of the importance attached to RSP/RIP and CSP/NIP coherence and complementarity, or better maybe of the status of progress in designing and operationalising such regional – national strategic coherence assessment (M&E) system.

A major challenge remains to have the implementation of common regional programmes managed through Contribution Agreements (CAs) by the covered member countries concerned. This would be the preferred option from the perspective of programme ownership and enhanced regional-national coherence, impact and sustainability. The review however was to conclude that while such arrangement is being promoted by COMESA (particular through the RISP programme) the other ROs proved not to be ready for it yet.

MTR recommendations for the EDF11 to further strengthen RSP/RIP – CSP/NIP alignment include the following: (i) Elaborate a realistic regional integration strategy before embarking on writing CSPs/NIPs and then link CSPs to the RSP or at least ensure that the regional priorities are to some extent coupled by regional integration policies and budgets in the MS national development plans; (ii) Make explicit the roles of ROs and their Member States; (iii) Involve Member States in the regional integration process at all stages, from programming to implementation; (iv) Give more consideration to Member States and Civil Society (business fora) during the process of elaboration and implementation of the EDF11 RSP/RIP; (v) Ensure that the RSP maintains some flexibility to adapt to the evolving needs of the region but at the same time focus the RIP to some key fields of actions and programmes to ensure concentration of efforts; (vi) Avoid as much as possible having ROs subcontracting each other as is the case now with RISP II; (vii) Envisage direct CA (or other modalities) with ROs eligible to CA status; (viii) Consider the possibility of reinforcing IRCC role in its core mandate of coordination and support mechanism to all stages of project cycle; (ix) Continue supporting the Secretariats in their efforts to monitor transposition of regional commitments at national level. (J.C. 9.4)

Also during the current evaluation field visit interviews with different parties concerned at EUD, GRZ and COMESA the actual transposition of regional commitments into national, in this case Zambian, policies, systems and budgets, was identified as one of the, if not the key challenge for effective regional integration processes. The Adjustment Facility Window, which the RISM Programme has made operational, is foreseen to support Member States to bear the cost of integration and to reward good performers against tangible results. This entails the development of a system for monitoring regional integration at national level along key performance indicators derived from the regional integration strategic plans and programmes, complete with baseline data, “monitorable” target setting with periodic progress and results assessments / measurements on these indicators, which in turn can form the basis for per-

formance scores, ratings and indices, scorecards and dashboards. During different field interviews the crucial need for such integrated regional-national transposition performance planning, measurement and monitoring systems involving both the regional and national levels was underscored.

The just concluded MTR of the RSP-RIP confirmed in this respect that the effectiveness of RSP/RIP implementation is difficult to measure due to recognised lack of ROs and MS capacity to monitor implementation of RI commitments at national level. Capacity of national delegations to deal with regional matters needs to be improved to support ESA-IO ROs members in fulfilling their responsibilities in implementing the principle that regional cooperation and integration is ultimately dependent on the actions of the individual state ("think regionally, act locally").

Data, figures, tables:

**RSP & RIP 2008-2013; Annex 2:** *In relation to the other countries in the region, a comparatively high percentage of the 2008-2013 RIP resources is allocated to trade related infrastructure in Zambia (78.52 per cent as against 35.7 per cent for the region). This is also comparatively high in comparison with the Zambia NIP allocation for focal sector 1 "Regional Integration / Transport infrastructure" with 24.6 per cent of the EDF10 CSP/NIP resources allocated to this focal sector*

Extracts:

**Jar 2010, p13:** *Coherence with regional programming: Several priority components of the North-South corridor are located in Zambia (and some are potential subjects of funding under the EDF10 ESA Regional Strategy). Two road projects in particular contribute to regional integration; the Zimba-Livingstone road (the road was commissioned in November 2010) and the rehabilitation of the Great East Road (approved by the EDF committee in November 2010) are both elements of the North-South Corridor. The Sugar Accompanying Measures in Zambia funded the identification/pre-feasibility study for a multi-modal dry-port in Chipata. If viability is confirmed by the EU funded feasibility study, this dry port would improve linkages between rail and road transport along the Nacala corridor.*

**MTR EDF10 CSP Conclusions, p8:** *Incorporation of the regional integration agenda in the national development planning and the CSP/NIP: The Infrastructure focal area of the EDF10 CSP for Zambia is couched in terms of regional integration, rather than simply national infrastructure. Several priority components of the North-South corridor are located in Zambia (and some are potential subjects of funding under the EDF10 ESA Regional Strategy). Two projects in particular contribute to regional integration: the Zimba-Livingstone road (open for traffic and commissioned in November 2010) and the rehabilitation of sections of the Great East Road (Lusaka to Chipata on the Malawi border to be financed under the EDF10). These are elements of the North-South Corridor and will act as a catalyst in promoting trade within the region while reducing transport costs for Zambian business. As for the Sugar Accompanying Measures allocated to Zambia, they funded the identification/pre-feasibility study for a multi-modal dry-port in Chipata, which will improve linkages between rail and road transport along the Nacala corridor.*

**EAMR, July 2007, p4;** *Regional level (ESA RIP): A simplified desk study remains to be completed before signing the CA, and meanwhile the FP has been submitted to the EDF Committee of 4 July. Discussions continued with the region on the draft Regional Strategy Paper for the EDF10 formally submitted to Brussels in November 2006...The RSP-RIP is not yet approved, as discussions are now being linked by DG Dev to the ESA-EPA negotiations. To this effect, the Delegation attended two meetings on ESAEPA negotiations (Lilongwe in April, and Brussels in June).*

**EAMR, Jan. 2007, p4:** *At the regional level, discussions with regional authorities (mostly COMESA) focused on regional priorities for the EDF10 (including issues linked to EPAs financing) as well as regular exchanges on on-going EDF9 projects including issues on transport & communication through the new TCS/PIP component.*

**RSP & RIP 2008-2013; Annex 2 - Regional Strategy Paper and Regional Indicative Programme 2008-2013 – Region of Eastern and Southern Africa and the Indian Ocean; 2007 - Annex 2: Linkages between the ESA-IO National Indicative Programmes and the Regional Indicative Programme**

*This annex provides a synoptic view of the linkages and complementarities between the EDF10 National Indicative Programmes (NIPs) and the ESA-IO Regional Indicative Programme (RIP). It builds on work carried out by a consultant in June 2008 (based on a sub-set of the countries part of the ESA-IO region), as well as work carried out in the EC EuropeAid office, based on all the NIPs available as of June 2008.*

The EDF10 ESA-IO RSP/RIP, with an indicative allocation of €645m, foresees interventions in two main focal areas, namely (1) Regional economic integration (85% of RIP), covering regional integration policies, trade and EPA, supply-side constraints (including infrastructure); and (2) Regional political integration / cooperation (10% of RIP), such as Peace and Security and Conflict Prevention. Other programmes in the non-focal areas include Capacity Building, support to the IRCC, and regional education networks.

In conclusion, generally the NIPs of the ESA-IO region have substantial linkages with the RIP. Complementarities clearly lie in the areas of internal (national-level) dimensions of regional economic integration interventions. All countries clearly see the need to address supply-side constraints in infrastructure, and try as much as possible to inscribe interventions within the regional framework. This is fully in consonance with the RIP, which would allocate a large portion of its first focal area to this sector. For large regional infrastructure projects, the RIP recognises that the cost implication would be much higher than any single source of funding would be able to afford. It therefore tries to establish synergies with other initiatives, such as the EU-Africa Partnership on Infrastructure, in accordance with AU/NEPAD priorities. Similar synergies are foreseen in the NIPs.

Other areas of consistent complementarity between the NIPs and the RIP cover private sector development, food security, rural development and agricultural development, as well as specific activities for supporting the implementation of the regional and bilateral trade agenda (FTAs, customs unions, monetary unions, EPA, etc.)

During implementation the linkage between NIPs and the RIP would be exploited further, by enhancing cooperation between the four RAOs and the ESA-IO NAOs, notably by organising annual meetings to discuss implementation of the EDF10 RIP and the NIPs.

**EDF10 – CSP/NIP 2008-2013, Annex 10:** Contains a one page executive summary of the EDF10 RSP-RIP for the period 2008 – 2012 (draft version). This is the documentary link to the RSP in the CSP.

**EUD Lusaka; MTR RSP-RIP (2011) - Key questions to EU Delegations in East and Southern African and the Indian Ocean region, Zambia Delegation Contribution; (Q&A – Answers by EU DEL Section regional Cooperation); 22 Sep 2011:**

- Q1 - Is there evidence that the policies and priorities at national level are aligned to those at regional level? Although not explicitly, this is evident for certain sectors, such as Infrastructure. The development of Regional Corridors as a means to promote regional Integration inevitably requires active participation at the national level, and therefore the alignment of policies and priorities.
- Q2 – Is the country taking advantage of the opportunities offered by regional integration? Yes, especially in the areas of Trade and the Roads Infrastructure investments. Recent statistics have indicated the increase in regional trade, owing to opportunities presented by regional initiatives such as the Free Trade Area (FTA) and the ongoing customs Union. Zambia, being a land-locked country, relies very much on roads transportation for its exports and imports. The opportunities, therefore presented by the roads infrastructure investments would significant address these supply-side constraints, and therefore reduce the overall cost of doing business, which is currently very high.
- Q3 – What are the weaknesses in terms of capacity that prevent MS from pursuing further the regional integration agenda? How is EU supporting these capacities at national level? In addition to regional transport infrastructure and linkages, the country lacks capacity in EPA/Trade-Related Support. This is being addressed through various interventions. Projects under 8th and EDF9 have addressed the issues of institutional support for growth through regional integration and trade. These projects will bridge the gap to EDF10 interventions:
  - An EDF9 capacity-building project supports the Department of Foreign Trade in developing a good base of analytical and negotiating skills to improve the formulation of national trade policy and negotiating positions. Particular needs have been identified for improving analytical capacity in the Department by: (i) developing an in-house training package (which would also provide non-salary incentives to staff and hence ensure sustainability); (ii) making use of specific technical expertise to assess the impact of EPAs on the Zambian economy/specific sectors and to assess and develop the legal aspects related to trade negotiations (legal obligations and domestication); (iii) carrying out further studies on value chains analysis and identifying operational follow-up; (iv) sensitisation and involvement of the pri-

vate sector. This project also supports legal and regulatory trade reforms and the capacity-building of administrative services.

- The EDF8 Export Development Programme II facilitated the setting up of national offices of the African Trade Insurance Agency (ATI) to expand its operations in Zambia. The ATI is dedicated to providing insurance, co-insurance, reinsurance and other financial services to foster trade with and investments in its African Member States.
- Additionally, specific policy, regulatory and marketing interventions are envisaged under the EDF10 EPA/Trade related support component that will enhance sanitary and phytosanitary standards, certification and marketing conditions, thereby improving product quality, health standards, branding opportunities, and market awareness and penetration.
- Q4 - How would you describe the engagement and commitment of the national authorities vis-à-vis the different regional integration processes. To what extent do they respect their commitments to regional integration at national level? Difficult to describe due to lack of information on the extent of domestication of regional protocols.
- Q5 - To what extent is coherence promoted between RIPs and NIPs? To what extent is coherence necessary? Coherence has been promoted in the NIP through the inclusion of Transport Infrastructure as a focal sector. This is of high relevance for the development of the regional corridors. The ROs do not necessarily have the capacity to implement these infrastructure corridor projects, and therefore have to work very closely with the national counterparts. The role of the RO would be more suited to build capacity in the regional transport regulation aspect.
- Q6 – Does regional integration feature in your dialogue with the national authorities? Yes, only to the extent that it addresses the focal sector of the NIP
- Additional question: Do logical and functional cross-references exist between RIPs and NIPs and are regional aspects of NIPs sufficiently highlighted in RIPs? Links established however the difference in sequence and in process for the NIP and RIP formulation did not facilitate systematic cross-referencing. In particular, given the time constraints during drafting there was not a systematic effort at ensuring that the NIPs were coordinated with the RIP. During the drafting of the 2006 version of the RSP/RIP the relevant CSPs were reviewed and a questionnaire sent to the ESA-IO Delegations in early 2007 in order to examine how the integration of the NIPs in the RIP could be accomplished. This exercise was partially successful as many NIPs were not finalised by then, and it was not repeated during the drafting of the 2008 RSP/RIP. The fault lies on both the side of the Commission and the RIOs who consulted but who did not concentrate on the NIP/RIP coordination issues. More importantly, it is becoming more and more evident that national strategies (to which the NIPs are aligned) do not sufficiently take into account the regional dimension and the commitments taken during the various RECs summits.

**EUD Lusaka; MTR of EU-SADC Co-Operation under the EDF10 (2011) - Evaluation of Regional (RSP/RIP) – National (CSP/NIP) Coherence, Zambia Delegation Contribution; 30 Aug 2011**

Field Visit Additional Information on I-9.4.1:

**ESA-IO - EU (2011) p. vi;** Co-operation between the European Union and the ESA-IO Region: Joint Progress Report (EDF10 Mid-Term Review), Nov 2011- Chapter 3.1: Efficiency of Regional Cooperation – Current aid modalities and programmes in place:

**Box: EDF10 ESA-IO programmes (committed by end 2011)**

**Focal Sector – Regional Economic Integration**

- On the Horn of Africa Initiative:
  - Inland Water Resources Management Programme for the IGAD region (€14.70m)
  - Infrastructure: Horn of Africa Corridors -Carrefour Arta- Guélibé (€7.50m)
  - Detailed engineering study for the Berbera Corridor (€3.80m)
- Other:
  - Implementation of a Regional Fisheries Strategy for the ESA-IO region (€21m)
  - Implementing the SIDS M.S in the ESA-IO region (€10m)
  - Support to Afritac - South and East (€15m)
  - MESA (€5m)
  - RIDER to the IGAD Livestock Policy Initiative (€1.098m)
  - Infrastructure : Energy transport RDC-Rwanda-Burundi (€30m)
  - Infrastructure : Kigali-Gatuna Road (€15m)
  - Continuation of the Regional Integration Support Programme (RISP) (€50m)
  - The preparations for the HOAI donors conference (€0.1m)

**Focal Sector – Regional Political Cooperation**

- Regional Political Integration and Human Security (€4.92m)
- Support to Regional Action plan on Fight against maritime piracy I (€2m)

**Non-focal sectors:**

- Continuation of support to the IRCC (IRCC2) (€11.50m)
- Regional Multi-Disciplinary Centre of Excellence ( RMCE) (€5.60m)

**ESA-IO - EU (2011) p. vi;** *Co-operation between the European Union and the ESA-IO Region: Joint Progress Report (EDF10 Mid-Term Review), Nov 2011: Executive Summary – On the link between Regional and National Levels:* (8) Member States are often reminding that the ROs emanate from them and that in no case decisions are imposed on them by the Secretariats. While Member States regularly make commitments in view of fostering the integration process, these commitments are made at a political level, and their effective transposition to the national level requires further local political will and technical means to put them in practice. ROs are quite adamant to affirm that Member States are duly involved through their instances (Council, etc.) and that this is the legitimate structure in place in the institutional architecture of the ROs. However, the consultation with EU Delegations and national authorities voiced a need for more funds/support at national level for regional integration. EDF programming (both national and regional) can be of help for resolving regional integration obstacles. Therefore, having acknowledged that Member States are engaged in regional policy within the ROs instances, the following MTR finding remains legitimate: a different balance may be needed to better support implementation of regional commitments at national level.

Remarkably however, Chapter II of the joint progress report which explicitly deals with “Coherence of RSP/RIP” assesses different coherence components at the regional level (with other regional strategies, with the SADC region, with the Africa-EU Strategic Partnership, with the African Peace and Security Architecture) but not with the CSP/NIPs at the level of the Member Countries. This focus of the progress report probably by itself is already an indication of the importance attached to RSP/RIP and CSP/NIP coherence and complementarity, or better maybe of the status of progress in designing and operationalising such regional – national strategic coherence assessment (M&E) system.

**ESA-IO - EU (2011) p. vi;** *Co-operation between the European Union and the ESA-IO Region: Joint Progress Report (EDF10 Mid-Term Review), Nov 2011: Executive Summary – On the role of IRCC:* (7) IRCC is recognised for having played so far a key coordinating role while ensuring the principle of ownership (it is a facilitation coordination modality, not an implementation unit) and is well accepted by all parties (ROs, EU). On the other hand, the leadership of COMESA in the case of implementation of common programmes managed through CAs (RISP in particular) was a not always welcome side-effect of the fact that the other ROs were not ready for CAs. These ROs are all currently preparing themselves to meet the requirements for direct eligibility to EU CAs.

**ESA-IO - EU (2011) p. vii;** *Co-operation between the European Union and the ESA-IO Region: Joint Progress Report (EDF10 Mid-Term Review), Nov 2011: Executive Summary – On RSP/RIP – CSP/NIP alignment for the next EDF11:* (10) For the EDF11: elaborate a realistic regional integration strategy before embarking on writing CSPs/NIPs and then link CSPs to the RSP or at least ensure that the regional priorities are to some extent coupled by regional integration policies and budgets in the MS national development plans; make explicit the roles of ROs and their Member States; involve Member States in the regional integration process at all stages, from programming to implementation; give more consideration to Member States and Civil Society (business fora) during the process of elaboration and implementation of the EDF11 RSP/RIP. Ensure that the RSP maintains some flexibility to adapt to the evolving needs of the region but at the same time focus the RIP to some key fields

of actions and programmes to ensure concentration of efforts. Avoid as much as possible having ROs subcontracting each other as is the case now with RISP II.; envisage direct CA (or other modalities) with ROs eligible to CA status; consider the possibility of reinforcing IRCC role in its core mandate of coordination and support mechanism to all stages of project cycle; continue supporting the Secretariats in their efforts to monitor transposition of regional commitments at national level.

**ESA-IO - EU (2011) pp. 1-6; Co-operation between the European Union and the ESA-IO Region: Joint Progress Report (EDF10 Mid-Term Review), Nov 2011: Chapter 2: Relevance of RSP/RIP – Mechanisms in Place and Capacity of ROs to Monitor Transposition:**

*The Regional – National Transposition Process and Mechanisms:*

Once decisions related to regional integration are taken by Member States (MS) within the respective instances of the ROs, they have to be implemented at national levels in terms of transposing regional commitments into national policies, systems and budgets. *Transposition* had been identified as one of the main challenges for regional integration processes. This was recognised by COMESA in its Treaty, which gave impetus to the Protocol for Cooperation, Compensation and Development (the COMESA Fund). Specifically, the COMESA Adjustment Facility Window, which the RISM Programme has made operational, is foreseen to support Member States to bear the cost of integration and to reward good performers against tangible results. One key result is to support COMESA and EAC Member States in implementing their regional integration and trade commitments. This entails the *development of a system for monitoring regional integration at national level* in line with COMESA and EAC Medium Term Strategic Plans and the establishment of baseline indicators to reflect the status of implementation of integration in MS. Under RISP and with IRCC Secretariat (IRCC-S) coordination is also foreseen to launch in 2012 a study for a transposition survey.

*Transposition Monitoring Systems:*

Indeed, it must be recognised that monitoring regional integration is not an easy task and that the *Monitoring and Evaluation (M&E) Units of the Secretariats* (and their respective monitoring committees at national level) need to be significantly upgraded if they are to succeed in this task. Developing a comprehensive framework to monitor progress regarding the implementation of regional commitments (as was done in the EU through the EU Common Market Scoreboard) is still a pending issue. *As a result, appreciation of the actual transposition of regional commitments at Member State level is based more on trends than on concrete data.* In implementing national programmes, Member States take into account decisions made at the COMESA level. This is reflected for example in the implementation of agreed customs procedures and documents (rules of origin, automated customs systems, yellow card etc). Yet, according to EU, it appears that COMESA does not have detailed and systematic information on where each MS stand in terms of implementation of such commitments at national level. COMESA does have "project level indicators" (linked to the log frames of individual programmes) but consistent baselines for higher level indicators still do not exist. COMESA Medium Term Strategy 2011-2015 monitoring framework, for now, only sets ideal target indicators. COMESA has started to test the monitoring framework of its 2011-2015 Medium Term Strategic Plan with some MS, but much work still needs to be done. The EAC tried to formulate in the past a "monitoring mechanisms on NTBs", with the involvement of the East African Business Council. This mechanism has failed to be duly implemented and followed up. DFID/TMEA and the WB have partnered to include the development of a monitoring system in the work programme for TMEA. IGAD is building its capacity to streamline M&E activities which have been previously conducted at each programme level.

*Capacity and willingness of Member States to engage further in Regional Integration*

Countries remain sovereign and can decide at any time to discuss a policy or even to leave an organisation. But what is observed in the ESA-IO domain is that Member States show a strong willingness to engage further in regional integration, as the progress of the Tripartite process shows. As underlined in the 2009 UNECA publication on transposition of regional agreements, national priorities sometimes take precedence over the regional integration agenda. Willingness appears to be there at the highest political level – but actions to follow up are more difficult. There is a mixed appetite for further integration – variable geometry is floated as an approach, allowing some to proceed more rapidly. There is also a protectionism reflex, in particular when it comes to commodities such as maize and sugar. In any case there is a strong need to strengthen, at all-Africa country level, the financial, institutional and human resources' capacities to enhance the transposition processes.

*Use made of evaluations and lessons learnt in the design of new programmes*

The identification and formulation phases of the EDF10 programmes, across the different AAPs

and ad hoc programmes, have involved studies fed with available documentation on prior interventions or other donor / stakeholder interventions; that include evaluations' reports, prior projects reports (Steering Committees, etc). Some EDF10 programmes (for example, RISP2, the EDF10 regional food security programme, the new IOC biodiversity programme) have been formulated to follow-up and enhance on EDF9 programmes. However, the design of the ESA-IO EDF10 RSP/RIP was made when EDF9 programmes had not yet been fully implemented. Hence no evaluation linked to EDF9 RSP/RIP implementation could be used to design the EDF10. Regardless of some positive signs, there was no structured follow-up – in some cases lessons are learned and incorporated, but generally findings and recommendations from evaluations are not used systematically. ROs and EU Delegations could look into extracting lessons more systematically from evaluations. IRCC-S should play an important role on this.

**ESA-IO - EU (2011) pp. 6-7;** *Co-operation between the European Union and the ESA-IO Region: Joint Progress Report (EDF10 Mid-Term Review), Nov 2011: Chapter 1: Coherence of RSP/RIP - Coherence between the RSPs for the ESA-IO region and the one for the SADC region: (2.5)* On paper, coherence between the respective RSP/RIP for SADC and ESA-IO seems ensured, because with minor differences, focal sectors and priorities within those sectors look alike. However, according to EU, even if SADC is a full member at the IRCC (the Inter-Regional Coordinating Committee covering COMESA, EAC, IGAD and IOC), the ESA-IO and SADC programmes are independent of each other and there has been little coordination between them so far. Key recommendations of the SADC JPR are to keep the current EDF10 strategy as it is, with no change to the resource allocation of the RIP and to develop the institutional competency of the SADC Secretariat (which as of today does not qualify to benefit from the CA instrument). It is even foreseen to request a reinforcement of the current allocation to develop pilot actions such as project preparation and development fund, the trade-related facility, and political cooperation... Coherence between the ESA-IO and the SADC RSPs seems to be limited, but the IRCC asserts its role as a suitable coordinating body.

**ESA-IO - EU (2011) p18;** *Co-operation between the European Union and the ESA-IO Region: Joint Progress Report (EDF10 Mid-Term Review), Nov 2011: Chapter 4: Effectiveness of regional cooperation - Monitoring/reporting capacities of the ROs to assess the achievement of programmes' results:* The effectiveness of the RSP/RIP implementation is difficult to measure due to recognised lack of ROs and MS capacity to monitor implementation of RI commitments at national level. Capacity of national delegations to deal with regional matters needs to be improved to support ESA-IO ROs members in fulfilling their responsibilities in implementing the principle that regional cooperation and integration is ultimately dependent on the actions of the individual state ("think regionally, act locally").

- **Indicator 9.4.2: Timing of outputs from regional programmes facilitate implementation of national support, and vice versa**

Based on the desk study documents analysis, the copies of the EUD Lusaka answers to the key questions posed in connection with the just concluded MTR of the RSP/RIP and from the current field visit interviews one cannot conclude positively about an optimal timing of the outputs from regional programmes to facilitate implementation of national support and vice versa.

As part of the ongoing MTR of the RSP-RIP, some key questions were posed to EU Delegations in the ESA-IO region. One question was if logical and functional cross-references exist between RIPs and NIPs and if regional aspects of NIPs are sufficiently highlighted in RIPs? To which the EUD Lusaka answered that links are established, however the differences in sequence and in process for the NIP and RIP formulation did not facilitate systematic cross-referencing. In particular, given the time constraints during drafting of the strategy documents there was not a systematic effort at ensuring that the NIPs were coordinated with the RIP. During the drafting of the 2006 version of the RSP/RIP the relevant CSPs were reviewed and a questionnaire sent to the ESA-IO Delegations in early 2007 in order to examine how the integration of the NIPs in the RIP could be accomplished. This exercise was partially successful as many NIPs were not finalised by then, and it was not repeated during the drafting of the 2008 RSP/RIP. The shortcomings are at both the sides of the Commission and of the Regional Organisations (ROs) who consulted but who did not concentrate on the NIP/RIP coordination issues. More importantly, it is becoming more and more evident that national strategies (to which the NIPs are aligned) do not sufficiently take into account the regional dimension and the commitments taken during the various ROs / RECs summits.

This confirms the observations in the recent EAMR of January 2011 in relation to the progress in the harmonisation / alignment processes at both national and regional levels. Co-ordination at the regional level has progressed only slowly. Following the adoption of "Aims and Objectives" and engaging

COMESA in the process of dialogue, the Cooperating Partners group considered how far it should advance. This difficult coordination between the national and regional levels however is nothing new under the sun as also the EAMR of August 2004 already reported that while preparing the Capacity Building for Private Sector Development project, the Delegations has seen difficulties in obtaining information from AIDCO on the support to Zambia under regional/all ACP private sector projects. The EAMR recommended that such information should be transmitted to the Delegations concerned continuously in order to follow up and avoid overlapping with projects under the NIP. There is no evidence that this actually has happened in the meantime.

There reportedly is a general absence of awareness by the national authorities of what is happening under the ESA-IO EDF programme. Symptomatic in this connection was the absence of any meaningful representation from Zambia at the High Level RAO-NAO meeting held in Lusaka (sic) in November 2009. This reportedly actually was an embarrassment for the EU Delegation which had done it possibly could to ensure high level participation. (MTR RSP-RIP – 2011 – EUD questionnaire Q-9)

A more efficient and effective Division of Labour (DOL) is proposed by the Lusaka EUD in reply to the MTR question if some part of the RIP could be implemented with more efficiency and effectiveness at the national level rather than at the REC level. This particularly pertains to roads infrastructure projects where implementation reportedly is better suited at the national level, as they have the necessary capacity in terms of personnel. The REC would be better suited to providing TA support in specific aspects of the programme such as regional transportation regulation. Such arrangement would also be more in line with the general principle of subsidiarity underlying the regional integration process.

In the framework of the recently conducted mid-term review of the RSP-RIP, the EUD was posed the question if regional aspects of the Zambia NIP are sufficiently highlighted in the RIP. To this EUD Lusaka answered in the positive as links are being established. However the EUD also pointed out that the differences in sequence and in process for the NIP and RIP formulation did not facilitate systematic cross-referencing. (I-9.4.2)

The 2011 MTR of the co-operation between the European Union and the ESA-IO Region reported that, overall, the review consultations had provided a mixed picture of the current situation in terms of relevance, coherence, efficiency and effectiveness of the RSP/RIP funds allocated by the EU to ESA-IO. The ROs tended to stress progress accomplished and asked for more time to convert ideas into projects. On the other hand, the EU representatives showed concern with the absorption capacity of the ROs and of the region at large, considering the low level of EDF10 commitments so far. If the same average of 10% yearly absorption of total RIP resources as during the three years of AAPs so far (2009 to 2011) is maintained up to the end of the programming cycle (AAP 2012-2013), the Region will have absorbed only half of the RIP. Absorption of the totality of the RIP would require an increase of yearly absorption from 10% to 40%. The EU emphasised that, although the pipeline was streamlined with the Lusaka Declaration and is regularly endorsed at IRCC plenary meetings, it does not guarantee by itself that it will be fully implemented, given the substantial delays in the preparation of some of the programmes. The report also indicated EU's concern about the risk of losing EDF10 funds if programmes cannot be approved by the end of 2013 because of late submission and/or lack of sufficient quality. Third, national and civil society representatives underlined their limited participation in the process and showed limited knowledge of the issues at stake. The above MRT conclusions regarding RSP/RIP efficiency and absorptive capacity appear to provide further evidence of the crucial need for effective performance planning, measurement and monitoring systems and tools, and for enhanced capacity strengthening of the key parties concerned on their actual use, both at regional and at national levels. (JC 9.4)

Data, figures, tables:

**MTR EDF10 CSP Conclusions, p3;** *Regarding trade, regional cooperation and EPA – Economic Partnership Agreement (EPS): “As for accompanying measures, Zambia is benefiting from direct support under the EDF10 national programme, notably in infrastructure, agriculture, improvement of sanitary and phyto-sanitary standards, as well as sugar measures under EC budget funding. Under the regional envelope for ESA, Zambia lies at the heart of the North-South corridor project, and would benefit from interventions targeted towards trade facilitation (one stop border posts) and light infrastructure rehabilitation.”*

Extracts:

**EAMR Jan 2011, p4;** *Progress in the harmonisation / alignment processes at both national and regional levels: Co-ordination at the regional level has progressed only slowly. Following the adoption of*



*“Aims and objectives” and engaging COMESA in the process of dialogue, the CP group considered how far it should advance.*

**EAMR, Aug 2004, p4:** *While preparing the Capacity Building for Private Sector Development project, the Delegations has seen difficulties in obtaining information from AIDCO on the support to Zambia under regional/all ACP private sector projects. Such information should be transmitted to the Delegations concerned continuously in order to follow up and avoid overlapping with projects under the NIP.*

**JAR 2003, p29; 4.7 Regional co-operation and trade:** *As member of COMESA, Zambia benefits from the wide range of COMESA projects related to regional co-operation and integration. Zambia has actively worked on the preparation of the COMESA Customs Union, which is to be launched in December 2004. Furthermore, Zambia participates in the harmonisation of customs practices. Under the COMESA umbrella, the country has continued the process of economic integration with its neighbouring countries. Zambia will benefit from the EC regional facility, approved in 2003, to support multilateral and regional trade negotiations with the ESA region. The main purpose of the project is to assist countries in the ESA region to develop trade negotiating capacities in the short term, in particular as regards EPA and WTO negotiations.*

**EUD Lusaka; MTR RSP-RIP (2011);** *Key questions to EU Delegations in East and Southern African and the Indian Ocean region, Zambia Delegation Contribution; 22 Sep 2011 (Q&A – Answers by EU DEL Section regional Cooperation) - Questions related to Regional Programmes Implementation:*

- *Q7 - Do you have an understanding of the RIP and of the projects which are implemented at regional level? Yes.*
- *Q8 – Do you consider that the national authorities are sufficiently involved in the implementation of regional programmes? Not apparent. Currently national authorities are mainly involved in the Roads Infrastructure programmes of RISP II with the Serenje-Nakonde Road, an important stretch of the North-South Corridor, where COMESA, in collaboration with the Zambia Roads Development Agency (RDA) recently launched the study for the detailed design of the road.*
- *Q9 – If not, what would be the reasons for this? Is there room for improvement? If so, what measures could be envisaged? Absence of awareness by the national authorities of what is happening under the ESA-IO EDF programme. Symptomatic was the absence of any meaningful representation from Zambia at the High Level RAO-NAO meeting held in ... Lusaka ... in November 2009. This was actually an embarrassment for the EU Delegation which had done it possibly could to ensure high level participation.*
- *Q10 –Do you believe that some part of the RIP could be implemented with more efficiency and effectiveness at the national level rather than at the REC level? Yes, especially with the Roads Infrastructure projects where implementation is better suited at the national level, as they have the necessary capacity in terms of personnel. The RECs would be better suited to providing TA support in specific aspects of the programme such as regional transportation regulation.*
- *Q12 – Have EDF9 regional programmes (RISM, RISP I, REFORM, CPMR...) had concrete impact in your specific country? Can you give examples? Difficult to say at this stage for most programmes implemented by COMESA. We miss tangible evaluations. No in the case of RISM.*
- *Q14 - Have you seen any indication at the national level of a rationalisation of the relations between the regional and the continental level (African Union)? Have continental agendas (JAES) sufficiently trickled down at the national level where implementation is taking place? Difficult to say*

Field Visit Additional Information on I-9.4.2:

**ESA-IO - EU (2011) p11;** *Co-operation between the European Union and the ESA-IO Region: Joint Progress Report (EDF10 Mid-Term Review), Nov 2011: Executive Summary – On efficiency and absorptive capacity: (4) Overall, the consultations provided a mixed picture of the current situation in terms of relevance, coherence, efficiency and effectiveness of the funds allocated by the EU to ESA-IO. In first place, ROs tended to stress progress accomplished and asked for more time to convert ideas into projects. They trust that it will be possible to make good use of the €645m up to end of 2013 and beyond. Second, EU representatives showed concern with the absorption capacity of the*

ROs and of the region at large, considering the low level of EDF10 commitments so far. In three years of AAPs (2009-2010-2011) the Region has committed 194m EUR, corresponding to an average of 64m EUR committed per year (10% yearly absorption). If the same average is maintained up to the end of the programming cycle (AAP 2012-2013), the Region will have absorbed 323m EUR, corresponding to half of the RIP. Absorption of the totality of the RIP would require an increase of yearly absorption from 10% to 40%. The EU emphasised that, although the pipeline was streamlined with the Lusaka Declaration and is regularly endorsed at IRCC plenary meetings, it does not guarantee by itself that it will be fully implemented, given the substantial delays in the preparation of some of the programmes. The EU is also concerned about the risk of losing EDF10 funds if programmes cannot be approved by the end of 2013 because of late submission and/or lack of sufficient quality. Third, national and civil society representatives underlined their limited participation in the process and showed limited knowledge of the issues at stake.

▪ **Indicator 9.4.3: Level of coordination and complementarity between EC staff, projects managers and technical assistance missions**

Based on the analysis of the Country Level Evaluation desk study documents and of the copies of the EUD Lusaka answers to the key questions posed in connection with the just concluded MTR of the RSP/RIP and the MTR of the EU-SADC co-operation, one cannot conclude to an optimal level of coordination and complementarity between EC staff, project managers and technical assistance missions as of the present. This was also confirmed by the interviews with the EUD key parties concerned on the occasion of the evaluation field visit last December 2011. However substantive improvements are noted as a result of the upgrading and institutional anchoring of the regional cooperation concerns into a fully-fledged EUD Operations Section (one of the four), its strengthening in terms of human resources, and a variety of concrete initiatives undertaken to strengthen communication, coordination and complementarity between the different EU parties concerned (e.g. EU staff, project managers and technical assistance missions). Also at the regional level coordination is improving as for example reported in the January 2011 EAMR, to a large extent thanks to a strengthened coordination of the Inter-Regional Coordinating Committee (IRCC) Secretariat and its organisational systems now in place. The IRCC meetings have taken on increased significance throughout the year with participation by senior EC staff, as well as by SADC and the ACP Secretariat.

As part of the MTR of the RSP-RIP and of the EU-SADC co-operation under the EDF10 (2011), some key questions were posed to EU Delegations in the ESA-IO region. On the NAO knowledge and information level about regional programmes, the EUD respondent briefly replied that certain aspects of the Regional Programme are discussed during the preparation phase of the NSP/NIP but that for the rest this is difficult to say. The EU institutional set-up at regional level is considered complex but compelled by the design of the ESA-IO RSP. Henceforth, much simplification will be required for the EDF11.

Amongst the recommendations by the Lusaka EUD for a better integration of regional concerns at national level and vice versa were mentioned: (i) A more focussed programming limited to envelopes that would be managed by the respective ROs instead of such a large programme covering a 'region' which is artificial, and (ii) more emphasis on regional economic integration and on tripartite dynamics. (iii) The question if the Delegation would increase its involvement in the monitoring of regional programme implementation was answered by a principle yes since monitoring should be a central part of the Delegation's work, but at the same time the EUD is generally constrained by low staffing levels.

The coordination and co-operation with the SADC secretariat is one of the topics of the MTR of the EU-SADC co-operation under the EDF10. The EUD reported that very little detail of SADC RSP programmes has filtered to the national level. The issues of overlapping regional economic communities and multiple memberships reportedly constitute a challenge, if not an obstacle to regional integration. Also, the current EU set-up gives too little room – or responsibility – to the national delegations in regional programmes. To engage national delegations more fully, the strategy and programmes need to be conceived differently, ensuring that both funding and activities reach the national level, and requiring structured feedback from all. The overall, underlying principle is that the regional level cannot align to the national, but that it is to be a national alignment to the regional level. Alignment in first instance is needed at the policy level, not necessarily within the CSP. If the regional agenda is considered important, it should form part of the EUD's objectives and be fed into the dialogue with the national authorities.

Extracts:

*EAMR, Jan 2011, p3: The IRCC secretariat benefited from a competent Coordinator, and its organi-*

sational systems are now in place for smooth meeting execution. The IRCC meetings have taken on increased significance throughout the year, with participation by senior EC staff, as well as by SADC and the ACP secretariat.

**EAMR, Jan 2011, p3:** Regional Political Integration focal sector - CRIS number: FED/2007/197 – 380 - Project title: Conflict Prevention Management Resolution (CPMR) - COMESA War Economies Component:

**EAMR, Jan 2007, p2:** The NAO-Delegation working relationship continues to improve while the issue of resources available for NAO functions is still a great concern, particularly due to the absence of national counterparts to work with the technical support team and the general problem of resources at ETC-MFNP. This has been particularly problematic in the preparation of the EDF10 CSP/NIP and related processes (governance profile)... The absence of NAO representatives at important project/programme decision-making events does also adversely affect project implementation.

**EDF10, CSP/NIP 2008-2013;** Annex 12 Road transport 2.4) Lessons learnt pp. xcii-xciv; Based on the anticipated further success of the SPSP, the EDF10 programme is designed to continue with the support to the sector mainly through SBS. In that context, it will however be important to carry out an assessment of the seven key areas according to the model approach of the relevant EC guidelines. This will be done in the framework of the Mid-Term Review of the SPSP which is scheduled for the end of the 2<sup>nd</sup> semester 2007. A close collaboration between the economic section and the infrastructure section would then be required. The issue of sector financing will have to be critically looked at.

**EUD Lusaka; MTR RSP-RIP (2011)** - Key questions to EU Delegations in East and Southern African and the Indian Ocean region, Zambia Delegation Contribution; 22 Sep 2011 (Q&A – Answers by EU DEL Section regional Cooperation) Questions related to Regional Programmes Management:

- Q13 – Does the NAO appear informed of the activities carried out as part of the Regional programme funded by the EDF? Certain aspects of the Regional programmes are discussed during the preparation phase of the NSP/NIP. But for the rest, difficult to say.
- Q15 – How do you assess the EU institutional set up (regional and non-regional Delegations) in the programming, management and monitoring and management of regional programmes? Complex but compelled by the design of the ESA-IO RSP. Much simplification will be required for the EDF11.
- Q16 – If you consider that there is room for progress, what measures could be envisaged? (Please consider roles and responsibilities of the different Delegations in a region, coordination mechanism between these Delegations, procedures, staffing capacities...) A more focussed programming limited to envelopes that would be managed by the respective ROs instead of such a large programme covering a 'region' which is artificial. Emphasize on regional economic integration and Tripartite dynamic.
- Q17 – Could your delegation increase its involvement in the monitoring of regional programme implementation? Although monitoring should be a central part of the Delegation's work, we are generally constrained by the low staffing levels.

**EUD Lusaka; MTR of EU-SADC Co-Operation under the EDF10 (2011);** Evaluation of Regional (RSP/RIP) – National (CSP/NIP) Coherence, Zambia Delegation Contribution (Q&A – Answers by EU DEL Section regional Cooperation); 30 Aug 2011.

Question: Are you familiar with the RISDP? No - Very little detail of SADC RSP programmes has filtered to the national level.

Question: Does the issue of overlapping regional economic communities and multiple memberships constitute an obstacle to regional integration? This remains an overwhelming obstacle to a coherent and streamlined agenda for countries to follow. It also undermines the role of the Secretariats in leading the process... In addition, SADC secretariat has capacity issues that go beyond the need for rationalisation of overlapping memberships. This capacity needs to be worked on.

Part Five – Role of the EU Delegations in Regional Integration within SADC

Question: Is the EU's own institutional set up in the SADC region structured and organised so as to efficiently monitor and manage the regional programmes, (procedures, staffing capacities. Etc.)? The EU set-up gives too little room – or responsibility – to the national delegations in regional programmes. The same can be said for HQ.

*Question: What are the regional roles and responsibilities of the country level Delegations in the SADC region? To engage the national delegations more fully, the strategy and programmes need to be conceived differently, ensuring that both funding and activities reach the national level, and requiring structured feedback from all.*

*Question: Is there a co-ordination mechanism for regional policy and operational issues between the country-level Delegations and the regional Delegation and, if so, is it effective? There is a degree of co-ordination – or information flow – between the national and regional delegations.*

*Question: Is there room for improvement in national/regional co-ordination in the EU context? If so, what would be the recommendations and to what extent are they/will they be implemented? Regional cannot align to national. It has to be a national alignment to regional – alignment is needed at the policy level, not necessarily within the CSP. If the regional agenda is considered important, it should form part of DEL objectives, and be fed into the dialogue with national authorities.*

#### Field Visit Additional Information on I-9.4.3:

**ESA-IO - EU (2011) pp. v-vi:** *Co-operation between the European Union and the ESA-IO Region: Joint Progress Report (EDF10 Mid-Term Review), Nov 2011: Executive Summary – On consultations with the national level and CSOs: (4) Overall, the consultations provided a mixed picture of the current situation in terms of relevance, coherence, efficiency and effectiveness of the funds allocated by the EU to ESA-IO... Third, national and civil society representatives underlined their limited participation in the process and showed limited knowledge of the issues at stake.*

**ESA-IO - EU (2011) p13;** *Co-operation between the European Union and the ESA-IO Region: Joint Progress Report (EDF10 Mid-Term Review), Nov 2011: Chapter 3 Efficiency of Regional Cooperation - Evaluation of IRCC and its role in programme design and/or implementation and coordination:*

(3.8) *IRCC (Inter-Regional Coordinating Committee)* is a unique body within the ACP configuration and constitutes the only inter-RO collective consultation and consensus-building instrument owned by COMESA, EAC, IGAD, IOC (with EU membership), not only in respect of the shared EDF funding but also on access to other EU funding (e.g. intra-ACP, ERDF). It deals with issues related to the wider RI agenda and regional aid effectiveness. IRCC has tried that the four ROs and EU work together and deliver collectively on expected results. The expertise acquired by its members in formulating/implementing EDF programmes facilitates faster coordination on the different areas of the ESA-IO programmes. While IRCC is considered an effective mechanism to coordinate, harmonise and avoid duplication of programming activities, the complexity of the current configuration should not be underestimated. Considering that the programming cycle of the EDF10 is reaching its final years of implementation, EU has voiced the need to undertake risks analysis of the programmes submitted by ROs to IRCC with a view of ensuring that an increased trend of absorption for the remaining two programmable years limits the risks of losing funds. EU believes that the strong added value of IRCC-S for the remaining EDF10 programme would be to concentrate on its role of ensuring quality conformity and good standards of submitted projects.

(3.9) *RISP (Regional Integration Support Programme)* was the most significant instrument under the EDF9 to empower the Secretariats of the two RECs (COMESA and EAC). It is acknowledged that RISP I was too wide and unfocussed (it had 9 result areas, now reduced to 6 in RISP II). Following the European Court of Auditors (ECA) review in 2009, the programme has re-focussed its activities towards building the capacity of Member/Partner States to progress the RI agenda. The new programme envisages an annual review of the benchmarks and the log frame indicators.

#### **JC 9.4: The EU's co-operation strategy for Zambia and its regional strategy were mutually reinforcing**

Under the provisions of the Cotonou Agreement the regional programming under the 9th and EDF10 for the Eastern and Southern African (ESA) – Indian Ocean (IO) region has been undertaken as a joint effort of the Regional Organisations (RO) of Southern and Eastern Africa: the Common Market for Eastern and Southern Africa (COMESA), the Indian Ocean Commission (IOC), the East African Community (EAC) and the Intergovernmental Authority for Development (IGAD). And then there is also the Southern African Development Community (SADC) as regional organisation of which Zambia is a

member state. The Secretariat of the Inter-Regional Co-ordinating Committee (IRCC), responsible for overall co-ordination and overseeing of the RIP is based at the COMESA Secretariat.

The EDF9 RIP had three focal areas: (i) Regional economic integration; (ii) Management of natural resources, and; (iii) Transport and communications. Projects in the fourth non-focal area include capacity building, and peace and security. The EDF10 RSP/RIP (2008-2013) with a budget of 645m € at the disposal of the four Regional Organisations to support the regional integration process has two concentration (focal) areas: (i) Regional Economic Integration covering regional integration policies, trade and EPA, and regional sector policies, and; (ii) the Regional Political Integration/Cooperation Agenda, through the development of a series of flanking measures aimed at assisting the region to tackle regional political problems in a coordinated fashion. In the case of Zambia, a comparatively high percentage of the 2008-2013 RIP is allocated to trade related infrastructure (78.52% as against 35.7% for the region). This is also relatively high in comparison with the Zambia NIP allocation for focal sector 1 “Regional Integration / Transport infrastructure” with 24.6% of the EDF10 CSP/NIP resources allocated to this focal sector.

The EDF10 CSP/NIP document has an executive summary of the EDF10 RSP-RIP in an annex. This is the documentary link to the RSP in the CSP. The incorporation of the regional integration agenda in the national development planning and the CSP/NIP is explicitly focused on in the MTR of the EDF10 CSP/NIP. The review concluded that the infrastructure focal area of the EDF10 CSP for Zambia is couched in terms of regional integration, rather than simply relying only on national infrastructure (the Zimba-Livingstone road, the rehabilitation of sections of the Great East Road as elements of the North-South Corridor). As for the Sugar Accompanying Measures allocated to Zambia, the RIP funded the identification / pre-feasibility study for a multi-modal dry-port in Chipata.

Evidence of EU Delegation involvement in the preparation of the ESA RSP-RIP (EDF10) is provided for example in the January and July 2007 EAMRs, including: (i) Delegation attendance of meetings on ESA-EPA negotiations, (ii) EUD discussions on regional priorities for the EDF10 including issues linked to EPAs financing, as well as (iii) Regular exchanges on on-going EDF9 projects as on transport & communication. During implementation the linkage between NIPs and the RIP is exploited further, by enhancing cooperation between the four RAOs and the ESA-IO NAOs (amongst which Zambia), notably by organising annual meetings to discuss implementation of the EDF10 RIP and the NIPs. Vice versa, the RSP/RIP 2008-2013 document has a special annex providing a synoptic view of the linkages and complementarities between the Regional Indicative Programme (RIP) and the ESA-IO National Indicative Programmes (NIPs). From this overview can be concluded that generally the NIPs of the ESA-IO region (incl. Zambia) have substantial linkages with the RIP. This particularly pertains to the large regional infrastructure projects, but other areas of consistent complementarity between the NIPs and the RIP cover (i) private sector development, (ii) food security, (iii) rural development and agricultural development, as well as (iv) specific activities for supporting the implementation of the regional and bilateral trade agenda, including FTAs, customs unions, monetary unions, EPA, etc.

As part of the recently concluded MTR of the RSP-RIP, some key questions were posed to EU Delegations in the ESA-IO region. Asked if regional integration features in the EUD dialogue with the national authorities, the Lusaka EUD replied positively, however only to the extent that it addresses the focal sector of the NIP (infrastructure – roads).

Regarding the link between the regional and national levels, the 2011 review of the co-operation between the European Union and the ESA-IO Region indicated that ROs are quite adamant to affirm that Member States are duly involved through their instances (Council, etc.) and that this is the legitimate structure in place in the institutional architecture of the ROs. However, from the consultations with EU Delegations and national authorities a need was voiced for more funds/support at national level for regional integration. EDF programming (both national and regional) is assessed a potentially of help for resolving regional integration obstacles, but for that the review concludes a different balance may be needed to better support implementation of regional commitments at national level. Remarkably however, Chapter II of the joint progress report which explicitly deals with “Coherence of RSP/RIP” assesses different coherence components at the regional level (e.g. with other regional strategies, with the SADC region, with the Africa-EU Strategic Partnership, with the African Peace and Security Architecture) but not with the CSP/NIPs at the level of the Member Countries. This focus of the progress report probably by itself is already an indication of the importance attached to RSP/RIP and CSP/NIP coherence and complementarity, or better maybe of the status of progress in designing and operationalising such regional – national strategic coherence assessment (M&E) system.

A major challenge remains to have the implementation of common regional programmes managed through Contribution Agreements (CAs) by the covered member countries concerned. This would be

the preferred option from the perspective of programme ownership and enhanced regional-national coherence, impact and sustainability. The review however was to conclude that while such arrangement is being promoted by COMESA (particular through the RISP programme) the other ROs proved not to be ready for it yet.

MTR recommendations for the EDF11 to further strengthen RSP/RIP – CSP/NIP alignment include the following: (i) Elaborate a realistic regional integration strategy before embarking on writing CSPs/NIPs and then link CSPs to the RSP or at least ensure that the regional priorities are to some extent coupled by regional integration policies and budgets in the MS national development plans; (ii) Make explicit the roles of ROs and their Member States; (iii) Involve Member States in the regional integration process at all stages, from programming to implementation; (iv) Give more consideration to Member States and Civil Society (business fora) during the process of elaboration and implementation of the EDF11 RSP/RIP; (v) Ensure that the RSP maintains some flexibility to adapt to the evolving needs of the region but at the same time focus the RIP to some key fields of actions and programmes to ensure concentration of efforts; (vi) Avoid as much as possible having ROs subcontracting each other as is the case now with RISP II; (vii) Envisage direct CA (or other modalities) with ROs eligible to CA status; (viii) Consider the possibility of reinforcing IRCC role in its core mandate of coordination and support mechanism to all stages of project cycle; (ix) Continue supporting the Secretariats in their efforts to monitor transposition of regional commitments at national level. (J.C. 9.4)

Also during the current evaluation field visit interviews with different parties concerned at EUD, GRZ and COMESA the actual transposition of regional commitments into national, in this case Zambian, policies, systems and budgets, was identified as one of the, if not the key challenge for effective regional integration processes. The Adjustment Facility Window, which the RISM Programme has made operational, is foreseen to support Member States to bear the cost of integration and to reward good performers against tangible results. This entails the development of a system for monitoring regional integration at national level along key performance indicators derived from the regional integration strategic plans and programmes, complete with baseline data, “monitorable” target setting with periodic progress and results assessments / measurements on these indicators, which in turn can form the basis for performance scores, ratings and indices, scorecards and dashboards. During different field interviews the crucial need for such integrated regional-national transposition performance planning, measurement and monitoring systems involving both the regional and national levels was underscored.

The just concluded MTR of the RSP-RIP confirmed in this respect that the effectiveness of RSP/RIP implementation is difficult to measure due to recognised lack of ROs and MS capacity to monitor implementation of RI commitments at national level. Capacity of national delegations to deal with regional matters needs to be improved to support ESA-IO ROs members in fulfilling their responsibilities in implementing the principle that regional cooperation and integration is ultimately dependent on the actions of the individual state (“think regionally, act locally”). (I-9.4.1)

Based on the desk study documents analysis, the copies of the EUD Lusaka answers to the key questions posed in connection with the just concluded MTR of the RSP/RIP and from the current evaluation field visit interviews one cannot conclude positively about an optimal timing of the outputs from regional programmes to facilitate implementation of national support and vice versa.

Links are established; however the differences in sequence and in process for the NIP and RIP formulation did not facilitate systematic cross-referencing. In particular, given the time constraints during drafting there was not a systematic effort at ensuring that the NIPs were coordinated with the RIP. More importantly, it is becoming evident that national strategies (to which the NIPs are aligned) do not sufficiently take into account the regional dimension and the commitments taken during the various RECs summits. This confirms the January 2011 EAMR conclusion that co-ordination at the regional level had progressed only slowly. This difficult coordination between the national and regional levels however was already reported in the EAMR of August 2004 which recommended that regional information should be transmitted to the Delegations concerned continuously in order to follow up and avoid overlapping with projects under the NIP. There is no evidence that this actually has happened in the meantime.

There reportedly is a general absence of awareness by the national authorities of what is happening under the ESA-IO EDF programme. A more efficient and effective Division of Labour (DOL) is proposed by the Lusaka EUD in reply to the MTR question if some part of the RIP could be implemented with more efficiency and effectiveness at the national level rather than at the REC level. This particularly pertains to roads infrastructure projects where implementation reportedly is better suited at the national level, as they have the necessary capacity in terms of personnel. The REC would be better suited to providing TA support in specific aspects of the programme such as regional transportation regulation.

Such arrangement would also be more in line with the general principle of subsidiarity underlying the regional integration process.

In the framework of the recently conducted mid-term review of the RSP-RIP, the EUD was posed the question if regional aspects of the Zambia NIP are sufficiently highlighted in the RIP. To this EUD Lusaka answered in the positive as links are being established. However the EUD also pointed out that the differences in sequence and in process for the NIP and RIP formulation did not facilitate systematic cross-referencing. (I-9.4.2)

The 2011 MTR of the co-operation between the European Union and the ESA-IO Region reported that, overall, the review consultations had provided a mixed picture of the current situation in terms of relevance, coherence, efficiency and effectiveness of the RSP/RIP funds allocated by the EU to ESA-IO. The ROs tended to stress progress accomplished and asked for more time to convert ideas into projects. On the other hand, the EU representatives showed concern with the absorption capacity of the ROs and of the region at large, considering the low level of EDF10 commitments so far. If the same average of 10% yearly absorption of total RIP resources as during the three years of AAPs so far (2009 to 2011) is maintained up to the end of the programming cycle (AAP 2012-2013), the Region will have absorbed only half of the RIP. Absorption of the totality of the RIP would require an increase of yearly absorption from 10% to 40%. The EU emphasised that, although the pipeline was streamlined with the Lusaka Declaration and is regularly endorsed at IRCC plenary meetings, it does not guarantee by itself that it will be fully implemented, given the substantial delays in the preparation of some of the programmes. The report also indicated EU's concern about the risk of losing EDF10 funds if programmes cannot be approved by the end of 2013 because of late submission and/or lack of sufficient quality. Third, national and civil society representatives underlined their limited participation in the process and showed limited knowledge of the issues at stake. The above MRT conclusions regarding RSP/RIP efficiency and absorptive capacity appear to provide further evidence of the crucial need for effective performance planning, measurement and monitoring systems and tools, and for enhanced capacity strengthening of the key parties concerned on their actual use, both at regional and at national levels. (JC 9.4)

Overall, one cannot conclude to an optimal level of coordination and complementarity between EC staff, project managers and technical assistance missions regarding the EC's regional programme and its national response strategy for Zambia. However substantive improvements are noted as a result of the upgrading and institutional anchoring of the regional cooperation concerns into a fully-fledged EUD Operations Section (one of the four), its strengthening in terms of human resources, and a variety of concrete initiatives undertaken to strengthen communication, coordination and complementarity between the different EU parties concerned (e.g. EU staff, project managers and technical assistance missions). Also at the regional level coordination is improving as for example reported in the January 2011 EAMR, to a large extent thanks to a strengthened coordination of the Inter-Regional Co-ordinating Committee (IRCC) Secretariat and its organisational systems now in place. The IRCC meetings have taken on increased significance throughout the year with participation by senior EC staff, as well as by SADC and the ACP Secretariat.

The EU institutional set-up at regional level is considered complex but compelled by the design of the ESA-IO RSP. Henceforth, much simplification will be required for the EDF11. Other EUD suggestions made in the framework of the currently ongoing MTR of the EDF10 RSP/RIP include a more focussed programming limited to envelopes that would be managed by the respective ROs, instead of such a large programme covering a 'region' which is artificial, and more emphasis on regional economic integration and on tripartite dynamics. In the framework of the MTR of the EU-SADC co-operation under the EDF10, the EUD reported that very little detail of SADC RSP programmes has filtered to the national level, and especially that issues of overlapping regional economic communities and multiple memberships constitute an obstacle to regional integration. Moreover, the current EU set-up gives too little room or responsibility to the national Delegations in regional programmes. (I-9.4.3)

Field Visit Additional Information on EQ9:

***MoFNP – 2011 Budget Address Minister of Finance and National Planning to Parliament; Macro Performance in 2010***

*Par. 22-24: External Sector Performance: 22. Mr Speaker, Zambia's external sector performance has improved significantly in 2010. This reflects the steady recovery in the global economy that has boosted both the demand and price of commodities such as copper. The pickup in domestic activity has also led to strong growth in the imports of goods and services. This year, the value of exports and*

imports are expected to increase by 38.6 per cent and 36.5 per cent, respectively. 23. Mr Speaker, the current account deficit is expected to narrow to US \$378m in 2010 from US \$404m in 2009. This is mainly on account of an improvement in Zambia's trade balance, which is projected to increase by 46.5 per cent to a surplus of US \$1,327m from US \$906m in 2009. This is largely due to the strong growth in copper exports, which are expected to increase to US \$4,612m from US \$3,179m in 2009. 24. Sir, Members of this House will be pleased to note that non-traditional exports have expanded by an average of 14.2 per cent over the past 9 years. The outlook for 2010 remains bright, with growth projected at 8.2 per cent to US \$973.7m. Increased earnings from the export of products such as maize, sugar, tobacco, cotton, copper wire and gemstones will drive this growth in non-traditional exports. 25. Mr Speaker, by end-September 2010 Zambia's gross international reserves had risen by US \$197.6m to US \$2,121.8m, another milestone in the economic performance of this Government. This growth in reserves largely reflected donor inflows, net proceeds from the sale of Zamtel, and increased mining receipts. This level of reserves is sufficient to cover about 4 months of imports.

*Par. 41-43: Budget Performance in 2010:* 41. Mr Speaker, the Government's aim in the 2010 budget was to continue with prudent fiscal management and policies to sustain high economic growth. 42. Sir, the budget performance has so far been characterised by mixed outcomes. As at end-September 2010, domestic revenues had performed well, and are now expected to over perform by 12 per cent by the end of the year. This performance is attributed to higher collections under income and value added taxes arising from the collection of tax arrears. I am also pleased to report that tax collections from mining companies have improved this year. With the current high copper prices and production, I expect even higher tax payments from mining companies. 43. Sir, notwithstanding this positive performance, customs and excise duties continue to underperform, and are expected to be below target by 1.6 per cent by the end of the year. Receipts from our Cooperating Partners have so far underperformed by 36.8 per cent.

***MoFNP – 2011 Budget Address Minister of Finance and National Planning to Parliament; Part III Economic Objectives and Policies for the 2011 Budget: Monitoring and Evaluation; Par. 97-98***

*Par. 97:* Mr Speaker, nationwide monitoring of projects requires active participation of all stakeholders, including local communities. This is to ensure that projects are completed in a timely manner and to the required standard. To this effect, all Sector Advisory Groups, and Provincial and District Development Coordinating Committees are encouraged to form monitoring and evaluation sub-committees. These committees are, in turn, encouraged to partner with my Ministry to monitor various development projects in their areas. This will promote local ownership and enhance transparency and accountability in the use of public resources.

*Par. 98:* Sir, one of the lessons learned from the implementation of the Fifth National Development Plan was the need for a more effective, results-driven, monitoring and evaluation framework. As we launch the SNDP, public institutions will be required to be more accountable to their beneficiaries on the expected deliverables of the projects they undertake. In the 2011 Budget, and over the course of the SNDP, the Government will ensure that each public institution is held accountable for delivering its development outputs.

***MoFNP – 2011 Budget Address Minister of Finance and National Planning to Parliament; Part IV Conclusion: Par. 179-182:***

*Par. 179:* Mr Speaker, in a little over a month, the MMD Government will have the privilege of starting its twentieth year as the chosen representatives of our great people. As we step into this twentieth year, there is much to celebrate. 180. In what has been a difficult decade for the agriculture sector, the performance of our farmers over the last two years has been extraordinary. The prospects for agriculture in Zambia have always looked promising, but never as bright as they look today.

*Par. 181:* Today, we stand on the threshold of a new era for the mining sector in Zambia. A sector that is now driven by the spirit of entrepreneurship and private enterprise. A sector whose future is no longer only dependent on just the shine of our copper, but the allure of our gemstones, the lustre of our gold, the power of our uranium, the abundance of our manganese, and the promise of our oil.

*Par. 182:* Sir, as we reflect on these successes, we should not forget that Zambia was once a middle-income country. In 1964, Zambia's per capita income was just over US \$1500, far higher than in Botswana, South Korea or Thailand. In just two decades, it had fallen by almost half, reaching US \$785 in 1984. By the start of the new millennium, our per capita income had again fallen by half, to US \$365, one quarter of what it was at independence.

***MoFNP Development Cooperation Report (2010) p3: Chapter 1.2 – Trends in External Assistance: Total External Financing to Zambia***

**Total External Financing to Zambia, 2006-2009**



	2006	2007	2008	2009
GDP, US\$ million	10,702	11,541	14,705	12,805
Total Assistance, US\$ million	588.7	668.5	856.9	857.0
Assistance as % of GDP	5.5%	5.8%	5.8%	6.7%
Assistance per capita, US\$	49	54	68	66
Assistance as % of Central Government Expenditure	23.4%	23.9%	24.5%	28.7%

Source: IMF, World Bank and Ministry of Finance and National Planning

**MoFNP Development Cooperation Report (2010) pp. 20-21: Chapter 4.2.1 – External Assistance Disbursement by Sector:** (Below) Table 4.3 shows that Government in collaboration with Cooperating Partners projected to mobilise up to US\$ 3,319m as external assistance. Key sectors that were projected to receive this funding were infrastructure, health and HIV/AIDS, education, and agriculture with projected proportions of 25, 23, 14, and 12 per cent of the mobilised external resources. Actual disbursements to the sectors between 2006 and 2009 are shown in Column 4 of Table 4.3, while Column 5 gives the corresponding shares. Over the four years 2006 to 2009 about US\$ 2,212.9m, or 67 per cent of projected external financing for the FNDP period, was disbursed to the various sectors. In addition, US\$ 758.3 million was disbursed as non-sector allocable funding, including general budget support. Sectors such as Education, Health and HIV/AIDS received close to the projected external resources and in cases such as Governance more than the projected amounts. Other sectors such as Agriculture, Energy and Mining, Environment, Lands and Natural Resources, Infrastructure, Tourism and Water and Sanitation received far much less than was projected.

#### Development Assistance Disbursements by Sector, 2006-2009

##### (Projected External Financing and Actual Disbursements)

	FNDP Projected External Financing		Actual Disbursements		Difference between Actual and Projected	
	2006 – 2010		2006 - 2009			
	US\$ million	Proportion by sector	US\$ million	Proportion by sector	Variance (US\$ million)	Actual as a percent of Projected
Agriculture and Food Security	410	12	121.4	6	(289)	30
Democratic Governance	74.9	2	87.4	4	13	117
Economic Governance	88.2	3	86.7	4	(2)	98
Education	477.2	14	423.1	19	(54)	89
Energy and Mining	63.7	2	26.6	1	(37)	42
Environment, Lands and Natural Resources	134.8	4	53.7	2	(81)	40
Disaster Management	0	0	125.5	6	126	-
Gender	0	0	3.9	0.1	4	-
Health and HIV/AIDS	775.9	23	662.1	30	(114)	85
Infrastructure	829	25	276.2	13	(553)	33
Public Administration	28.7	1	50.8	2	22	177
Security and Defence	0	0	4.7	0.2	5	
Social Protection	-	-	28.6	1	-	-
Tourism, Wildlife and Culture	53.8	2	5.2	0.2	(49)	10
Trade, Industry and Private Sector Development	43.1	1	105.4	5	62	245
Water and Sanitation	294.6	9	152.3	7	(142)	52
Other	44.6	1	-	-	-	-
<b>Total</b>	<b>3,319.0</b>	<b>100</b>	<b>2,212.9<sup>18</sup></b>	<b>100</b>	<b>(1,106.1)</b>	<b>67</b>

Source: Ministry of Finance and National Planning

**MoFNP Development Cooperation Report (2010) pp. 17-18: Chapter 4. Aid Modalities and Alignment – 4.1 Budget Support and Common Basket Funding:** Following the 2005 Paris Declaration on Aid Effectiveness and the adoption of the Zambia Aid Policy and Strategy in 2007, budget support has become Government's preferred mode of assistance. Budget support is disbursed through the budget system and allows Government to use these resources in line with the country's priorities. The propor-

tion of assistance provided as budget support is, therefore, often used as a measure of alignment with government policy. Out of the 23 Cooperating Partners who disbursed their support to the Government, 14 provided part of their assistance in the form of budget support and/or common basket funding, while the Global Fund disbursed all its funds through these two modalities (see below Table). The United Kingdom and the European Union provided over 65 per cent of their assistance through budget support over the four years. Norway was the only other CP to exceed 50 per cent. Budget support represented 42 per cent of AfDB assistance. Sweden, Finland, the Netherlands, Germany and the Global Fund were also significant contributors of budget support. The World Bank only started disbursing budget support in 2009 (earlier disbursements supporting the budget were in form of balance of payments support, fiscal transparency, structural adjustment facility). Nine of the CPs disbursed more than 60 per cent of their assistance as budget support and/or common basket funding, indicating a high degree of alignment with Government's preferred mode of assistance (see below Table).

**Budget Support and Basket Funding as Shares of Total Assistance, by Cooperating Partner (period 2006-2009)**

Cooperating Partner	Total Assistance US\$ million	Budget Support <sup>13</sup> % of Total	Basket Funding % of Total	Budget Support / Basket Funding % of Total
Global Fund	83.4	10	90	100 <sup>14</sup>
Netherlands	224.6	22	74	96
United Kingdom	266.7	71	15	86
Norway	165.0	57	27	84
Ireland	90.7	-	71	71
Sweden	112.5	32	36	68
European Union	423.5	67	2	69
Canada	32.3	-	68	68
Finland	62.8	35	25	60
AfDB	131.7	42	0	42
Germany	128.1	21	9	30
Denmark	154.5	-	20	20
World Bank	256.9	4	13	17
United States	319.4	-	2	2

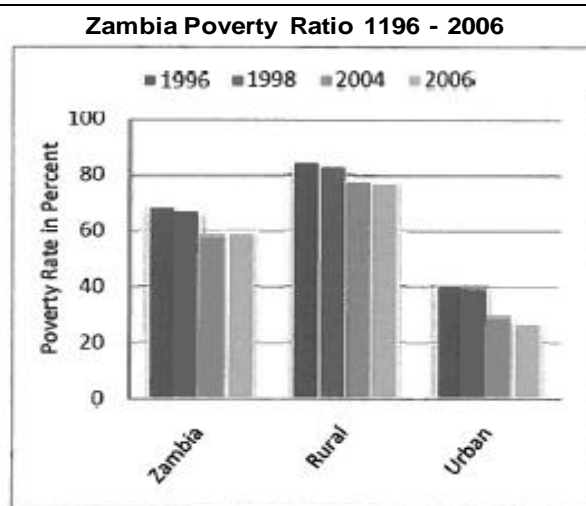
*Source: Ministry of Finance and National Planning*

While they did not provide budget support, Denmark, Ireland and the USA contributed to the Education SWAp while Canada and the USA contributed to the Health SWAp. All Global Fund support was provided through sector budget support and the Health SWAp, while the Netherlands disbursed 96 per cent of its assistance through budget support, SWAp and the Rural Electrification Authority basket. The United Kingdom and Norway both disbursed over 80 per cent of their total assistance through budget support and basket funds. In other words, less than 20 per cent of their assistance was delivered through projects over the period. Finland, Ireland, Sweden, the European Union and Canada also had high ratios of budget support and common basket funding to total assistance, ranging from 60 per cent to 71 per cent. The contributions of individual CPs to total budget support (PRBS and SBS) between 2006 and 2009 are shown in Figure 4.1. The European Union contributed the most at 38 per cent, followed by the United Kingdom 24 per cent, Norway 12 per cent, AfDB 7 per cent and the Netherlands 6 per cent. Sweden, Germany, Finland, the World Bank and the Global Fund also provided budget support.

**JASZ-II (2011) pp. 4-6; Zambia's changing development context requiring updating development cooperation strategy and tools:** Both Zambia and the global context for ODA have changed since the JASZ was developed in 2007. The JASZ II needs to reflect these changes if aid is to further increase its effectiveness and to contribute to poverty reduction, sustained growth and human development.

*Zambia's economy is growing and has reached lower middle income status.* After two decades of economic and human development decline, there has been significant progress since 2000. The Zambian economy has grown at over 5% for a decade. The private sector plays an increasing role in driving the economy and contributing to growth. The government has overseen and implemented sound macro-economic policies, and external investment has been high. Zambia is very close to becoming a lower middle income country in terms of per capita income.

*Zambia's progress on reducing poverty has been mixed with rural areas lagging behind urban areas:* The overall number of Zambians living in poverty has declined (the poverty fell from 69% in 1996 to 64% in 2006, LCMS 2006). But these gains have mainly been concentrated in urban areas. A quarter of urban dwellers are poor, while three quarters of rural Zambians continue to live in poverty. Despite a growing economy, human development remains low. According to the Human Development Index, Zambia ranks 150 out of 169 countries (UN, 2010). The gap between Zambia's richest and poorest citizens remains significant; Zambia's Gini coefficient of 0.60 (in 2006) is among the highest in Africa. Significant progress has been made on MDG targets on child health, education and HIV/AIDS. However, the global MDG targets to reduce extreme poverty, hunger and improve maternal health and environmental sustainability are unlikely to be reached by 2015.



Source: Central Statistical Office

*Zambia's economy continues to be dominated by copper mining:* Copper accounts for 75% of the country's exports and the rise in the global price for copper has fuelled much of the Zambian economy's recent growth. Notwithstanding GRZ's efforts to promote diversification in agriculture and tourism, the still limited amount of economic diversity makes Zambia vulnerable to external shocks. Further diversifying the economy would improve its resilience and broaden the benefits of growth to more Zambians.

*ODA remains important, but less so than in the past:* Historically Zambia has had a high level of aid dependency; from 1990-2005 the average ratio of ODA to Gross National Income (GNI) was 23%. ODA continues to make a significant contribution to public finances, but as the economy has grown, the relative importance of ODA has declined as a proportion of GNI (below 20% in 2010-2011) and as a proportion of the national budget. As Zambia achieves lower middle income status, it is likely that some CPs will scale down their support to Zambia. Over the course of the SNDP, GRZ and CPs will need to develop a strategy for Zambia's transition from ODA.

*Other (non-ODA) sources of development financing are increasingly important* as the Zambian economy grows and attracts outside investment. In recent years, Zambia has been a destination for considerable investment from South Africa and the BRICS countries (Brazil, India, Russia, China, South Africa), reflecting the huge potential of the country. In particular China is providing significant investment, financing and some development aid to Zambia. The Zambian government is also increasingly looking to borrow on regional and international financial markets. The prospects for external borrowing are supported by the recently improved credit rating. However, to maintain debt sustainability and development impact improvement in investment and project planning orientation of public and private resources towards initiatives with higher economic returns and social impact through increased employment generation, economic diversification and technological upgrading in agriculture and manufacturing is needed.

*Overall the quality of governance in Zambia has improved* over the past decade albeit with slower progress in the last year. Zambia is one of the most stable democracies in Southern Africa. The process of holding multiparty elections over the past 20 years appears to be fostering democratic norms among citizens. According to most comparative governance indicators, the Zambian state is gradually becoming more capable (the state is increasingly able to set and enforce rules and regulations, manage finances, and deliver basic services), accountable (citizens, civil society and the private sector are increasingly able to scrutinise public institutions and government to hold them to account), and responsive (public policies and institutions respond to the needs of citizens and uphold their rights).

*Zambia however, continues to face some domestic governance challenges.* Despite the improvements further reduction of corruption and safeguarding freedom of press and a vocal civil society remain challenges and require continued attention. Political authority in Zambia remains relatively centralised. Parliament and other oversight institutions are still consolidating in the multi-party era, and the participation of non-state actors in the policy process has been limited. Poverty and the patrimonial character of politics have slowed the emergence of issues-based politics and hinder the effectiveness of formal institutions of government.

*The international context for ODA has also changed* since 2007 when the JASZ was initially launched.

The global financial crisis and high fiscal deficits are placing pressure on the budgets of many bilateral and multilateral donors. Thus like GRZ, Organisation for Economic Cooperation Development (OECD) governments are increasingly emphasising value for money and the achievement of measurable development results for their ODA. As a result, there will likely be a greater focus on showing the impact of aid on development outcomes.

*The JASZ II reflects Zambia's changing development context. In particular:*

- It builds on the lessons learnt from the JASZ 1, as well as priorities identified in the SNDP and aims to channel CPs' investment in Zambia to efforts that aim to address rural poverty and inclusive growth;
- It aims to support Zambia's longer term transition away from ODA by supporting the government's capacity to mobilise and coordinate its own resources, analyse potential investments and optimise returns from regional and international markets; and
- It contains a more robust focus on performance measurement, management and accountability as a means to deliver development results and value for money for Zambian and CP taxpayers;
- It aims to improve the flow and quality of information and dialogue between CPs, GRZ and non-state actors

**ESA-IO - EU (2011) pp. 6-7;** *Co-operation between the European Union and the ESA-IO Region: Joint Progress Report (EDF10 Mid-Term Review), Nov 2011: Chapter 2: Coherence of RSP/RIP - Conclusion: (2.10)* The EDF10 programming guidelines specifically address the issue of subsidiarity and consistency between regional and national programming in section 2.4. In Paragraph 3, it instructs about preparation of draft Country and Regional strategy papers, defining the responsibilities between the RAOs, Heads of Delegations and Commission headquarters. Strategies and interventions at national and regional level have been designed, to the extent possible, to ensure close interaction between the two levels. Specific efforts are ongoing to improve coherence between NIPs and RIPs. Regional seminars were held in 2009 at NAO and RAO level to improve coherence between national and regional strategies, such as the East Africa (Lusaka, September 2009) and the West Africa Regional (Abuja, October 2009) seminars. Concrete examples were provided by EU stakeholders consulted during the MTR process. Three of them deserve special attention, amongst which two directly or indirectly concern Zambia: - In the context of the SADC MTR, it was discussed the possibility to earmark a C-envelope in the NIPs of SADC countries for actions in favour of regional integration. - In Zambia, the RIP and the NIP include strategic links, in particular in the field of transport infrastructure. The NIP indeed includes as focal point funding for road investments which are part of the North-South corridor.

**ESA-IO - EU (2011) p13;** *Co-operation between the European Union and the ESA-IO Region: Joint Progress Report (EDF10 Mid-Term Review), Nov 2011: Chapter 3 Efficiency of Regional Cooperation – On subsidiarity between national and regional level in implementing regional programmes:*

Regional programmes were often designed without considering sufficiently activities at national level as these were supposed to be supported by CSPs/NIPs. In that case support is focused to RECs Secretariats only. RISP2 has a specific result to support Member States capacity to address trade related issues and to implement trade liberalisation and regional integration commitments. However, up to now, it was used to monitor implementation rather than assist MS in actual domestication. Yet, in specific projects (i.e., fisheries, Small Arms and Light Weapons), subsidiarity is ensured via the National Focal Point in each beneficiary country, which follows implementation at national level whereas the project unit has a coordination role. EAC considers itself only as a coordination agency for its MS and implementing all its activities for their benefit, e.g. common market protocol, EPA negotiations, customs union activities, harmonisation etc. It is hoped that when a strong M&E system will be in place, it will follow up and control that the principle of subsidiarity is effectively applied in all programmes.

**ESA-IO - EU (2011) p19;** *Co-operation between the European Union and the ESA-IO Region: Joint Progress Report (EDF10 Mid-Term Review), Nov 2011: Chapter 4 Effectiveness of Regional Cooperation – Conclusion: (4.14)* The ESA-IO EDF10 RSP/RIP is insufficiently focussed because of very broad regional strategies; an unclear response strategy by the Commission; poor coordination with the national development plans and NIPs of the individual MS; and weak coordination with other development partners. However, stakeholders indicated that efforts are being made to align projects/programmes with regional strategies (example: fisheries). Some reforms in MS are starting to get aligned with commitments made at the regional level. Monitoring is weak both at the level of the regional integration agenda in general and at the level of regional implementation at national level. It

is not much stronger in terms of programme results and impact. Despite IRCC Secretariat's optimism, other stakeholders believe that without greater focus on core areas, and increased drive to attain meaningful results with the available funds, prospects for achieving expected results by the end of the period of implementation are limited.

**ESA-IO - EU (2011) pp. 21-22; Co-operation between the European Union and the ESA-IO Region: Joint Progress Report (EDF10 Mid-Term Review), Nov 2011: Chapter 5 Recommendations**

**Short-term (EDF10):**

- Involvement of National Authorities

5. Improve coordination of projects funded through the regional ESA-IO envelope with MS policies;
6. Promote ownership of all regional programmes by the concerned ESA-IO Member States. This cannot be done by simply devolving all functions to the national level. Identification and preparation need skills that will only be available at the RO level and should remain there, while MS should be more involved. Implementation should be undertaken by MS, wherever possible, also with a view to motivate MS to implement their RI commitments.

- Implementation Modalities

9. For physical infrastructure projects with regional dimension, place funds in a regional basket, making sure that chosen management modalities involve the participation of NAOs and existing instruments (COMESA Infrastructure Fund; EIB; etc.).
10. Focus the role of the ROs for the coordination of infrastructure policies, protocols, standards, and facilitation of regional planning/prioritisation.
11. Improve ROs' monitoring systems.

**Long Term (EDF11)**

Programming and Institutional Set Up

13. Carry out programming jointly between ROs and National Authorities. When relevant, projects should be implemented and monitored by National Authorities, who would also carry out evaluations of projects with a regional dimension in association with the ROs.
15. Give more consideration to national authorities and civil society during the process of elaboration of the EDF11 RSP/RIP to better identify the real obstacles to regional integration at the national level and to better fine tune the focal axes of interventions.
17. If it is decided to keep the current arrangement, re-consider EU position on funding similar programmes in ROs, like the SADC, EAC and COMESA Customs Union / Common Market. Assign priority to programmes aimed at consolidating the Tripartite FTA and consider the possibility to have only one envelope for the Tripartite, ensuring that IGAD and IOC are properly associated.

**DIE & IOB (2011) p26; Evaluation Summary Recommendations:** (3) Ensure that government policies are more effectively oriented towards reducing poverty (particularly rural poverty) and improving the quality of life of the poor. While expectations about the reduction of poverty were overly optimistic, the evaluation also concludes that government interventions could have been more effective. It will be a challenge for the new, Sixth National Development Plan (SNDP) to translate objectives more effectively into concrete actions to improve the lives of the poor, especially in rural areas. The impact analysis of several sectors recommends the following:

- reconsider the Farmer Input Support Programme and ask the M&E department of the MoFNP to evaluate the effectiveness of the programme in the fight against (rural) poverty;
- give higher priority to public works such as water and sanitation programmes and road projects in rural areas;
- evaluate the effectiveness of financial incentives for health and education workers in rural areas;
- give high priority to the construction of houses for teachers in rural areas;
- evaluate the effectiveness of the primary reading programme and pay more attention to
- language challenges in rural areas; and
- carry out more analysis of the causes of regional imbalances, rather than just monitoring them.