

THE DESIGN, PROCESS AND ACHIEVEMENTS OF ZAMBIA'S POVERTY REDUCTION STRATEGY PAPER

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Executive Summary

Progress with the implementation of the Zambian PRSP is disappointing. Today, nearly two years after the adoption of the document in May 2002, only very limited funds have been allocated by the Zambian government (GRZ) to poverty reduction programmes and even less have been disbursed. Where funds have been disbursed it is not clear that the activities funded were the most urgent, the most effective or the most targeted of PRSP-related activities, or that the funds were used well (in 2003 the late disbursement of PRP funds were almost certain to result in inefficient spending). While it can be argued that the GRZ would have done more to implement the PRSP if only it had more funds, this argument is somewhat negated by budgetary overruns on non-PRSP items, which lead to a higher than planned deficit and high domestic borrowing in 2003, and contributed to the GRZ missing several macro-economic PRSP targets. In addition, many stakeholders outside of government are highly disappointed and concerned with its failure to establish an effective PRSP monitoring system. Therefore, if the first necessary condition for PRSP implementation is commitment by government, it would seem to be lacking.

However, all is not bad news. The question needs to be asked whether it would have been possible for the GRZ to make much progress with reorienting its activities to PRSP programmes if the commitment to do so had been present. After all, the second necessary condition for successful PRSP implementation is the existence of a whole set of enabling institutions, from robust planning instruments to operationalise the framework at lower levels; through budgeting institutions conducive to the reprioritization of expenditures, management systems to coordinate various sources and uses of funds and sufficient human resource capacity of the right type at the right place to plan and carry out activities; to an effective monitoring and evaluation system to ensure accountability and enable correction in cases of disappointing results. In fact, it could be argued that without these enabling institutions commitment to implement the PRSP will waiver – commitment is not an absolute – it results from the right incentives, supported by the right enabling institutions:

The answer to this question is straightforward: even if the GRZ had entered the 2002 and 2003 fiscal years with full commitment to PRSP implementation, it would have been very difficult for it to have made much progress. To name a few factors:

- When the PRSP was completed the GRZ budget was still planned incrementally for the cost of running existing institutions over a one year planning horizon. The budget showed allocations to institutions by economic items, obscuring the use of funds and limiting options for reallocation.
- In addition, the budget as allocated did not match the actual costs of running institutions. Years of running a cash budgeting system had entrenched the practice of re-making the budget frequently during the fiscal year – actual spending was not determined by ex ante plans, but rather by the ex post sum of allocations made in year from available funds, possibly on the basis of factors that did not necessarily include pro-poor policy priorities.
- Planning instruments were therefore weak.
- The existing cost structure of government severely constrained reallocation to PRSP activities: as it were very little discretionary funds were ever available to implement any activities, once debt costs, personnel costs and overheads were paid. The underlying cost structure of government (eg the number and distribution of staff and the cost of accommodating them in government buildings), which arguably was not entirely pro-poor, could not be adjusted easily over the short-term planning horizon.
- The in-year expenditure and financial management systems were weak. Poor commitment control over several years prior to the PRSP left a high arrear overhang which needed to be cleared from available cash. At best public officials and civil servants were accountable for inputs (and even there accountability was limited

legally, since expenditures could be authorized long after the fact), never for whether the funds were used with efficacy towards policy priorities. Very little systems were therefore in place to track outputs and outcomes.

- All of these factors occurred within and contributed towards an environment with rent-seeking by elected officials and civil servants.

It is in these respects that there is some cause for optimism as regards progress with PRSP implementation. The GRZ has made considerable progress in establishing enabling institutions.

Planning

- In two sectors robust planning instruments are used at the centre, both in line with the PRSP. In Health the development of a strategic plan pre-dated the PRSP, but was taken up in the document. In education, the development of a strategic plan occurred within the framework of the PRSP. In health robust planning instruments right down to village level have been institutionalized.
- In the two provinces visited – Copperbelt and the Southern Province – there is evidence that the PRSP is being used to frame a revival of planning activities. In both cases, the methodology is based on instruments developed by and capacity built by Zamsif (ie making use of existing institutions). Progress is made through institutional analyses, a rapid assessment of poverty, through to district poverty reduction strategies and annual operational plans. The institutions are much better developed in the Southern Province, where GTZ has supported processes. In the pilot district – Kazanghula – the resulting DPRSP clearly links to the national refined indicator framework (see below under Monitoring and Evaluation). Other districts are currently working towards replicating this.
- The District and Provincial Development Coordination Committees were operational in the provinces and districts visited: they played a critical role in allocation what little funds were made available under the PRP programmes to projects at district level. Both monitoring efforts initiated (see below) at district levels place their structures and activities within the context of the PDCCs and DDCCs, opening up the possibility of operationalising the critical link between planning and monitoring as (if) more funds become available.

Budgeting

- Progress has been made with the implementation of a MTEF, opening up the possibility of a medium term planning horizon for the reallocation of funds. While at this point it is only the medium term fiscal framework that has been published, medium term institutional allocations are available (done by MoFNP on the basis of the existing actual cost structure **and** policy priorities) and will be used in subsequent rounds.
- The 2004 Budget was planned and allocated on an activity basis. The effect of this was clearly felt throughout the system. In Parliament questions were asked about uses of funds which did not seem priority – eg it would have been difficult to question the repair of the swimming pool at President House if it were obscured in allocations to personnel and other recurrent items. At line ministry, provincial and district level comments were made about the thinking required to relate costs to activities, and to prioritise activities. On the face of it, it would seem that a good start has been made: activity-based budgeting (ABB) is not merely about producing a document – it may yet turn into an effective budgeting institution for management by results.
- Adjustments have already been made in allocations in the Yellow Book to reflect better the underlying cost structure of government – this heightens the possibility of meaningful public debate that may bolster government's ability to adjust the underlying cost structure over time in line with income and priorities, should it wish to do so.
- The GRZ through the Ministry of Finance is building further enabling budgeting institutions for PRSP implementation. Ministry officials have called the PRP

programmes only an interim instrument for PRSP implementation. – the aim is to mainstream the PRSP through the full budgeting system. Currently ministry officials are tagging PRSP related activities in the new ABB – this will enable government and stakeholders to track with much greater ease the reallocation of resources throughout the budget, rather than just through the PRPs, which in any case is the instrument for allocating HIPEC funds, which may be contained within the PRSP, but does not necessarily equal it. (Such a system is reminiscent of the Ugandan Poverty Action Fund – a virtual budgeting instrument for the implementation of the Poverty Eradication Action Plan throughout the Ugandan MTEF. If successful, the Zambian case would go one step further: the Ugandan budget is not activity based, which makes it more difficult to manage for results.)

Budget execution

- An interim financial management information system is in place, and seems to have improved financial management. Currently GRZ officials are changing the coding in the interim system to align budget execution to the ABB – thereby possibly further entrenching it in the system.
- A commitment control system is in place, addressing the further accumulation of arrears. This too is linked to the ABB.
- At line ministry, provincial and district level there is evidence of heightened awareness of accountability. One official bore witness to his resolve not to sign payment vouchers unless they are coded to an activity that is in the budget and unless they have been cleared in the commitment control system. His fear was exposure, in line with other officials that have been exposed elsewhere.
- The availability on time of Auditor General's reports is a vast improvement over the late reports of the late 1990s and early 2000s.

Monitoring and evaluation

- The Sector Advisory Groups (SAGs) have been resurrected to monitor on-going implementation of the PRSP. (They may even be allocated a role in budgeting, but it is not yet clear what this would be.)
- A refined national indicator framework has been developed with the help of GTZ. It limits indicators per sector progressively through inputs, outputs, outcomes and impact.
- There are several initiatives progressing to implement this framework. A new monitoring and evaluation unit has been established in the economic management and planning division of the MoFNP: this unit is currently putting in place a nationwide structure of provincial level monitoring and evaluation secretariats comprising existing planners in the provinces. The secretariats are tasked with inventorying all projects in their jurisdictions, and will in future monitor project implementation. At national level the new unit acknowledges the need to monitor the refined indicator framework, but it is not yet clear on how it would do so, beyond utilizing the SAGs. The unit also now includes the poverty monitoring and analysis unit that used to operate from ZAMSIF – when integration is complete it may broaden the focus of the unit from project input and output monitoring to more broad-based outcome and impact monitoring. In the Southern Province a pilot is underway, supported by GTZ, to operationalise the refined indicator framework (and link it to planning at district level). Monitoring teams were formed to do a rapid assessment by collecting data from line ministries at district level – the first results are currently returning, but have been said to be disappointing. It is not clear how these teams, if replicated at a national level, would link to the project monitoring database.
- The CSO has progressed in its plans to develop a PRSP-supportive national statistical system: its plan includes the utilization of national level data to monitor inputs and outputs (supporting existing strong M&E systems, learning from best practices and replicating in other PRSP sector ministries) and reorienting its own instruments to monitor outcomes and impact

Donor coordination

- If the PRSP is seen as an instrument not only to coordinate government activities towards poverty priorities, but also to coordinate donor activities, the recent progress as regards donor harmonization must be seen as positive. However, as is widely acknowledged, it is early days as yet as regards the harmonization of funding instruments and procedures. However, amongst the donors interviewed, there is commitment to reorient their interventions – ie the substance of what they fund – to align with the PRSP.

In conclusion, it is today much more possible for the GRZ to increase funding to PRSP implementation and slightly more possible to monitor its effective use towards PRSP objectives than it was at the adoption of the PRSP. It is thus in the economic governance arena that major progress was made.

This is not to say that there are no problems within the progress made.

- A strong central, well placed structure to coordinate PRSP implementation is missing. The effect of this shortcoming is most clearly illustrated by the existence of several visions (and initiatives) to monitor and evaluate PRSP implementation – even within one unit at the centre. While both the ‘monitoring secretariat’ and ‘monitoring team’ visions of PRSP monitoring have merit, neither of these have particularly strong links to central level line ministry systems of monitoring and evaluation for their own management purposes.
- Implementation is fragmented in other ways too: the fragmentation of the poverty alleviation programmes of the Ministry of Community Development and Social Services across the PRSP sectors and SAGs, and the fragmentation of funding for similar programmes across different ministries is taking its toll.
- While progress with Public Expenditure Management is laudable in terms of the establishment of instruments, it is not yet clear by what process those instruments will be used, or whether the institutional arrangements surrounding them will be effective. For example, what will the involvement of Cabinet be in decision-making; what information will be public and when; who will make which decisions at which level and when and by which rules? All these questions are critical in determining the effectiveness of the new instruments to improve public expenditure management.
- The review team would like to note a concern with the misalignment of the emphasis placed on operationalising the PRSP at district level in terms of planning, while in reality power and resource allocation is highly centralized in Zambia: it would seem that resources put towards better operationalising at national level in the most critical line ministries may have been more conducive to better implementation sooner.
- The slow use of PRP funds when disbursed is indicative of the lack of underlying capacity to spend resources and deliver public goods and services. This may be related to procurement systems, lack of funds to cover operational costs (ie transport for agricultural extension services) or poor skills on the ground. However, while improvements in the top level public expenditure and public financial management systems will create pressure for the skills to develop and will highlight the problems on the ground, there remains a mammoth task to build the capacity of the state to deliver.

It is important to highlight separately the progress made in the education and health sectors.

- Both these sectors have succeeded in putting in place effective planning, programming, budgeting, implementing and monitoring systems in line with the PRSP. In fact valuable best practice lessons may be exported from these sectors to elsewhere in government. Some of the factors highlighted by interviews are the administrative commitment of top officials, coordinated donor support and sector specific administrative and budgeting reforms. Whichever way, it should be

acknowledged that beyond the PRPs, the implementation of the PRSP through the bulk of resources spent by government and development partners in these sectors, have resulted in improved service delivery in line with the PRSP. While it can be argued that this progress would have been made with or without the PRSP, it is important to note that the direction of change may very well have been in the opposite direction.

The increased participation by organized civil society should also be seen as a positive outcome. In a nutshell, in terms of broader economic governance, Zambia is not the same place it was prior to the PRSP. The PRSP drafting process and the willingness of civil society to engage with the process and organize itself, has shifted the ‘way of doing business’ for government in Zambia. It has facilitated the growth of voice in the system, which could contribute progressively towards development through better service delivery. It should however be noted that civil society’s experience of PRSP implementation has been largely negative: whereas it was included in drafting processes, it felt itself excluded from the final document, from prioritization within available funds and from the monitoring of implementation. The HIPC monitoring team may be seen as positive here, but there was some frustration from within the team that the cooperation with government has not been as smooth as may have been wished: funding was slow and not in accordance with the original agreement. The existence of the team and the availability of the first reports may have positive spin-offs: it is yet too early to tell. (There is however a question about the trade-off between being involved and being able to hold government to account that civil society has not yet entirely thought through.)

The overall positive assessment of the participative nature of the PRSP drafting process may need review for a next iteration: consultation took the often tried and rarely entirely successful form of drafting by technical experts at central level and a consultation with stakeholders on an existing document at provincial level with some attendance by districts. A more thorough (and politically more binding) process may be to start right at village level with consultation as an input to drafting – at the very least it would improve political accountability for implementation to the electorate. The participation of organized civil society at national level in the drafting cannot be seen as replacing participation by the poor at grass roots.

The status, purpose and format of the PRSP need some considered thought. There are several comments regarding this:

- How does the PRSP align with other planning instruments, including the (T)NDP, the MTEF, sector plans and district plans?
- Is the PRSP a framework of priorities for poverty alleviation, somewhat resource constrained, within which on an annual basis the MTEF and other planning instruments will finally prioritise within actual resources available, or is it entirely resource-constrained and prioritized right from the start?
- How and where is the trade-off between comprehensiveness and prioritization to be made? Will the PRSP poverty alleviation sectors, and activities only within those sectors (and therefore be a sub-set of a broader national plan), or will it include all sectors, but mainstream poverty alleviation within all in order to orient all of government spending more towards the poor?
- How will electoral risk to the PRSP be managed? The comment was made by several sources that the PRSP receives much less attention in the current administration, because it is seen as belonging to the previous one. How can the institutional arrangements for its planning and implementation be established to manage this kind of risk?

There is evidence that some thought is being given to these issues at national level.

Abbreviations

ABB	Activity-based Budget
AIDS	Acquired Immune Deficiency Syndrome
BESSIP	Basic Education Sector Support Investment Programme
CSO	Central Statistical Office
CSPR	Civil Society for Poverty Reduction
DDCC	District Development Coordination Office
DFID	United Kingdom Department for International Development
GDP	Gross Domestic Product
GTZ	Gesellschaft für Technische Zusammenarbeit
HIPC	Highly Indebted Poor Country
HIV	Human Immune Deficiency Virus
IMF	International Monetary Fund
MoFNP	Ministry of Finance and National Planning
MOU	Memorandum of Understanding
NGO	Non-Governmental Organisation
PDCC	Provincial Development Coordination Committee
PEMFAR	Public Expenditure Management and Financial Accountability Report
PRGF	Poverty Reduction Growth Facility
PRP	Poverty Reduction Programmes
PRSP	Poverty Reduction Strategy Paper
RAMCOZ	Roan Antelope Mining Corporation of Zambia
SWAP	Sector Wide Approach
TNDP	Transitional National Development Plan
UNDP	United Nations Development Programme
ZAMSIF	Zambia Social Investment Fund

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Introduction

1. This report is presented in two parts. The first and introductory part summarises the purpose and method of the assessment study and explains the structure of the second and main part, which presents the findings of the assessment team.

Part 1: Study Methodology and the Structure of the Assessment Report

The Terms of Reference

2. The Terms of Reference are provided in Annex 1 and describes the purpose of the assessment as taking stock of the PRSP process in order to improve the understanding of what has been done, why and how. It required the assessment to identify and highlight positive aspects, as well as the gaps in the design, implementation, financing, monitoring and evaluation processes. In the inception phase of the study, the team was instructed to focus more on implementation than design and preparation problems.
3. It should also be noted at the outset that the fieldwork for the report was limited to two weeks. This, in addition to forcing a more implementation-oriented focus, did not allow either a comprehensive scan of progress in all PRSP sectors in all districts, or a detailed assessment of what happened to every proposal of the PRSP. The intention of the report was to be more strategic and look at the systemic issues that may support or hinder implementation. The report however provides an overview of progress and attempts to aggregate PRSP data in order to identify implementation trends. Again, it should be noted that the data used for this are the best available in the two weeks of fieldwork.

The Study

4. The consultancy team comprised Alta Fölscher (Lead Consultant) and Julius Chileshe (Facilitator). The research was done over a period of 3 weeks from 22 March to 17 April and consisted of two phases:
 - i. In the first phase the team conducted in-depth interviews in Zambia with stakeholders in the PRSP, including
 - public officials at national, provincial (Copperbelt and Southern Province) and district (Kitwe, Livingston, Kazungula districts) levels. Interviews were conducted with both central government institutions and line ministries at all three levels.
 - Civil society organizations, including local sectoral and umbrella organizations and an international NGO
 - Development partners
 - Private sector organizationsA list of interviewees is provided in Annex II.
 - ii. In the second phase the lead consultant reviewed further existing literature and documentation collected during the fieldwork.

The findings below therefore reflect the literature study on the Zambian Poverty Reduction Strategy Process and Paper, and the new data collected from the interviews.

The Assessment Report

5. The Assessment Report (Part II of this document) is structured into two main parts. The first section uses the framework below as an analytical tool to provide a comprehensive overview of the PRSP on the one hand, and an analysis of positive aspects and gaps and concerns on the other hand. The second part and conclusion, identifies the main issues from the analysis that should be taken into account as the Government of Zambia (GRZ) prepares to revise the PRSP.

A framework for assessing the Zambian RPSP

6. PRSPs are only effective poverty reduction tools insofar they are implemented and their implementation contributes to poverty reduction. Their implementation in turn is usually contingent on the presence and strength of a number of enabling practices and institutions that
 - Deliver an incentive framework to bolster political will and administrative commitment to PRSP objectives and strategies;
 - Imbeds the PRSP into the everyday business of government and its development partners;
 - In the interest of on-going PRSP policy efficacy, establish systematic linkages between public policy development and operational planning; resource allocation and use; and monitoring and evaluation.
7. These steps towards an effective PRSP provide the basis for the assessment framework deployed in this study. The assessment framework is built on a series of questions designed to gage progress at different points and explore upstream factors that may have contributed to or hindered progress in the likely absence of proof of downstream effective poverty reduction and even of effective implementation. Put differently, the assessment framework is as concerned, if not more, with ascertaining the level and direction of change post PRSP in the enabling environment, as with ascertaining its current poverty reduction effectiveness. The core questions therefore are:
 - a. Did poverty reduce as a result of the PRSP?
 - b. If not, (or if evidence is inconclusive) are the strategies proposed in the PRSP being implemented?
 - c. If not, were the enabling institutions in place to facilitate implementation of the strategies?
 - d. If not, was there any progress made towards establishing these institutions?
8. The proposal that an effective PRSP requires its location in the ongoing and robust public management processes of a country, is of course based on the assumption that a policy framework of the scope of the PRSP, particularly in Zambia where national resources are severely limited and poverty is pervasive, cannot be implemented through a project approach – ie it cannot function as an add-on to the ongoing business of government. It can only be effective to any significant level if it is imbedded at the centre of government operations. The PRSP document itself recognises this and poses the Paper as Zambia's

'development planning and resource programming tool and, as such, ...the overall framework for national (both government and non-government) planning and interventions for development and poverty reduction.'

(MoFNP, 2002, p132)

9. The Zambian PRSP further recognises, in line with international best practice, that placing the PRSP at the centre of government operations is not sufficient if these operations are ineffective themselves. It therefore also requires the establishment of robust public management systems as a first priority for poverty reduction: precisely because such systems are needed to systematically and progressively implement any of the other more direct strategies proposed. The assessment framework is useful further in that it provides a systematic tool to measure progress at this level.

10. The 2002 International Development Association and International Monetary Fund Review of the PRSP approach identified good practices for effective PRSP development and implementation. These are useful in setting out what institutions support the implementation of the PRSP. Similarly, the review of DFID practice regarding PRSPs has highlighted lessons learnt (ODI, 2003). The assessment framework table below reflects partly this emerging understanding of what makes PRSPs effective, and partly well-established principles on which institutions make for an effective and efficient public sector.

Table 1: An assessment framework for the PRSP approach

Narrative description of measure			Findings regarding measure		
Desired outcome of PRSP approach	Why important	How will we measure progress? What issues are important?	What progress	Why, What Contribution?	
				Positives	Gaps/concerns
1: Desired final outcome achieved (Progress towards overall PRSP objective of Poverty Alleviation)					
Poverty Reduction	Final measure of policy and implementation success	Achievement of Development Goals			
2: Desired Intermediate outcomes achieved (Progress with implementation)					
Sector objectives achieved	Measure of appropriate policies in PRSP pillars	PRSP Pillar Outcome targets achieved			
Sector policies implemented	Measure of progress towards achievement of sector objectives	PRSP Output targets achieved			
PRSP activities financed	Measure of progress towards implementation	Budget and disbursement share of PRSP-related sectors / programmes			
3: Enabling institutions and PRSP practices in place for implementation					
Effective participation by external domestic stakeholders	Effective participation by external stakeholders leads to Better Policy dialogue; Pooling of scarce domestic capacity for policy analysis and development; Growth in interest groups with a stake in implementation, thereby bolstering government accountability and ultimately political will for PRSP implementation.	What / who were the: (i) Types of participation (top down consultation/ bottom up participation) (ii) Agents of participation (organised civil society, the poor themselves, what was basis for selection) (iii) Structures of participation (institutionalised/comprehensive, ad hoc) (iv) Scope and degree of participation (Drafting only, or sustained)			
Effective participation by elected office holders, including parliamentarians	Political commitment and leadership: Choices made within PRSP are inherently political. An effective PRSP approach requires that mechanisms for political ownership of choices made in PRSP processes are balanced with mechanisms in the governance system that smooth policy disruption due to political discretion.	Does PRSP drafting and implementation process systematically secure the commitment of elected office holders? Does its standing in the national political debate insure it against electoral risk? If not, is there progress in these regards?			
Effective Design of PRSP	PRSP should be comprehensive so that it can act as a national framework for development and resource programming; prioritised, so that it is realistic and achievable; should be linked to structures of government, to enable linkages, monitoring and clear accountability	Was the PRSP sufficiently comprehensive? Was it sufficiently prioritised? Does its structure enable coordination during implementation and accountability for results achieved?			
Integration of PRSP into robust policy and planning processes	Enables linkages between PRSP and ongoing strategic and operational planning of government	Are there effective planning systems at central, sectoral and sub-national levels of government? If so, is the PRSP linked to these? If not, is there progress towards effective planning modalities?			
Effective national resource allocation and management systems	A national resource allocation and management system that ensures fiscal stability and the effective and efficient use of resources is a necessary condition for growth-enabling macro-economic stability and for progressive reprioritisation of scarce resources towards the PRSP priorities	Is there an MTEF in place? Does the budget classification system enable the link between policy and financing? Is the budget credible? Are financial management systems in place that ensure authoritativeness and probity in resource use? Are public officials accountable for the allocation and use of resources? Is there progress towards these institutions?			
Alignment between PRSP and decentralisation in practice	While decentralisation is arguably conducive to an effective PRSP, the alignment of PRSP implementation mechanisms with the reality of decentralisation is critical.	Are PRSP implementation mechanisms phased with progress on decentralisation? Is there sufficient delegation of authority, capacity and participation at that level to merit sub-national implementation ?			
An effective monitoring and evaluation system	Effective monitoring and evaluation is a necessary condition for the policy efficacy and implementation of the PRSP – it ensures early detection, accountability for and correction of problems	Is a national monitoring and evaluation framework and robust monitoring and evaluation institutions in place? If not, is there progress towards such a framework and institutions?			
Effective donor coordination mechanisms	One of the objectives of the PRSP is to improve aid effectiveness by coordinating development partner activities in a more programmatic manner towards nationally agreed goals and strategies. This requires donor coordination mechanisms and institutions.	Are the donor coordination mechanisms towards policy, funding, procedural and conditionality and monitoring and evaluation alignment in place? If not, is there progress towards these mechanisms?			

Structuring the study findings

11. The assessment against each of the four core questions is presented below in three sections. Section I provides a baseline on key indicators and looks at whether poverty, as measured by the various outcome and impact indicators selected in the refined indicator framework, was reduced. Section II looks at whether the strategies proposed in the PRSP are being implemented by assessing shifts in domestic financing trends, and by presenting a digest of evidence regarding the implementation of policies (in the general absence of output data). Section III discusses whether the enabling institutions were in place to facilitate the implementation of the strategies, and if not, what progress was made towards establishing the institutions.

Part II: Study Findings

12. Evidence regarding progress towards poverty alleviation is patchy, and general financing and implementation trends inconclusive, beyond highlighting the difficulties experienced in financing PRSP activities given events at the fiscal policy level. These difficulties were at least partly the result of weak institutions regarding the PRSP (formulation and implementation) and regarding public expenditure management generally. While there are several concerns regarding the priority status of the PRSP in reality (particularly taking into account that some of the most significant expenditure decisions in the implementation period were not directly PRSP-driven) the report is able to make a number of positive findings on progress towards strengthening these institutions, all of which would be critical for future rounds of the PRSP.

13. In evaluating the PRSP the core question is what would have been the case without the PRSP, as against what is now, with the PRSP:

- i. As regards the allocation and use of funds, ie which expenditure activities were funded in Zambia since the PRSP, the PRSP appears to have had little influence.
 - Firstly, the PRSP macro-economic framework was not treated as a policy goal: expenditure pressures were not absorbed within the framework, but rather by breaking the deficit targets, with a spiral affect on the GRZs ability to finance any PRSP policies.
 - Secondly, on the positive side the most notable change, which can be related to the PRSP only insofar the PRSP relates to HIPC processes, is the additional projects which were funded under the Poverty Reduction Programmes: these projects may not have been funded were it not for the HIPC process providing the financing, and the PRSP processes determining the projects, insofar it did.
 - In addition, while the policy roll-out in health and education is positive, since it is in line with the PRSP, it is likely that it would have happened in any case, on account of donor support for these sectors.

Therefore, as regards expenditure trends and policy implementation: the PRSP has not had a major impact, either by generating more net benefits for the economy, or by improving the distribution of benefits.

- ii. What is significantly different though is the institutional context within which public policy and expenditure decisions are being made, implemented and monitored. In this regard the assessment is positive: the public management environment has improved, and at least some of these changes are directly related to the PRSP, or indirectly through the HIPC process.

Two aspects emerged from the study:

- The PRSP process has facilitated significant changes in terms of public accountability. Firstly, it has opened the door for non-state actors to public policy processes. Secondly, the PRSP process has catalysed civil society to organise itself. While the PRSP process was not entirely successful in getting broader participation (and therefore broader

accountability for implementation) as is discussed below, the empowerment of civil society to counterweight centralised state power, must be rated positively.

- The PRSP process has facilitated the establishment of significant new capacity for improved public expenditure management that puts in the hands of government improved instruments for implementing the PRSP. While these instruments are still far from fully adequate, progress in this regards should be acknowledged.
- The PRGF, HIPC and PRSP processes in combination have spurred on the demand for donor coordination mechanisms, an area in which progress has been made recently.

These findings are explained in more detail below.

Section I: Did poverty reduce as a result of the PRSP?

Progress towards overall poverty alleviation objective

14. In 1998 73% of Zambians were below the poverty line (83% in rural areas and 56% in urban areas). Extreme poverty (ie the inability to meet even minimal food needs) was at 57.9% for Zambia as a whole. The main goal of Zambia's PRSP is poverty reduction, with a targeted reduction in Zambians below the poverty line by 8 percentage points to 65% by 2004. The table below shows progress/regress – where data is available – towards this overall poverty alleviation objective against the indicators selected in the Refined Indicator Framework.

Table 2: Indicators of Progress towards poverty reduction (best available data against PRSP indicators)

Measure	Target	Trends		
		1990—1995	1996—2000	2001-2002
Headcount Poverty	65% in 2004	71 ⁱ	73 ⁱ	No data available
Poverty Gap Index	No target provided		52.6 (Gini, 1998) ⁱⁱⁱ	No data available
Life expectancy at birth	No target provided	49 (1990) ^{vi}	43 (1998) ^v	33 (2002) ^{iv}
Children under 5 with low weight for age (%)	No target provided	--	24.2% (2000) ⁱⁱ	24.1% (2002) ⁱⁱ
Children under 5 with chronic malnutrition / who are stunted	No target provided	39% (stunted) ⁱ 25% (malnutrition) ⁱ	47% ⁱ 24% ⁱ	28% ⁱ
Literacy rate – population over 15 and above	No target provided	68% (1990) ⁱⁱⁱ	76.3 (1998) ^{vii}	79% (2001) ⁱⁱⁱ

ⁱ From various sources, as quoted in DFID, 2004, Annex 1. ; ⁱⁱ Central Board of Health, 2002; ⁱⁱⁱ UNDP, 2003; ^{iv} UNICEF, Zambia at a glance; ^v World Bank, 2004; ^{vi} World Bank, 2004 (2); ^{vii} World Bank, 2004 (3)

15. At a glance the indicators selected in the Refined Indicator Framework to measure whether progress was made towards the overall poverty alleviation objective, show some progress.

However, this has to be qualified by the following factors:

- General poverty measures that depend on large surveys have not been updated since the introduction of the PRSP. The PRSP poverty analysis was done on the basis of the 1998 Living Conditions in Zambia Survey, with trend analysis based on an earlier iteration of the same survey (1996) and the World Bank and United Nations Development Programme (UNDP) Development Reports. Two large surveys have been undertaken since the introduction of the PRSP, a 2003 Living Conditions Survey (likely to be non-comparable with the 1998 survey due to methodological differences – see discussion under Section III below) and the Census. However, at the time of compiling this report, the results of neither survey were available.
- Progress against the education/human resource development indicator (literacy) over the selected period may reflect high levels of investment in the education sector, mostly in the

form of development assistance. Education is one of the success stories within the PRSP approach.

- Regress in the three health and nutrition-related indicators reflects to a large degree the impact of HIV/Aids, and in later years, the impact of the drought and food-security crisis of 2002. Given improved service delivery in the health sector (see below), the question should be asked what the impact may have been without these improvements.
- It should be noted that the health and education sectors were probably the most successful in implementing the strategies indicated in the PRSP, through the development of various of the enabling institutions discussed in Section III (see Box 3) below. As noted in that discussion, the strategies themselves and the improvements may have taken place in any case, without the introduction of a PRSP as such, due to progress made within the sector towards sector-wide approaches and due to high levels of development assistance investment in these sectors.
- It was widely expected by interviewees that headcount poverty, if surveyed as in 1998, would not show an improvement.

16. At the sector level evidence as regards progress towards supporting sector outcomes, is equally patchy and inconclusive. The table below presents data against Refined Indicator Framework indicators to indicate progress in the comprising PRSP sectors, insofar possible.

Progress towards sector-specific poverty alleviation outcomes

Table 3: Progress towards contributing PRSP sector outcomes

MACRO FRAMEWORK AND ECONOMIC PILLAR					
Measure	Trends			Data useful to measure PRSP Implementation?	Movement of Indicator (2001—2003)
	2001	2002	2003		
Macroeconomic Framework					
Real annual GDP growth rate	4.9% ⁱ	3.3% ⁱ	4.2 – 4.5% ⁱ	Yes	+
Real annual GDP per capita growth rate	2.9% ⁱ	1.3% ⁱ		Somewhat	-
Level of commercial interest rates	-	43%	39%	Yes	+
Level of inflation	21.7% ⁱ	22.2% ⁱ	20.5% ⁱ	Yes	+
Real annual growth in exports	29% ^{iv}	11.4% ^{iv}	NA	Somewhat	-
Gross domestic capital formation % of GDP	20% ^{iv}	18% ^{iv}	NA	Somewhat	-
Agriculture					
Real annual growth rate in Agriculture	-2.6 ⁱ	6.3 ⁱ	NA	Somewhat	+
% of food secure households				No data	
Mining					
Mining GDP growth rate	14% ⁱ	16.4% ⁱ	NA	Somewhat	+
No of people directly employed in mining sector	NA	NA	38442 ⁱ	Data insufficient	
Total value of exports from Gemstones	NA	NA	29558 ⁱ	Data insufficient	
Mineral output (tonnes)					
Copper	298773 ⁱ	330600 ⁱ	NA	Somewhat	+
Cobalt	4376 ⁱ	3913 ⁱ			-
Tourism					
Tourism GDP growth rate	2.3% ⁱ	4.9% ⁱ	NA	Somewhat	+
Foreign exchange earnings from tourism	USD116.9 million ⁱ	USD 145.3 million ⁱ	NA	Somewhat	+
No of tourism enterprises registered	34 ⁱ	NA	NA	Data insufficient	
No of tourist arrivals	491992 ⁱ	556043 ⁱ	NA	Somewhat	+
Room occupancy rate	51.1% ⁱ	48.3% ⁱ	NA	Somewhat	-
Industry					
Growth rate of manufacturing	5.7% ⁱ	5.7% ⁱ	NA	Somewhat	Neutral
Growth in value of manufacturing products			1293 ⁱ	Data insufficient	
Energy					
Energy growth rate	1.1% ⁱ	5.2% ⁱ		Somewhat	-
Transport and communication					
Transport and communication growth rate				No data	

SOCIAL PILLAR					
Measure	1990— 1995	1996— 2000	2001 to 2003	Data useful to measure PRSP Implementation?	Movement of Indicator (2001—2003)
Water and sanitation					
Consumption of safe water in litres per capita per year	NA	NA	NA	No data	
Education					
Literacy rate	68% (1990) ⁱⁱⁱ	76.3 (1998) ^{vii}	79% (2001) ⁱⁱⁱ	No. Last measurement pre PRSP	
Ratio of literate females to males of 15 to 24 years old	NA	NA	NA	No data	
Percent of population with grade 7 and higher	NA	NA	NA	No data	
Gross enrolment rate (basic)			85.3 (2001) ^{vi} 86.1 (2002) ^{vi} 91.7 (2003) ^{vi}	Yes	+
Net enrolment rate (basic)			70.5 (2001) ^{vi} 72.1 (2002) ^{vi} 76.2 (2003) ^{vi}	Yes	+
Drop-out rate (basic)			3.88 (2001) ^{vi} 3.5 (2002) ^{vi} 2.42 (2003) ^{vi}	Yes	+
Completion rate to Grade 7			65.3 (2001) ^{vi} 66 (2002) ^{vi} 73 (2003) ^{vi}	Yes	+
Net enrolment rate (secondary)			8.6 (2001) ^{vi} 10.4 (2002) ⁱ 10.6 (2003) ⁱ	Yes	+
Gross enrolment rate (secondary)			11.4 (2001) ^{vi} 13.5 (2002) ⁱ 13.6 (2003) ⁱ	Yes	+
Health and Nutrition					
Infant mortality rate (per 1000)			110 (2000) to 95 (2002)	Yes	+
Under five mortality rate		151	162	No. Last measurement pre PRSP	
Maternal mortality rate	870 (1995) ⁱⁱ	729 (2000) ⁱⁱ	NA	No. Last measurement pre PRSP	
Malaria incidence [*]			393.8 (2001) 375.7 (2002)	Yes	+
Case Malaria fatality rate per 1000 admissions			47.9 (2002)	Insufficient data	
Supervised deliveries			41.1% (2000) 42.3% (2001) 47.3% (2002)	Yes	+
% of 12—23 mnths olds immunised against measles			95% (2001) 89% (2002)	Yes	-
% of 1 year olds fully immunised			84% (2001) 73% (2002)	Yes	-
HIV/Aids					
HIV/Aids prevalence among 15 to 49 year olds		19.1% ⁱⁱ	16% ⁱ 21.5% ⁱⁱ	No. Last measurement pre PRSP	
% of 15 to 49 year olds			73.3% (2001)	Not sufficient	

requesting HIV/Aids test				data	
% of persons with advanced HIV receiving ARV therapy			0.1 (2001)	Not sufficient data	
% of infected infants born to HIV infected mothers			39 % (2001)	Not sufficient data	
Environment					
Proportion of land areas covered by forest				No data	
Gender					
				No data	

*: Not a refined indicator framework indicator, but one for which data was available

Sources: i Ministry of Finance and Planning, 2004; ii World Bank, 2004 (2); iii UNDP, 2003; iv Unicef, 2004. v Central Board of Health, 2002; vi Ministry of Education EMIS.

17. The table above is largely inconclusive as to changes in the targeted outcome indicators of the PRSP. Data regarding progress in the economic pillar for 2003 is lacking, while in the socio-economic pillar many data points are only applicable to the period before PRSP implementation. The following is however worth highlighting:

i. Positives

- As regards the macro-economic growth rate, the economy achieved the PRSP target of 4% annual real growth in each of the years bar 2002. In this year there are contributing factors, namely the drought and the withdrawal of Anglo-American from the mining sector¹. The other positive is the reduction in the inflation rate, and the reduction in real interest rates between 2001 and 2003, particularly considering the spike in both cases in 2002.
- There seems to be a positive trend in the tourism sector, with positive growth 2001—2002 reflected in an increase in the number of tourists coming in, and the foreign exchange earnings from tourists (grew by 1.7% in real terms).
- In health, positive outcomes are the reduction in the infant mortality rate between 2000 and 2002 and the incidence per 1000 population of malaria from 2001 to 2002 and the steady increase in the number of supervised deliveries from 2000 to 2002.
- In education, improvements over the period of the PRSP in the basic education outcomes (In Basic Education, 62% reduction in drop-out rates; 12% increase in completion rates to grade 7; 10% improvement in gross enrolment and a 8% improvement in the net enrolment rate. In Secondary education, a 23% improvement in net enrolment and a 19.3% improvement in gross enrolment).

ii. Negatives

- On the macro side, three macro-economic indicators show negative trends 2001 to 2002: real annual growth in export value, domestic investment and the per capita growth rate. However, given the exogenous shock of the drought in 2002, and the lack of 2003 data it is difficult to establish whether these reductions, particularly in exports and investment, are temporary or an indication of a longer term trend.
- In health the reduction in the number of children 12-23 months immunized against measles by twelve months reduced from 95% to 89% between 2001 and 2002, while the percentage of children under one year fully immunized also declined by 11 percentage points over the same period.

¹ These reasons are provided by the PRSP Progress Report (MoFNP, 2004b). However, it is curious that the provided sector growth rates for 2002 show that it is neither mining nor agriculture that contributed to slower overall growth, but rather reduction of output in the energy sector.

- iii. Neutral
 - In mining, the increase in copper output by 10% in 2001—2002 is somewhat offset by the decrease in cobalt output (also 10%).
18. In general Table 2 and 3 highlights two difficulties with assessing PRSP implementation in Zambia through outcome indicators at this point in time: firstly, the generic and perennial problem of attribution and time lapse before changes in outcome indicators can be related to PRSP (policy) activities, should they have been implemented; and secondly the more Zambian specific problem of a lack of monitoring and evaluation system which regularly provides a comprehensive check of progress, using indicators for which data is available. In this regard the table as it stands is probably biased towards a positive assessment: the greater number of positives to negatives is a function of data availability – the positives occur particularly in health and education, where a number of factors (including financing and improved management arrangements, see Section III below) have made both positive outcomes and data availability more likely. It is likely that if data were available in other sectors where progress with implementation is more limited (as evidenced by financing trends, see Section II below), a more realistic picture would have emerged.
19. Our picture of PRSP implementation is somewhat enhanced by the participatory rural monitoring exercise, carried out under the auspices of the CSPR and in cooperation with the Zambia Social Investment Fund (Zamsif). The study, which included baseline fieldwork in October 2002 and follow-up fieldwork in May 2003, was conducted in 15 research sites in the poorest 5 provinces. Across the board, positive findings were only made in the agriculture, education and health sectors. The table below summarises the findings:

Table 4: Summary findings from the CSPR participatory rural PRSP monitoring exercise

PRSP area	Findings
Agriculture	<ul style="list-style-type: none"> - In three of the 5 districts visited, food security was improved on account of the early provision of agricultural inputs, despite relatively poor rains. - Two research sites out of the 15 spoke positively of crop diversification initiatives, mostly provided by non-governmental development organisations. - However, communities remarked on unfair and corrupt practices in the distribution of inputs - The other agricultural interventions, namely market access for both produce and inputs, market information, access to credit, availability of farm implements and farm power, poor extension services and poor access roads were not perceived to have been addressed. - The Gender aspects of agriculture have not improved: woman in general still have no access to more lucrative agricultural activities nor control over resources from agriculture.
Industry	<ul style="list-style-type: none"> - The study focused on the SMME components of the proposed PRSP interventions. Apart from a few more grocery stores in one site visited, no progress was reported.
Tourism	<ul style="list-style-type: none"> - Tourism issues applied to two of the districts only. In one of the two districts recent crackdowns on armed bandits operating in the area was seen as a positive contribution to the development of tourism potential. This was not part of the PRSP interventions though. In the other district the security situation has worsened. - No other progress was made.
Mining	<ul style="list-style-type: none"> - Mining activities were only present in one district visited. No progress was reported with the licensing of illegally operating gemstone mines. No other progress was reported.
Education	<ul style="list-style-type: none"> - The most positive contribution was the abolition of school fees for grades 1 to 7. This enabled many more children from the poorest households to attend school. The continuation of examination fees however, was still seen as problematic. - The investment of HIPC funds for infrastructure improvements were acknowledged - However, the communities remarked on the continued impact of HIV/Aids on the provision of education. The plight of HIV/Aids orphans who were unable to attend schools also emerged.
Health, Water and Sanitation	<ul style="list-style-type: none"> - Communities were very positive about the rehabilitation of Rural Health Centres - One district reported on greater ease of service delivery due to decentralisation - The increase in staffing levels, and increase in trained staff was also noted. - However, shortages of drugs, unaffordable health services, distance to Health Centres and continued shortages of qualified staff were all still community concerns.

Source: Milimo, J: 2003: Summary participatory assessment report, prepared for the CSPR.

Section II: Are the strategies proposed in the PRSP being implemented?

20. The team found a general consensus amongst interviewees from both government officials at all levels and stakeholders outside of government (development partners and civil society) that with the exception of the education and health sectors, not much progress was made with implementing the strategies identified in the PRSP. In the PRSP progress report (MoFNP, 2004b, p9,10) the Government of Zambia highlights the lack of external financing and lack of manoeuvring space as regards domestic resources, as a determining factor in its ability to implement the PRSP strategies. This section presents a case as regards progress with implementation of the PRSP sector activities, by reviewing financing trends (as the first requisite for implementation) and progress as regards outputs where evidence is available.

Financing the PRSP

21. The PRSP assumed financing from two sources, namely donor funds (grants and loans) and funding from domestic sources (tax revenue, domestic borrowing and debt relief²). In terms of current budget structure, funds from domestic resources can either be channelled through the

² The HIPC agreement document (Table 6) treats the additional funds for expenditure available on account of debt relief as a financing item, ie neither as revenue nor as grants. It is also not listed as either domestic financing nor international financing, but separately. Here it is listed with domestic sources, as in practice it was managed as a domestic resource.

budget in general (ie through recurrent and capital budget co-payment allocations) or through the Poverty Reduction Programmes fund (PRP). Both of these are discussed below.

Donor financing

22. Consolidated sector information on donor flows was not available. The table below therefore only provides an aggregate picture on the level of donor resource flows 2001 to 2003. In real local currency terms aid inflows in 2003 were at similar levels to 2000 and 2001. Inflows spiked in 2002 – reflecting the conclusion of a Poverty Reduction and Growth Facility with the IMF which triggered further donor funds and the completion of the PRSP -- at approximately one and a half the average level of the other three years in real local currency.
23. *Impact of Balance of Payments support on available resources for PRSP:* Within this overall basket however, balance of payments support, shows more extreme fluctuation with 2000 and 2002 at nearly twice the levels of 2001 and 2003.³ Arguably it is these resources that provide more flexibility in the domestic budget, since project aid (grants) is usually tied to specific uses requiring co-payments. This flexibility in the budget was mostly absorbed (and then some) by the increased cost of interest in the budget (see Table 5 below), due to fiscal policy slippage: the additional K257 billion in real terms available from BoP support in 2002 over 2001, was absorbed by the additional K325 billion (in real terms) disbursed for Constitutional and Statutory expenditures, which includes interest payments.
24. *Likely impact of Project support on available resources for PRSP:* The higher flows in 2002 is likely to coincide with PRSP priority sectors in broad terms, but not necessarily to be the result of PRSP-influenced decisions or supporting PRSP selected activities. The average time lapse between project decision points and disbursement makes it unlikely that the 2002 flows would have been directly tied to the May 2002 PRSP even if the July 2002 Consultative Group meeting ended with unprecedented level of donor pledges. In the Education and Health sectors higher alignment is likely between the PRSP and the increase in pledges, given that the PRSP reflects ongoing donor-supported programmes in these sectors (according to the PRSP progress report donor pledges to these sectors were at K38 and 63 billion in 2002 and 2003 respectively).

Table 5: Aid Flows 2000 to 2003

US million	2000	2001	2002	2003
Project Aid	246	394	443	348
BoP support ¹	185	75	146	57
Total	431	469	589	405
Value in 2000 K billion	1,241	1,115	1,758	1,115
BoP in 2000 K billion	533	178	436	157

Source: DFID Zambia; Own calculations using historical exchange rates and MoFNP 2004b inflation rates.

Table 6: Pressure on domestic resources 2001 to 2003

Kwacha 2000 billion	From 2000 to 2001	From 2001 to 2002	From 2002 to 2003
Change in Aid flows over previous year	-126	643	-643
Change in BoP flows over previous year	-354	257	-279
Change in Constitutional and Statutory disbursements (including interest payments) over previous year	33	325	462

Source: DFID Zambia, MoFNP, Own calculations using historical exchange rates and MoFNP 2004b inflation rates.

³ The 2003 reduction reflects stalled payments under the PRGF following on the inability of the GRZ to reach the fiscal policy targets (see Domestic Financing Section below).

25. In summary then, PRSP implementation is likely to have received only limited donor support in 2002 and 2003. This is partly due to long aid management cycles, but is more on account of reductions in the more flexible support instruments which in turn, is related to GRZ fiscal policy slippage.

Domestic Financing

Impact of fiscal policy slippage

26. The ability of government to finance the PRSP from both domestic and donor resources were severely limited in the implementation period by (i) spending pressures resulting from the 2002 drought and food security situation and (ii) in-year spending decisions during 2003 on increases in personnel-related expenditures and a K167 billion bail-out payment to the Roan Antelope Mining Corporation of Zambia. These two factors, together with ongoing spending pressures resulting from accumulated arrears and liabilities, contributed to fiscal policy slippage, with a budget deficit in 2002 of 4.2% compared to the planned 3%, and in 2003 of 4.2 against a targeted 1.6%. The fiscal policy slippage resulted in failure to reach a new Poverty Reduction Growth Facility Programme (PRGF) with the International Monetary Fund (IMF), which in turn lead to withholding of budget support from the donor community (putting pressure on domestic resources and spiralling into even further fiscal slippage), and failure to reach the HIPC completion point in December 2003, a factor which is likely to affect negatively the ability of Zambia to improve implementation of the PRSP in the current fiscal year.

Financing the PRSP through the Poverty Reduction Programmes (PRPs)

27. The only funds that were therefore available for implementation of the PRSP, is the PRP funds, which is linked to interim debt relief granted at the HIPC decision point. However, the expenditure pressure spiral related to the factors above, put even this category of expenditure under pressure. In both 2002 and 2003, the GRZ disbursed less than budgeted for the PRPs. Table 6 below provides an overview of PRP planned and actual financing in 2002 and 2003.

Table 7: PRP programme allocations and disbursements

K billion	2002		2003	
	Planned	Disbursed	Planned	Disbursed
GRZ	240	110.2	240.8	216 (or 114 see footnote below)
Donors	210		179	

Source: MoFNP,2004b

28. The PRSP Progress report mostly concentrates on the uses of PRP funds against PRSP targets. Annex II provides a set of tables that aligns the activities reported in the Progress Report, with the PRSP policy action areas. The results should not be seen as absolute, but rather as *indicative*, since it was not always clear from the Progress Report whether funds were reported twice, or exactly which PRSP sector they would pertain to. However, the tables and the summary table below can be seen as indicative of trends.

29. These tables demonstrate that in some sectors no activities were funded, while in other sectors only some activities were funded. And that in most cases, funding is inadequate to the purpose, given likely cost structures and low performance against the total proposed 3 year budget. Table 8 below provides summary financing by PRSP (and broadly by government functional classification) sector under the PRP, as derived from the tables. It shows that:

- Through the PRP programmes, approximately 6% of the 3 year PRSP budget has been funded by the GRZ after 2 years of implementation.
- Of this the PRSP sector use of $\approx 17\%$ was not clarified⁴ in the PRSP Implementation report.
- Of the remainder the sector-specific use of a further $\approx 40\%$ of the total was not reported, although the sectors were identified.
- Of the funds where the sector allocation is given, Transport and Communication (Infrastructure) was given priority (with a $\approx 28\%$ of total PRP disbursements), followed closely by Agriculture (with $\approx 27\%$) and Health and Nutrition (with $\approx 15\%$). Macro-economic growth and the Environment sector were the clearest losers: although the table gives a 0 allocation to the Gender sector, activities in the other sectors had a gender orientation.

30. The performance against total budget needs to be qualified with the fact that the PRSP is a framework that was supposed to be part donor financed (refer to summary donor inflows table above). It should be noted in addition that the table represents disbursements: the level of actual expenditures in many cases were low according to the PRSP Progress Report. Table 9 provides a profile of sectors where the information was given.
- The highest utilisation of disbursements was in Industry, which also had a high allocation relative to its PRSP budget – little details were given on the specific use of the funds.
 - The lowest utilisation was in agriculture, which had the second highest allocation of the total PRP disbursements, with the second lowest in transport and communication, which had the highest allocation.
 - Between these two sectors, approximately 30% of total PRP disbursements were unspent, in accordance with the Progress Report.
31. While PRPs are in principle only a fraction of total potential expenditure on the PRSP, low disbursement to PRPs under pressurised fiscal circumstances, and low actual expenditure where disbursements were provided, should be seen as early warning signals. When more funds are made available for PRPs after HIPC completion point, these problems are likely to increase in parallel, unless significant further progress is made with Public Sector Reform.

Table 8: GRZ PRP Disbursements by sector, 2002 to 2003

K million	2002—2003 PRP Disbursements					
	With known PRSP uses	With known non-PRSP uses	With uses unclear	TOTAL	PRSP budget 2002-4	GRZ disburse as % of PRSP budget
Macro-economic	≈ 0	≈ 0	≈ 0	≈ 0	$\approx 185,280$	$\approx 0.0\%$
Agriculture	$\approx 36,630$	$\approx 1,500$	$\approx 34,030$	$\approx 72,160$	$\approx 831,706$	$\approx 9\%$
Mining	$\approx 1,000$	≈ 0	≈ 0	$\approx 1,000$	$\approx 127,680$	$\approx 1\%$
Tourism	$\approx 6,900$	≈ 0	≈ 0	$\approx 6,900$	$\approx 289,603$	$\approx 2\%$
Industry	$\approx 1,688$	≈ 0	$\approx 23,400$	$\approx 25,088$	$\approx 59,088$	$\approx 42\%$
Energy	$\approx 5,000$	≈ 0	≈ 0	$\approx 5,000$	$\approx 547,200$	$\approx 1\%$
Transport and Communication	$\approx 35,379$	≈ 0	$\approx 38,990$	$\approx 74,369$	$\approx 1,204,800$	$\approx 6\%$
Water and Sanitation	$\approx 5,900$	≈ 0	≈ 0	$\approx 5,900$	$\approx 203,525$	$\approx 3\%$
Education	≈ 350	≈ 0	$\approx 13,200$	$\approx 13,550$	$\approx 712,512$	$\approx 2\%$
Health	$\approx 22,750$	≈ 0	$\approx 18,200$	$\approx 40,950$	$\approx 974,400$	$\approx 4\%$
HIV/Aids	$\approx 13,095$	≈ 0	≈ 0	$\approx 13,095$	$\approx 459,840$	$\approx 3\%$
Environment	≈ 0	≈ 0	≈ 0	≈ 0	$\approx 14,400$	$\approx 0\%$

⁴ An earlier version of the PRSP report (December 2003) provided comprehensive tables for use of PRP funds up to July 2003. However, the funds were not classified by PRSP nor by government functional classification sector. It was therefore not possible to cross-correlate the findings from the later report with this report.

Gender	≈0	≈0	≈0	≈0	≈4,690	≈0%
Governance	≈2,975	≈4,600	≈3,522	11,097	≈129,600	≈9%
No sector specified in Progress Report ⁵			≈57,091	≈57,091		
TOTAL	≈131,667	≈6,100	≈188,433	≈326,200	≈5,744,323	≈6%

Source: MoFNP 2004b; GRZ 2002. Please refer to Annex II.

Table 9: Actual PRP expenditure as a % of disbursements (available sectors)

K million	Disbursements 2002-2003	Actual expenditure reported	% of disbursement
Agriculture	70,360	13,940	20%
Industry	25,088	23,840	95%
Transport and Communication	56,170	17,860	32%
Health	40,950	22,100	54%
TOTAL	192,568	77,740	40%

32. The PRP category of spending is directly linked to HIPC resources, and insofar the PRSP serves the purpose of the identification of poverty alleviating activities that can be funded with these resources, it is linked to the PRSP. However, as is discussed below in Section 3, PRSP funding should be broader than just the HIPC resources or the PRPs: not in the least because limiting implementing of the PRSP to a separate fund isolates it from the general budget, limiting its integration into the core of government business and ultimately reducing its effectiveness as an action-oriented policy framework. The next section therefore investigates shifts in releases to the main functional categories of expenditure between 2001 and 2003.

Financing the PRSP from domestic sources generally

33. The impact of the fiscal slippage on funds for non-interest expenditure in the budget in general is illustrated by the tables below, which also provides a broader picture of the priority given to the PRSP as profiled in funding decisions⁶. The first provides the relative budget shares between the main functional categories of spending, 2000 to 2003. The second compares real growth between 2001 and 2003 in disbursements to the secondary functional level of spending, listing the functions in descending order of growth, ie illustrating ‘winners’ and ‘losers’.

⁵ This line is a balancing line between the total provided for PRP releases, and the releases specified to the sectors in the PRSP Progress Report. However, it should be noted that there are two totals provided. In the Executive Summary (pg 1) the Report states that K114 million was released by November 2003. On page 11 however, this total is reported as K216 million. This figure uses the p11 figure as it is the highest and aligns with the percentage provided elsewhere.

⁶ The disbursements include PRP releases.

Table 10: Functional disbursement shares, main categories of spending: 2000 to 2003

	2000	2001	2002	2003	Change in relative share, 2001 to 2003	Real Change in disbursement 2001-3 (K2000 bn)	Real Growth in spending, 2001 to 2003
Economic ⁷	11%	16%	11%	9%	-44%	-131.4	-35%
Social	19%	25%	24%	22%	-12%	40.6	-7%
Administration	63%	52%	46%	37%	-29%	-174.4	-14%
Constitutional and statutory ⁱ	6%	7%	20%	32%	360%	786.7	455%
Total	100	100	100	100	-	511.0	

i: Includes interest payments and amortisation on foreign debt

34. The pressure on other categories of spending exerted by the increase in interest payments in 2002 and 2003 is illustrated clearly in Table 10. All of the extra K510 billion disbursed in 2003 over the 2001 disbursement level (in real terms), were absorbed by additional spending of K787 on statutory expenditure, which includes interest payments, with the difference accounted for in reduced disbursements in real terms to the other main sectors. Put differently, the share of constitutional and statutory spending, which includes interest payments, increased from 7% to 360% from 2001 to 2003, ie by 455%, leaving all other sectors with a reduced share over the same period.
35. In terms of PRSP implementation, it is noteworthy that the most protected sector was social spending (only 12% less share, a real reduction in disbursements of 7%), broadly speaking a PRSP priority category. However, this positive outcome is somewhat negated by the prioritisation in practice of Administrative Services (arguably a PRSP non-priority, the share of which was reduced by only 28%, or 14% less disbursements in real terms) over Economic Services, which is equally a PRSP priority category and which faced a 46% reduction in its share of spending, equalling a massive 35% reduction in its available cash resources in real terms.
36. This analysis of inter-sectoral shifts masks marked shifts within sectors. The table below illustrates where the impact was most felt within sectors of absorbing spiralling interest payments within available cash resources.

⁷ In the data provided disbursements to the Tourism sector for 2002 and 2003 was given as 0. As this is unlikely, the Tourism sector was assumed to have grown at the same rate as the economic sector in general. Even if the Tourism sector grows at the rate of the budget, it makes only a 0.3 percentage points difference to the economic sector share.

Table 11: Disbursement ‘Winners’ and ‘losers’: 2001--2003

	Sector	PRSP Priority	Disbursements in 2003 as a % of disbursements in 2001
			In real terms
WINNERS			
Constitutional and statutory ⁱ			555%
Mining	Economic	Yes	161%
Judicial and legal	Administrative	Yes	146%
Agriculture	Economic	Yes	144%
Policy making and legislation	Administrative	No	143%
Lands and natural resources	Economic	Yes	136%
Foreign representation	Administrative	No	117%
Education and training	Social	Yes	117%
Health	Social	Yes	104%
Defense and security	Administrative	No	101%
LOSERS			
Commerce, trade, and industry	Economic	Yes	90%
Central administration	Administrative	No	80%
Welfare	Social	Yes	80%
Law and order	Administrative	No	79%
General social	Social	Yes	65%
Tourism	Economic	Yes	65%
Science and technology	Economic	No	61%
Energy	Economic	Yes	56%
Housing, urban development	Social	No	54%
Information services	Administrative	No	54%
Transport and communications	Economic	Yes	34%
Local government	Administrative	No	25%

ⁱ Includes interest payments and amortisation on foreign debt.

Source: MoFNP

37. Of the 8 ‘winners’ bar Constitutional and statutory expenditure, 5 are PRSP priority sectors. The usefulness of this finding in assessing whether the PRSP determines what is funded, however needs to be qualified by the following:

- Within the social sector, it is only education and health that enjoyed a higher level of disbursement in real terms (with the other four showing a reduction). Two factors may have contributed to this: firstly, the high level of donor support in the sector, demanding co-payments, coupled with strong leadership in both Ministries, and secondly, the proportionally higher impact of the April 2003 personnel expenditure increases in these sectors, which are both human-resource intensive. The level of contribution of these two factors however could not be ascertained, due to non-availability at the time of the study on actual expenditure by economic category of spending for the comparison period, and lack of data on donor financing by functional spending category.
- Mining is one of the main winners, but its gains are off a low base.
- The huge increase in agricultural disbursements is partly a consequence of fertilizer subsidies to farmers: whatever the merits of this decision, it was not included as one of the policies within the agriculture section of the PRSP.

38. In Economic Services, where 5 of the 8 sub-sectors received less in real terms in 2003 than in 2001, the brunt of the reduction was borne by the Transport and Communications and Energy

sub-sectors, both of which are PRSP priorities. Transport⁸ received transfers at 34% in real terms of their 2001 levels in 2003, while the Energy sector received 56% of their 2001 disbursements.

39. In the Administrative Services sector, only 3 of the 7 sub-sectors received less in real terms in 2003 over 2001. The most severely affected sub-sector is local government, which received 25% in real terms of the 2001 level of disbursements. Low funding to this sector will ultimately affect delivery capacity at this level severely.
40. In conclusion, therefore, the domestic financing picture, as measured through shifts in disbursements between 2001 and 2003, is equally inconclusive regarding whether PRSP implementation was as much as it could have been, given financing. The following aspects of the analysis are highlighted:
- While the presence of a number of PRSP-related sub-sectors in the ‘winners’ category is positive, it is not clear that top-down priority to PRSP activities drove this outcome – it is more likely to be the result of non-PRSP disbursements in the sectors, and the cost-dynamics in Health and Education which would have disproportionately benefited from the April 2003 salary and housing allowance increases.
 - The major spending decisions the GRZ took in the 2003 fiscal year, which accelerated the negative fiscal impact of the drought-related spending pressures in 2002, were not PRSP-driven. Even in agriculture, which benefited from decisions as illustrated in the table above, the intervention funded by the increased disbursements, fertiliser subsidies, is not a PRSP strategy.
 - In addition, it is only in the Administrative Services sector that more sub-sectors received equal or more funding in real terms in 2003 compared to 2001 – bar judicial and legal services where PRSP interventions were identified in the Governance PRSP Pillar, this sector is not a PRSP priority.
41. On the other hand, however, the question needs to be asked whether the GRZ, even if it did take PRSP-driven spending decisions, would have been able to fund PRSP activities better. With other words, did the GRZ have the public expenditure management tools at hand to shift expenditure allocations to any significant degree within the period under review, thereby enabling better funding and better implementation of the PRSP. To a large degree, disbursements are driven by the underlying cost structure of government: within the cash budgeting system a large proportion of available cash is absorbed as a matter of routine by recurrent (and largely rigid in the short term) costs. In order to reduce cost or shift the distribution of cost regarding these items to make space for new policy interventions, government must have, in addition to the will to do so,
- a spending decision making system that allows for a balance between technical advice and political involvement;
 - a medium term resource and expenditure framework in order to devise feasible strategies to shift expenditure balances within available resources;
 - sufficient information on cost drivers in government to be able to calculate the affordability of new policy decisions affecting the underlying cost structure (such as salary increases);

⁸ It should be noted that the disbursement to the Transport and Communication Sector in 2001 is higher than in either 2000 or 2002. The drastic reduction between 2001 and 2003 can therefore at least be explained partly on account of 2001 having been abnormally high. However, the disbursement in 2003 still show a severe reduction in real terms against either 2000 or 2002 (approximately at 65% of disbursements in these years).

- sufficiently robust budget execution systems to ensure that what is budgeted, is implemented.

42. Arguably Zambia had not one of these tools at its disposal in the period under review. While questions can be asked about whether major spending decisions in the period were made in the spirit of the PRSP, it is clear that even if allocative decisions were taken in the spirit of the PRSP in this period, the GRZ would not have been able to these decisions through to activities on the ground. The next section then examines what progress has been made with establishing the necessary institutions. Evidence on this front is more conclusive: broadly speaking Zambia has made significant progress in putting in place building blocks towards policy – and therefore PRSP -- efficacy.

Section III: Was there progress towards institutions conducive to PRSP implementation?

43. In line with the assessment framework discussed in Section I, this section examines the following aspects of PRSP management:

- Effective participation external domestic stakeholders
- Effective political involvement
- Effective Design
- Integration of the PRSP into national planning processes
- Effective national resource management systems
- Alignment between PRSP and decentralisation progress
- Effective monitoring and evaluation systems
- Effective donor coordination mechanisms

Effective participation of non-state domestic stakeholders

Good Participation in the drafting process

44. The Zambian PRSP was prepared in 2001, and adopted in May 2002. It was set out as a framework of poverty reduction activities in selected / prioritized sectors for the period 2002 to 2004. Box 1 provides a road map to the adoption of the Zambian PRSP 2002—2004.

Box 1: Road Map to Zambia's PRSP

Date	Action
Novr 1997	Ministry of Community Development and Social Services (MCDS) appointed to spearhead the preparation of a National Poverty Reduction Action Plan (NPRAP) after the President's commitment to reduce poverty levels to 50% by 2004.
May 1998	The National Poverty Reduction Strategy Framework prepared and endorsed by Cabinet.
Nov 1998	The draft NPRAP was presented at a national Consensus Building Workshop
Jan 2000	Revised NPRAP finalized awaiting Cabinet approval
June 2000	PRSP meeting officially launched at a stakeholders meeting
Jul 2000	Government of Zambia (GRZ) invites civil society to participate in the preparation of the PRSP through public Aid Memoir. The Civil Society for Poverty Reduction (CSPR) formed to coordinate civil society's inputs.
Dec 2000	An Interim PRSP (IPRSP) was approved by the IMF and the World Bank to enable Zambia to reach the HIPC decision point. NAPRAP not used as basis for IPRSP, causing concern that PRSP would be equally government-centric.
May 2001	Working Groups undertake provincial consultation. Full participation of civil society organisations improves confidence that process would participatory.
Jul 2001	CSPR launches the 'Poverty Reduction Strategy Paper for Zambia: A Civil Society Perspective'.
Sept 2001	Draft PRSP report
Oct 2001	National Summit to review draft PRSP held
Jan 2002	The Strategic and Operational Planning Unit created in the Planning and Economic Management Department of the Ministry of Finance and National Planning created to focus on the planning, implementing and monitoring the PRSP.
May 2002	The final PRSP presented to and approved by the IMF and World Bank boards. Final draft incorporated three quarters of civil society concerns raised after 1 st draft.

CSPR forms own consultative groups to address thematic issues and move away from what was seen as a 'sectoral' approach in government working groups. CSPR organises grassroots consultation as input into civil society process. A civil society poverty reduction strategy paper is drafted as an input, together with participation in government working groups, into national PRSP

CSPR organises national forum including 90 civil society organisations to produce consolidated reaction to PRSP 1st draft

Sources: Annex II.1, Chiwele et al, 2003; Bulwani, 2002; Seshamani, 2002.

Benefits include stronger civil society, better cooperation and national consensus

45. The growth in, improved organisation and capacity of and better access to government processes for civil society is an important positive outcome of this PRSP process. While not a sufficient condition, an informed, vocal, 'pro-active' and 'dynamic' civil society – as Zambian civil society post-PRSP has been described (Seshamani, 2002) -- is an important factor in building political commitment to PRSP implementation. In addition, a capacitated civil society broadens in-country capacity for policy development and implementation monitoring.
46. The Zambian PRSP drafting process was also somewhat successful in breaking down negative perceptions on both government and civil society side and in its place building a shared understanding of problems and consensus on the strategies to solve them.

“When the consultative process started, there were feelings of doubt in several quarters as to how effective and meaningful the government-civil society interaction would be... However, much of the above misgivings waned as the consultative process progressed. What was originally feared could turn into a game of one-upmanship between the Government and civil society in fact turned out to be a process of learning and mature appreciation of each others’ views. And whatever doubts may have remained with civil society were allayed when it discovered that the Government’s draft PRSP incorporated its suggestions to an appreciable extent.”

Seshamani, 2002, p16

This view was confirmed by interviewees on both sides during the assessment team’s research.

But earlier, broader and longer participation still required

47. The Joint Staff Assessment of the PRSP, while voicing criticisms on the comprehensiveness, targeting and level of prioritization of the proposed interventions, was very positive about the participative process that produced it. This view is largely shared by government, but not so widely by civil society. A KEPA-Zambia study in 2002 surveyed respondents from Government and civil society on the effectiveness of the process and found that 80% of Government respondents considered civil society to have been highly effective in the PRSP process, while only 44% of civil society respondents held this view about government. The main criticism was that government did not do well identifying stakeholders and involving the beneficiaries at grass roots level.
48. These criticisms were voiced frequently during the assessment team’s research. It is felt that the PRSP process followed “the tried Zambian formula of first deciding priorities based on top-down understanding, followed by perfunctory consultation on solutions already drafted”. Assessment Team visits to two provinces also brought views that it was mainly Lusaka-based civil society organisations that participated in the drafting process – more regional organisations were not heard.
49. Both the literature reviewed (Seshamani 2002, Bungile 2002, Mpepo, 2003) and interview responses also highlighted that participation was limited to input into the first draft, and the opportunity to react to it. The compilation and editing of the document itself – and therefore final decisions – were done by the technical secretariat, excluding civil society and other stakeholders.
50. The government-centric way in which the priority sectors for the PRSP were selected, could be seen as even more of an impediment to effective participation than the limited scope for participating in the selection of strategies within the selected sectors. When the PRSP was launched the intention was to use the NPRAP, which itself was the result of a broad consultative process. The NPRAP at a theme/sector level broadly maps to the PRSP as follows:

Table 12: Match between NPRAP and PRSP

NPRAP	PRSP
	Additional interventions towards macro-economic growth, including tourism, agriculture, mining
Efficient management of the Economy	Economic Governance aspects of the Governance sector
Sustainable economic growth (feeder roads; electrification & alternative energy; promotion of private sector marketing of inputs; informal sector interventions	Roads; Energy; Industry
Human resources development, including basic education, skills development and training, primary health care, rural access to water and sanitation,	Education and Health (both more developed in PRSP) Access to water and sanitation
Cross-cutting priorities, including HIV/Aids, Gender, Environment and Human rights	HIV/Aids, Gender, Environment
Urban development	Incomplete match to aspects of industry and infrastructure development
Targeted group interventions (social security nets), including providing a safety net for unemployed persons.	

When the working groups for the PRSP were launched, they were limited to eight groups, namely macro-economic, governance, industry, agriculture, tourism, mining, health and education. While the IPRSP did not mention the abandonment of social security nets as a main theme in the selection of PRSP priority sectors, it did highlight the likely addition of tourism, agriculture and mining. The CSPR responded to this work arrangement by embarking on a parallel formulation process which included sectors which had already been ‘prioritised out’. The expansion of the PRSP working process from the original eight Working Groups to include cross-cutting themes on HIV/Aids, Gender and the Environment, and the transport and communication, roads, energy and water and sanitation sectors was largely the result of pressure from civil society.

51. While the PRSP process was an improvement of previous government-centric policy formulation (through the inclusion of organised civil society in the drafting process) respondents said it would have been even more in the interest of policy effectiveness if the strategy itself were drafted after an extensive bottom-up consultation on the priorities of the proposed beneficiaries. It would not only have brought more legitimacy to the selection of voices to be heard (although civil society organising itself into the CSPR body mediated this common cross-country ‘legitimacy’ problem somewhat) and sectors to be addressed, but a more extensive sensitisation of the grassroots level on the PRSP would certainly have bolstered political commitment to its implementation: it is much easier for office holders to withhold funding from PRSP programmes if the broader electorate is not well aware of its commitment to do so (See Box 2 for a discussion on the Lesotho PRSP process, which was based on a thorough participatory poverty assessment).

Box 2: Lesotho: A bottom-up PRSP process

The preparation of a PRSP for Lesotho was based on a bottom-up consultation process with the population of Lesotho. While the full PRSP preparation process has taken nearly 4 years – within which considerable delay was caused by the sensitive 2002 general elections – it is producing a document which is not only owned by those who drafted it, but by government generally. One of the factors in this ownership is the high level of awareness and interest by the general population.

Planning for the PRSP started in 2000, with preparatory poverty diagnostic work and capacity building across government and civil society on the purposes of a PRSP. Before any choices were made regarding the process for, and organisation, structure and content of the PRSP an institutional structure was set up,

comprising three working groups -- a technical working group, a working group on consultations and a poverty monitoring working group – and a secretariat. Altogether 45 people served on the working groups from government, civil society and the development partners. The PRSP process as a whole is funded from a funding pool to which several development partners contribute.

The consultations working group had responsibility for organising a broad-based bottom-up consultation process. The first step was to produce a manual. This was followed by the selection of fieldworkers and their training. Altogether 300 people were trained in participatory rural assessment, including semi-structured interviews, social mapping, ranking and scaling, trend analysis and interpretive skills. The fieldworkers were then deployed in 40 teams of 6 persons and a supervisor. Each team was sent to five villages (a total of 200 villages visited) and spent three days in each village, sleeping in residential accommodation, eating with the villagers and holding ongoing discussions. Each team included representatives of government and of civil society and a statistician, who captured the information and wrote the report.

The consultations centered on a limited number of questions, which included:

- What is poverty?
- How does it manifest itself?
- What can be done?
- What messages do you want to send to policy makers?

The reports were subsequently collated and analysed in cooperation with the Statistical Bureau of Lesotho. Based on the frequency of responses issue areas were ranked. The priority ranking was:

1. Employment creation
2. Food security
3. Governance
4. Infrastructure
5. Health
6. Education
7. Environmental degradation and weather change
8. Public Service Delivery.

At this point a PRSP road show was held, with visits back to each of the districts for consultative meetings with representatives from the villages to verify the findings.

The Technical working group subsequently formulated the sector working groups. Rather than selecting specific sectors or issues on which to base working groups, the Lesotho process created a group for each functional area of government and a macro-economic group (which is now a permanent feature in government). The groups worked for two months to produce position papers. A retreat was held with the 45 people on the initial groups and any additional working group members to synthesise the position papers and participatory findings and develop a log frame of interventions. The zero draft was produced out of this process in October 2003.

These were subsequently collated into a joined-up document by the secretariat, which is in the process of being finalised. However, government already started allocating to PRSP priorities in the 2003/4 and 2004/5 budget process. One of the mechanisms used is that no new projects are backed by the Ministry of Finance and Development Planning unless it is in the PRSP.

The PRSP process was not entirely smooth though. One of the biggest difficulties was getting consistent quality of inputs to the working groups, and having a stable core of trained staff on the secretariat, of the original 17 members who were trained intensively, none is left.

(Source: Interviews with Lesotho PRSP process participants)

52. In addition there are signs that the acceptance of a role for civil society in policy development through a PRSP process may not extend to the political level of government. In his inaugural address in 2002 Pres Mwanawasa questioned the legitimacy and integrity of NGO leadership, a view that was repeated by another government official in the 2002 Consultative Group meeting. Should these views be representative, they may affect the political level ownership of the PRSP (see section below on political participation).

Participation weak in implementation and monitoring

53. The strongest criticism of the opportunities for participation however is on account of its ‘episodic’ rather than ‘continuous’ nature, particularly after completion of the PRSP document (being locked out of the technical committee is also seen as part of this trend). Until recently civil society has been mostly locked out of prioritisation processes for implementing the PRSP, as well as from official monitoring processes.
- Given the lower than expected availability of funds for PRSP implementation, programmes were selected for funding from the document through a MoFNP process that did not make use of the structures set up to formulate the PRSP. Until recently, monitoring too has proceeded without the identification of a role for the structures and civil society (bar the official involvement of the HIPC monitoring team in tracking PRP expenditures, see below).
 - Recently, however, the MoFNP has re-activated the PRSP Working Groups to take up a more active role in on-going PRSP processes, including prioritisation and monitoring. The Working Groups are to assist the MoFNP in identifying programmes within their sectors that are priorities for funding, and fit into evolving national monitoring and evaluation framework (see section on Monitoring and Evaluation below). Such an active role in allocation and monitoring (but not implementation), in line with the role of the MoFNP, strikes a good balance between involvement in deciding priorities and being able to hold the implementers accountable for the results achieved. Deeper involvement in implementation through government expenditure activities, would compromise the ability of the working groups (and civil society) to hold implementing agencies to account.
54. The participatory monitoring exercise mounted by the CSPR (and detailed above) is a good example of the value civil society initiatives can add.
55. Civil society has not blown the proverbial political whistle on lack of implementation so far, but is (perhaps wisely as long as the quality of access to decision-making processes is not guaranteed) rather choosing to remain cooperative, acknowledging the complexity of the policy and public management environment within which the PRSP was to be implemented. The concern that progress towards a better position from which to start implementing directly pro-poor PRSP programmes is too slow (on account of lack of political will) is likely to influence how civil society goes about the participation business in a second PRSP round.

Conclusion

56. Participation processes in the first round of the PRSP was sufficiently strong to
- Contribute to the growth of an informed and vocal civil society, improving the quality of the national policy debate and enhancing the probability of accountability for implementation by government.
 - Improve cooperation between civil society and government within the PRSP framework, thereby augmenting national capacity for policy formulation and establishing a national consensus on priorities and strategies.
57. In future rounds of the PRSP participation processes would be significantly enhanced, if
- i. Formulation of the PRSP is pre-ceded by a broad-based poverty and priority assessment process similar to the Lesotho (and Ugandan) example (see Box 2). This would bring more legitimacy to the choice of priorities in the PRSP on the one hand, and would strengthen political commitment to their continued priority in the face of other expenditure pressures.
 - ii. If participation processes and mechanisms are continuous and institutionalised, from planning through to monitoring and evaluation.

Effective political involvement

PRSP institutions themselves a determining factor of political will for implementation

58. Zambia is plagued by a history of ineffective use of resources. A recent study on some of the factors that have underpinned past performance and that affect future prospects, suggested that patrimonial politics, factionalism and short-term thinking have dominated for decades the allocation of surpluses in the economy, and the management of the state. It states that:

...those with power and influence in Zambia cannot be counted on to do enough to meet the challenges of pro-poor change – enhancing broad-based economic growth, improving access to markets, services and assets, empowering citizens and strengthening safety nets.”

(Duncan et al, 2003, p v)

59. Interviewees across the board shared this concern as regards the implementation of the PRSP. While all recognise that political will is a necessary condition for PRSP implementation, there is broad consensus that in Zambia it should not be taken for granted. These views implicitly understand political will as an independent variable that is largely exogenous. This understanding is neither particularly helpful for the formulation of subsequent PRSPs, nor necessarily correct. As Duncan et al puts it:

“Development and poverty reduction can be more effectively achieved to the extent that changes can be brought about in the incentives and restraints that govern the behaviour of those with power and influence”

(Duncan et al, 2003, p v)

In this understanding, political will is seen as an endogenous variable, a factor of the incentives and constraints on decision-makers and therefore interdependent with other variables within the overall system for developing and implementing a national policy like the PRSP. This means that how the PRSP is developed, where it is placed in the national process of resource allocation and use, and how this process itself operates become key co-determinants of whether the tough decisions necessary to implement it, will be taken and seen through.

60. Two PRSP-specific factors that can contribute to a shift in the incentives and constraints affecting decision-making, have already been discussed above: the growth of a vocal, well-informed pressure group as a positive contribution and the lack of wider involvement of the electorate as a negative.

61. Other systemic factors are discussed in more details in further sections of the report, particularly the various factors contributing to improved formal administrative and ultimately political accountability overall (such as the budget process, improved transparency through improved financial management systems; the role of the Auditor General etc). This section however, particularly focuses on political involvement in PRSP decision-making as a contributing factor to political will for implementation and internal to the PRSP system itself. Two levels of political involvement are considered: that of the Cabinet and of Members of Parliament. In the case of the former political involvement has been limited and in the second, non-existent.

Involvement of Cabinet and Parliament in PRSP too weak

62. The development of the NPRAP and the PRSP was driven by Chiluba Cabinets. Involvement of the Mwanawasa administration so far came through formal approval of an already developed plan within the context of its being a condition for approval of a PRGF and for reaching the HIPC completion point. Subsequently the Mwanawasa administration produced the Transitional National Development Plan (TNDP) as a development framework, including the PRSP, whole-scale. Given arrangements for the implementation of the PRSP, there is limited further involvement of Cabinet, except insofar the PRSP is a factor in Cabinet's involvement with

resource allocation decisions. With other words, there is a degree of political distance between the current administration and the PRSP. Several interviewees pointed to this distance as a critical factor in the waning of the PRSP as the driving force on the policy horizon despite the ‘heat’ that surrounded its formulation.

63. This distance could develop on account of

- ii. weaknesses in the conceptualisation of the PRSP and therefore in its placement within the national decision-making processes,
- iii. the limited scope in decision-making for systematic national decision-making processes themselves on account of the overall Constitutional framework that places the balance of power in the hands of the President.

These factors present a double bind for PRSP implementation: firstly, it is not linked particularly strongly to the formal resource-allocation process and secondly, this process itself ultimately is subjected largely to power at the centre of government, a centre whose commitment to the PRSP currently is not the result of owing the decisions made within it, and therefore potentially weak.

64. The involvement of Parliament in the PRSP is largely non-existent. An earlier workshop was held with the previous Parliament to discuss the PRSP. However, a stand-off developed subsequently after Members (MPs) were not invited to join the Working Groups. The CSPP has attempted workshops with MPs to sensitise Parliament to the PRSP and introduce it is a factor in Parliament’s oversight responsibilities, but has reported that the results of the workshop was disappointing: their inputs were met with great resistance.

65. This ‘stand-off’ is a major fault line in the PRSP process in terms of long-term sustainability. Notwithstanding its effectiveness – which is improving (Duncan et al, 2003) -- in the Zambian system Parliament is a key domestic accountability institution: excluding Parliament from PRSP processes not only reduces their potential to be effective in terms of oversight generally, but lessens the staying power of the PRSP itself when it comes to resource allocation and use.

66. Parliament has two functions in the management of national resources: firstly it gets to approve the budget (and therefore has a say in the allocation of resources) and secondly, it gets to scrutinise implementation of the budget. Parliament is indeed showing signs of revival on both these fronts, possibly on account of recent improvements in its committee processes, including opening them up to the public. Just during the period of research the newspapers carried articles daily of Parliament questioning resource use decisions and naming public officials who did not follow regulations in approving payments. With the new Activity Based Budget format, parliamentarians for the first time in 2004 were provided with an accessible base on which to question the allocation of resources before passing the budget resulting amongst other in the reallocation of funds from the President’s Office travel budget to more directly poverty alleviating programmes.

67. The PRSP can benefit over time from such oversight diligence on both fronts. Firstly, more stringent oversight over budget implementation could lead to more adherence to the budget management principle of authoritativeness (ie that funds are only to be spent with the necessary authority) and ultimately to budget credibility. This in itself would strengthen the PRSP implementation even in the absence of particular parliamentary ownership of the document, insofar the PRSP is linked into the national budget proposed to Parliament. However and secondly, should parliamentarians take more ownership of the PRSP itself, oversight over reaching optimal pro-PRSP allocative efficiency could contribute significantly to PRSP implementation, and scrutiny of its financing during implementation would gain momentum.

68. Parliamentary ownership of the PRSP would be strengthened by more involvement of Parliamentarians in the PRSP formulation process in the first place, and of course, by more involvement of their constituents directly, which would act as an incentive for Parliamentarians to follow up on implementation. In turn, Parliament as an institution would be strengthened, by the exposure of its members to the in-depth discussion of policy matters. In linking the PRSP to Parliament, the committee system should be used to shadow PRSP development and implementation.

Conclusion

69. This analysis highlight the following critical factors in ensuring better implementation of future PRSPs:
- The importance of the current constitutional review to bring about a better balance of power, shifting resource allocation in practice from centralised short-term ad-hoc decision-making into a more systematic, predictable and medium term game
 - The importance of designing into decision-making around the PRSP continuous involvement and ownership by national Cabinet.
 - The importance of designing into decision-making around the PRSP continuous involvement and ownership by Parliament.

Effective PRSP design

70. An effective PRSP is one that is designed well, ie that addresses the most critical aspects of poverty in a way that makes implementation feasible. This implies that (i) its conceptualisation within national policy development, resource allocation and public management is clear and enabling, (ii) that it is formulated in a way that builds ownership, (iii) the balance that is struck within the strategy between comprehensiveness and prioritisation is correct and (iv) the way it is structured within that balance enables accountability for results achieved during implementation, alternatively that subsequent processes exist that clearly establishes that accountability. We consider each of these aspects separately.

Conceptualisation of the PRSP

71. The PRSP's position within national policy development, resource allocation and public management is murky: a function of practice and different actors' sometimes conflicting perceptions rather than of a considered and clear statement subsequently put into effect.
72. From the IPRSP to the PRSP itself several statements have been made regarding its link to other processes and how it is to be implemented. These are fairly consistent: the PRSP is not seen as independent from other public planning instruments and processes. It is seen as a medium development framework, linked to a long-term vision (Vision 2025), and five-year plans, operationalised through the medium term expenditure framework (MTEF) and the annual budget. Pages 132 and 133 of the PRSP document sets out these relationships, in a narrative and schematically. However, it is not sufficiently clear, particularly as regards exactly how the PRSP fits in so that it will drive resource prioritisation and implementation clearly. More particularly,
- To what degree is the PRSP "the nation's medium term development framework" given that it is competing with the Transitional National Development Plan (and subsequent Five-Year National Development Plans)? Where are the boundaries between these concepts: is it a horizontal one, as is often presented, namely that the PRSP equals those parts of the TNDP/NDPs that are concerned with poverty reduction? Or is it more vertical:

is the TNDP/NDP more long-term and broader, and the PRSP more frequently updated and more prioritised? Or is it a combination of these two?

- Where does the PRSP stop and where does the MTEF and national budget process begin, particularly in relation to the PRSP's position relative to the TNDP/NDPs? If the PRSP is a more frequently updated, more prioritised poverty-specific sub-set of the TNDP, how does it differ from strategy-setting within the MTEF and budget process? Is it more specifically that the PRSP provides a prioritised menu of new policy actions that are required whereas the MTEF and budget concerns both new policy actions and the on-going cost of government?
- In that case, where does the PRSP stop and the public investment programme begin? Is the latter particularly concerned with the capital expenditure sub-set of spending, whereas the PRSP can also include new policy proposals regarding recurrent expenditures? In that case, is the PIP contained within the PRSP, or is it possible to have projects in the PIP which are not also in the PRSP?
- And, even if their conceptual boundaries are clear, how does the sequencing and alignment of these plans work in practice? If five-year plans are for five years, and the PRSP for three years, and the MTEF and budget an annual rolling process with forward ceilings, how are their cycles to be reconciled so that any one point public decision-makers don't sit with two or more documents within which they need to (and can) justify their decisions? What is the best formulation for the PRSP: should it be a static plan that is rolled over every three years, or should it roll over on an annual basis with the budget?
- Or is the answer that the PRSP is primarily an instrument to ensure and drive donor resources, including debt relief? While it is therefore linked to the TNDP/NDP and the budget, its main purpose that separates it from these instruments, is that it is required for debt relief and ensures and programmes the on-going flow of donor resources. Its conceptualisation is therefore not an ex ante, integral part of the national planning system, but rather and ex post, added measure, which needs to be fitted in.

These are the type of issues that require clarity in the mind of decision-makers, from Cabinet right down to decision-makers in line ministries at district level, and of external stakeholders including those with formal oversight responsibilities, such as Parliament.

Ownership of the PRSP

73. Linked to these issues is of course the degree of national ownership in the PRSP: a clear, strong conceptualisation of the PRSP that places it at the heart of government is both a function of and an input into ownership. The consensus is that in Zambia, due to the quality of participation during formulation, domestic ownership of the Strategy is high. That consensus however needs to be challenged: ownership may be better than in other countries, but that does not mean that it is sufficient to ensure effectiveness as a policy instrument. Also, ownership amongst non-state actors who participated in the formulation may be high (as a consequence of that participation). However, within the GRZ ownership, and outside of Lusaka ownership is less certain. The political aspects of that have already been discussed above. At an administrative level, several authors (Seshamani, 2002; Liebenthal 2003) have concurred that ownership and even knowledge of the PRSP is not as broad as it could / should be.

74. The PRSP's status as a donor driven instrument is often given as a driving factor in the slow implementation. Whatever the validity of the statement, it is symptomatic of a lack of broad and broadly perceived ownership: both necessary conditions for implementation. This lack is partly the result of poor process: the whole-scale replacement of the NPRAP by the PRSP and the opacity of the reasons behind the replacement despite earlier statements that they will be linked, have together missed out on an opportunity to imbed the PRSP in an existing nationally driven

process (as happened in Uganda and arguably a success factor behind the subsequent imbedding of the Poverty Eradication Action Plan in the MTEF and budget, leading towards progressive implementation). It has also alienated some parts of government, particularly the Ministry of Social Services and Community Development. Perhaps the lesson to be taken forward into subsequent PRSP rounds is that the technocratic quality of the output needs to be balanced with the need to manage the process by which it is achieved, if it is to be implemented.

Planning approach and structure of the PRSP

75. In order to be effective PRSP must be both comprehensive, ie include all that needs to be addressed given the nature of poverty in a country in order not to necessitate subsequent additions outside of the policy instrument on the one hand, but also sufficiently inclusive to act as a credible development framework related to available resources. It also needs to be prioritised, ie the planning needs to be resource-constrained in order to be strategic and not a mere wish list postponing the real trade-offs. There is various ways in which the tension between comprehensiveness and prioritisation can be managed (see Box 3).

Box 3: Managing tension between comprehensiveness and prioritisation in PRSPs

A PRS present a comprehensive and coherent approach to poverty alleviation. However, as a plan it is only strategic insofar as it makes real choices, rather than list everything that needs to be done. Finding the right balance between being comprehensive and being strategic and prioritised, needs to be thought through at a country level when the PRSP is conceptualised. What a PRS is, is also dependent on how it links into country specific planning instruments. The following approaches can be taken:

- Firstly the PRSP document can include all sectors but require sectors to construct a plausible link between their strategic policy proposals and poverty reduction. In that way all government action can be oriented maximally towards poverty reduction, particularly if a further resource allocation rule is that only new proposals that link to the PRS will be funded. The cost of this approach however, is that the PRSP may lose focus and coherence. All of government activities can be related to poverty reduction, the real question is which are the most urgent activities to undertake in preference to other that may also have a poverty-reducing aspect, but are less urgent or less effective.
- The other, and more common, approach is to pre-select sectors and to develop strategies within those sectors that can be linked to poverty reduction. While this approach has the benefit of immediate prioritisation, it may be less strategic. The sum of strategic actions within sectors does not necessarily add up to an overall strategic approach to poverty reduction. And prioritisation of sectors may not be sufficient. It also makes it very difficult to distinguish where the PRSP ends and other more sector-driven strategic planning instruments begin, such as the budget and sector strategies: does the PRSP decide policy for those sectors that are included while others compete through the budget process? Or does the PRSP list all that needs to happen in strategic sectors, leaving choice within those to the budget process. In either case, the result is less than optimal. Finally, it makes the location of the PRSP within a macro-economic framework less valuable: if there are other sectors whose priorities need to be funded within the fiscal framework, the framework presented in the PRSP may carry less weight. It also means that the PRSP is less likely to be implemented: it is not an overall development framework, just a particular basket of sector strategies which compete for funding against other baskets.
- The third possible approach is to make the PRSP not sector-based, but to develop a strategy that is based on themes addressing the most urgent aspects of poverty in a country (ie Employment and economic empowerment; social safety nets; human resource development; community safety; rural development, improved state performance, to name a few.) Within each of the themes the strategy would then develop the required interventions, which is likely to be multi-sectoral. The benefit of this approach is that it opens the door for other sectors to get a look-in, even if small, that it emphasises coherence between sectors and that it makes the separation between the PRSP and the MTEF/budget and sector strategies easier to conceptualise and therefore manage. Its draw-back is that accountability is less clear -- in such a case the MTEF/budget process becomes critical in mapping sector/line ministry proposals to the PRSP.
- The fourth approach is to manage the trade-off not within the document as such, but through the process by which it is derived. To illustrate: while the PRSP document may arrange interventions by

sector, for accountability and convenience, the process may have been theme-based, with working groups address specific issues, deriving sector-based interventions.

The latter two approaches are likely to be superior: while there is often disagreement as to how to solve problems amongst the various potential contributors to a PRSP process, there is usually more agreement as to what the problems are (unemployment, low capability, disempowerment etc). An ex ante decision to only focus on specific sectors limits debate as to solutions and precludes the contributions of sectors that are usually not seen as pro-poor, resulting in poorer policy. Also, poverty issues rarely fit cleanly into one sector: PRSP development by sector is therefore far too institution-based and foregoes a good opportunity to develop cross-sectoral and institutional linkages. And, finally, a PRSP that already plans by sector is much more difficult to fit into other similarly focused national planning instruments.

76. In order to deliver a policy document that is focused yet comprehensive – a necessary effort given the pervasive nature of poverty in Zambia -- the Zambian PRSP struck a bargain between using pre-selected sectors and a theme-based approach (the second and third approach discussed in Box 3). While there are broad themes (economic growth, social sector, infra-structure and governance) the development was sector-based. However, the consequence of this approach is that the cross-sector issues were lost (eg social security nets), although some were picked up on account of civil society concerns regarding the sector-basis for development; that a broader development plan was required to bring some strategic direction to sectors that are not as directly linked to poverty; and that the position of the PRSP related to other instruments is murky.
77. In preparing for the next PRSP, it would be important to review the experience of PRSP 2002 to 2004 in this regard. A PRSP that is theme-based would make it much easier to locate the PRSP within other national planning processes: it would be easier to distinguish it from the budget and sector strategies. It would also open the door for all sectors to formulate their policies within a PRSP framework, making it a more credible resource framework, without relinquishing prioritisation of specific issues. It would however need to be based within a robust MTEF/budget process, which map accountability for specific outputs within the PRSP framework explicitly to specific ministries, departments and agencies.

Conclusion

78. The implementation of the current PRSP, indeed its status, is plagued by a number of questions which relate directly to how it is conceptualised and how its design is structured. Weaknesses are that its status relating to other instruments is weak, that ownership should/can be broader if the development process is amended, and that in striking the balance between comprehensiveness and prioritisation it ended up being not sufficiently comprehensive, nor sufficiently prioritised.
79. The preparation for the next PRSP therefore needs to
- Start with a debate on what a PRSP is, and the implication of its status / purpose for how it is developed and how it fits into other planning instruments and into the management of public resources (see further sections below for further discussion of the latter).
 - Have broad participation in the clarification of the concept of a PRSP in the Zambian context, from both non-state domestic actors and from donors. Given high aid-dependency, the HIPC process and donor coordination efforts, in addition to locating the PRSP within domestic policy process, a right balance also needs to be struck between domestic ownership and donor requirements. However, the development of a clearer concept of the PRSP needs to be firmly located within government, in order to ensure that it is implemented.
 - Strike a better balance between comprehensiveness and prioritisation both in the final document and in the process. The sector-basis for developing the PRSP is not sufficiently

- robust. While the previous PRSP clearly must have included a period of top-down theme-based thinking that resulted in the eight sector working groups, its further development through such groups delimited at a too early a stage what the content of the PRSP would be. To put it differently: it would be useful in future if the participation door is thrown open before the selection of relevant sectors and the selection of the sectors should come much later in the debate – the comprehensiveness value should be given a little more playtime.
- The possibility of separating planning institutions from monitoring and evaluation institutions needs to be considered – this is discussed in more detail below.

80. In all of these it is of critical importance that the PRSP is not viewed as a policy document; on their own policy documents have very little meaning or effect. It is only when they are located within a broader process of policy development, implementation, monitoring and evaluation that they become valuable. Similarly, the PRSP should instead be primarily conceptualised as a process, with the Paper itself being a stage, albeit critical, within that process. While it remains very important how the document is structured, for clarity, implementation and accountability, it is even more important that as a whole, the process is sufficient to address poverty reduction. The first stage of the next PRSP round, therefore, should focus not on designing the document, but on designing the Poverty Reduction Strategy Process, with the document being an output of it.

Linking the PRSP effectively to national planning and budgeting processes and monitoring its implementation

81. In section II above, the severely limited progress with implementing the PRSP was highlighted. In this section (Section III) so far we have examined issues pertaining to the design and development process of the PRSP as they impacted on the implementation of the current PRSP. The remainder of this section deals with issues regarding broader public management processes and capabilities that impact on the GRZ's ability to implement the PRSP. As said in section I, PRSPs, being policy documents, are only likely to be implemented and implemented well if there exists instruments in Government to systematically
- Link the PRSP to on-going policy development and funding;
 - Link policy to budgets, ie work out the revenue/expenditure implications of policies within a overall resource availability framework, make trade-offs between competing policies, and reprioritise expenditure to create fiscal room for new higher priority expenditures
 - Link budgets to actual expenditure, ie having a budget that links the PRSP to expenditure allocations is insufficient. These allocations have to translate in actual expenditures. Necessary arrangements for this are amongst other strong legal frameworks, commitment controls, accounting capacity and practices, early accurate reporting and strong oversight and accountability institutions, including internal and external audit and parliament.
 - Monitors and evaluates policy efficacy, ie on the one hand policy implementation and on the other hand, the effectiveness of policies so that smaller adjustments can be made sooner.
82. The Public Financial Management and Financial Accountability Programme document (GRZ, 2004) provides summary list of main weaknesses in these systems that would impede implementation:
- Predominantly manual public sector financial management systems with insufficient integration between various parts of the system processes and weak internal controls.
 - A lack of tools for economic planning and management

- Weak linkages between economic and social policy and the budget
- Large discrepancies between planned and actual expenditure
- Weak, unsystematic, unpredictable and inadequate release of funds, thereby impeding service delivery and undermining planning and contributing the large discrepancies between planning and actual expenditure
- Inadequate strategy for debt management and control, resulting in accumulation of both domestic and external debt; in addition to overall weak treasury management
- Lack of human and institutional capacity for internal audit
- Severe incompatibilities and weaknesses in legal framework for financial management
- Weak Public sector procurement oversight and control
- Under-resourced Auditor General, with too little independence from the executive
- Limited mandates of the Estimates and the Public Accounts Committees in Parliament, thereby weakening oversight.

83. Given these issues what is funded in Zambia are not necessarily the stated medium term public priorities, such as the PRSP, but rather what makes the strongest demand on availability of resources on an ad-hoc and short-term basis, namely on-going cost of government or in-year expenditure decisions. The problem is therefore three fold: (i) the link between the PRSP and other planning and policy development processes is weak, (ii) the link between these processes and the budget is weak, as is the link between the PRSP and the budget directly and (iii) the link between the budget and actual expenditures are also weak.

Link between PRSP and national planning instruments

84. The paragraphs above have already paid some attention to the need to clarify the role of the PRSP in relation to the TNDP/NDP and the MTEF/budget processes. There is recognition of this in the MoFNP and the expectation is that clarification will happen within the preparation for the next round of the PRSP and the implementation of the PEMFA programme.

85. The lack of clear further planning modalities generally does not mean that no progress is evident on the development of an institutional link to the processes of government ministries, departments and agencies. Currently the PRSP is linked to national planning processes in three ways, all of which should be seen as progress over the pre-PRSP state of affairs⁹:

- At a national level the PRP expenditure category funds HIPC expenditures, and has been allocated in 2002 and 2003 largely to PRSP identified priorities. A weakness here is that the basis for that allocation was not grounded in the budget process, ensuring contestability of policy. Rather, it was decided within the MoFNP which programmes should be selected from within the PRSP.
- At a sectoral level the PRSP has been imbedded in sector strategies, where they exist. As regards health, the strategy existed prior to the PRSP, and was subsumed in the PRSP. In education, a full scale sector wide strategy was developed after the PRSP, and reflects strongly PRSP priorities. This is partly the result of the basic education investment programme BESSIP, which was in place prior to the PRSP, and taken up into it. In agriculture, a sector strategy document was developed recently, and is tied to the PRSP.

⁹ The PRSP was linked by many interviewees to a revival of planning in Zambia. The National Commission for Development Planning was abolished in 1991, signalling a long period in which development planning did not receive much attention. This left government without a medium term programme within which to determine priorities for implementation, fragmented policy implementation across sectors, no central framework around which to coordinate donors, if it wanted to; no organ to oversee cross-cutting programmes and coordinate across levels of government and a budget process de-linked from high level development goals (Seshamani 2002).

- At a regional and district level, through the Zamsif capacity building for development programme, progress has been made with linking the PRSP to regional and district development plans through the offices of the provincial and district planners and the provincial and district development coordination committees (PDCCs and DDCCs). The functions of these bodies are in line with the decentralisation strategy (see section below on linkage between decentralisation and the PRSP). The Zamsif programme has been focused on building capacity at this level for decentralised district rapid poverty assessments, identification of needs, the development of corresponding district development strategies and implementation plans. In the Copperbelt province, one of the provinces visited by the assessment team, the PDCCs and DDCCs were operative, but the scope of their activities were largely constrained by lack of resources. However, it was the intention of the provincial planner to build the capacity of district planners to link their district plans, to the priorities expressed in the PRSP. In the Southern Province, this process has developed further, partly through the support of GTZ. Districts have already done rapid poverty assessments, a situational analysis and developed corresponding plans. These plans are done within the structure of the PRSP, linked to the monitoring framework, and identifying and prioritising district-specific needs linked to the programmes identified.

86. The weakness at this point is rather linked to insufficient institutionalised planning mechanisms within an annual planning and budgeting cycle. Where such mechanisms have been created and institutionalised, they are linked to the PRSP. However, in general, particularly at a national level where resource allocation power is still concentrated, they are not yet sufficiently robust and institutionalised.

87. Recently the GRZ has re-instituted the PRSP working groups to play a role in planning and monitoring. There is concern that they may be ineffective and is as yet not clearly linked to the annual planning and budgeting process. In order to establish a clearer link from planning to budgeting (and through the implementation) the Zambian process may benefit from the establishment of permanent, institutionalised MTEF/Budget planning and monitoring structures. That would allow the Working Groups set up to prepare the PRSP to change from iteration to iteration, depending on the themes that are chosen as the most critical to address in each instance. This would reduce the danger of the PRSP becoming incremental, with sector working groups having vested interests in continuing existing strategies and activities. The Working Groups may then comprise members from relevant sector MTEF/Strategic and Budget planning advisory groups, and would detail required sector interventions, negotiated in the process of PRSP formulation with the sector through their membership of the advisory groups. The permanent Sector Advisory Groups, including donors, would preside over the Sector Strategic Plan and its linkage to both the PRSP and the MTEF/Annual budget. In addition, these SAGs would be monitoring the implementation of policy in the sector, including the policies required under the PRSP.

The planning budgeting link and budgeting implementation link

88. When the PRSP was adopted in May 2002 the GRZ still operated without a medium term expenditure framework, linked to resource availability. The budget was done on an annual basis, on largely incremental spending plans, presented to the MoFNP in administrative and economic classification, and without a systematic mechanism to identify non priority activities (as against non-priority objects of expenditure [for example travel], the cutting of which affects priority and non-priority activities equally) that can be discontinued or slowed down to make fiscal room for new PRSP priority activities.

89. Government also had little systematic understanding of existing cost drivers, since, although these drove cash releases to a large extent during the fiscal year, the budget did not adequately reflect their impact. It lacked sufficient control over the aggregate level or distribution of expenditure, since although it controlled payments through cash releases, it did not control adequately commitments against budget or available cash. Nor did it receive good financial information in time to drive subsequent expenditure decisions: accounting systems were weak and internal reporting and control systems largely inoperative.

Box 4: Zambian good practice lessons from the Health and Education sectors

The health and education sectors provide mini-case studies of the kind of institutional arrangements required for successful implementation of the PRSP and have the following in common:

1 Strategic leadership

Interviews from within government, from the development partners and from civil society singled out good political and/or administrative leadership in management in both sectors as a key factor in their successful reforms.

2: Robust planning modalities

Both sectors have developed strategic plans which provide a three year vision of where the sector wants to be, and of the strategies it needs to undertake in order to achieve its medium term objectives.

3: Medium term budgeting

Both sectors operate on medium term resource frameworks linked to Sector Wide Approaches (SWAPs), within which resources are invested and allocated to priorities, with the required adjustment in on-going spending. Budgeting is closely linked to medium term strategic planning.

4: Strong institutional arrangements to ensure cooperation in setting plans and information exchange

Within the SWAP arrangement in each sector, the mechanisms for reviewing experience and for agreeing plans and funding had reinforced good sectoral planning, and provided for a well-organised exchange of information. The mechanisms operate at different levels, from between the ministry and donors, to between the ministry and provincial and district structures.

5: Donor coordination

Donor activities in the sectors are mostly coordinated and aligned with government policy priorities through the SWAP mechanism. In both sector donor support that takes place outside of the framework, has been found to be problematic (Liebenthal, 2003).

6: Monitoring and evaluation systems

Both sectors operate ongoing data collection tied to the management of the sector. Information is provided regularly to all stakeholders, and there are mechanisms to regularly, and jointly with all stakeholders, review progress against the targets set in the planning and budgeting systems.

6: Predictability of funding

Finally, in both sectors funding is more predictable, supporting realistic planning and predictable implementation.

90. It is unlikely that Government would have been able to implement the PRSP within these circumstances, even if it had the funds to do so. It is also likely that even if government had very well developed annual institutionalised planning systems, it would still have experienced implementation failure at the point of financing the plans. And it is precisely in these areas that some of most encouraging progress has been made. Since 2001/2002 government has:

- *Implemented the initial stages of a Medium Term Expenditure Framework* – a medium term fiscal framework is now prepared prior to the annual budget round and adopted by government. The further development of the framework to provide indicative expenditure ceilings for MDAs and operate fully as a medium term expenditure planning tool, and its

institutionalisation within the budget process has been set as a next stage in the PEMFA programme.

- *Recast the budget in an activity based format.* An activity-based budget (ABB) was introduced for the 2004 budget year (together with the MTEF), which is a major achievement. Research at line ministry and provincial level, while not covering all line ministries and districts, provided evidence of the depth of the exercise. Its effects could also be felt in the parliamentary discussions, where for the first time, the purposes of the expenditure became clear.
- *Allowed the 2004 budget to reflect the actual underlying cost structure of government* (the driving factor in huge shifts in allocations in many sectors between the 2003 and 2004 budget), a necessary step if any medium term strategies are to be devised to address the underlying constraints on policy efficacy, such as the public sector wage bill.
- *Required budget proposals to be submitted within the context of the PRSP.* In 2002 initial proposals were returned to line ministries on account of the fact that they did not adequately justify proposed spending in line with the PRSP. Of course, this link would only become fully valuable once more robust ministry level planning processes are put in place, and the budget as planned has a better chance of being executed.
- *Strengthened the link between the budget and the PRSP recently by systematically seeking out PRSP related activities in the Activity Based Budget, and coding them for tracking down the line.* This would mean that in future budgets a much more robust linking of the PRSP to the budget would be possible: the budget presentation documentation could include a table that shows what expenditure is on PRSP-related activities across the board, instead of just on PRP programmes.
- *Created a modelling and database unit* with the Planning and Economic management Department of the MoFNP, with the objective of developing and maintaining socio-economic models and socio-economic indicator databases. In terms of the PEMFA programme further work in this area will enhance the capacity of government to track the effects of government policy, assist policy advisors to prepare long term economic perspectives and development options and to identify feasible options within a macro-economic framework.
- *Done ongoing work on the retooling of the financial management system,* amongst other to reflect activity-based budget codes in order to implement budget controls on the new budget formats (the impact of this was felt in the Southern Province where officials are now adamant that an activity code must be included on a payment voucher before signing).
- *Initiated a commitment control system.*
- *Started to develop a quarterly cash allocation plan* that will be communicated to line ministries in order to smooth cash flow and allow for more predictability in cash releases.
- *Started looking at debt management more strategically.*
- *Produced Auditor General's reports more timeously.*
- *Took positive anti-corruption steps,* including the establishment of the National Movement Against Corruption and the Anti-Corruption Commission, high profile prosecution of individuals and sensitisation campaigns. There is a steady rise in complaints against public officials (315 in 2001, 836 complaints in 2002 and in the first 6 months of 2003, 439 complaints).
- *Instituted parliamentary reforms* to improve its oversight capacity, including reforming the committee system and opening up committee sitting to the public.

While these developments are not sufficient yet to establish a stable, predictable resource management system that delivers affordable, effective and efficient spending systematically, it

does provide the GRZ with improved resource management tools to implement the PRSP over what it had at its disposal in 2002.

91. The PEMFA programme sets out the most urgent next steps to sharpen these tools. These include, amongst other:
- Reform of the financial management framework. Currently this framework provides far too much flexibility in the management of public resources, allowing for example, expenditures to be authorised by Parliament months after the fact. If budget credibility is to be achieved, and through that planning discipline that can be linked to PRSP objectives, financial management legislation needs to be reviewed as a matter of urgency.
 - Further strengthening of the commitment control system, particularly through automation within a retooled FMS or the fully-fledged integrated financial management information system (IFMIS). Despite the introduction of a commitment control system, arrears did again increase in the 2002 and 3 budget years in the presence of enormous fiscal pressure (MoFNP, 2004b). This points to the need to further tighten control of arrears.
 - The development of improved information and modelling capacity to improve projections within the MTEF, and introduce further realism into government planning.
 - Improve the budget process: like elsewhere there is a danger that the development of MTEFs is overly focused on the production of good documentation, without a robust process that ensures ownership of the decisions, and therefore implementation. The involvement of political office holders early in the process and at key decision-making points throughout is one aspect of such a process.
 - Improve the budget structure, making it more comprehensive and enforcing the correct use of classification in the existing system.
 - Introduce more transparency into the budget process by improving budget presentation documentation, linking it annually to planned and actual PRSP implementation through the tagging of PRSP expenditures across the budget (whether PRPs or not) in the classification system.
 - Speed up the improved integration and comprehensiveness of donor expenditures in the MTEF, to smooth donor coordination and provide a more comprehensive picture and better accountability for PRSP implementation.
 - Improve internal and external audit procedures and capacity.
92. While progress in the wider public expenditure management systems is encouraging, other aspects that are less encouraging are the establishment of effective management structures to implement the PRSP and the establishment of a functional monitoring and evaluation system.

Management structures for implementing the PRSP

93. For the PRSP to be implemented successfully, a national, appropriately located management structure would have needed to be in place. The PRSP document itself planned for
- The overall coordination of the PRSP to rest with the MoFNP. The PEMD was targeted as the focal point for coordination, monitoring and evaluation, with other departments within the Ministry being involved as required.
 - The Poverty Reduction and Analysis unit was to be moved from Zamsif to the MoFNP in order to ensure the availability of good information and analysis, and strengthen planning functions.
 - The eight technical committees created during the PRSP preparation were to continue functioning, with a mandate that is linked to monitoring and to the HIPC monitoring committees.

- The PRSP would further be implemented through linking provincial and sectoral planning units to the PEMD, which would be required to establish inter-linkages under the coordination of the PEMD. The MoFNP would consolidate annually all planning information and present it as a consolidated budget linked to the PRSP.
- District planning units were also to be linked, and play a critical role in planning and monitoring of PRSP programmes.

94. A subsequent MoFNP document (MoFNP, 2003) provided for further details on how the link of the PRSP to ongoing national processes would be managed, namely through monthly reports to Cabinet on budget implementation and variances, quarterly Cabinet meetings to review progress on the ground with PRSP implementation, sectoral/thematic Advisory Groups and an annual green paper on budget policy options which would receive public discussion (as quoted in Liebenthal, 2003, p 7).
95. Many of these structures are in place: the PEMD is nominally the focal point for coordination; the Poverty Reduction and Analysis unit has nominally been moved from Zamsif (although physically still located in Zamsif); the eight technical committees have nominally been reconvened (although have not taken an effective role in the process); the district and provincial planning units are active in linking the PRSP to activities on the ground (although the coordinating unit was unaware of this). However, they are largely ineffective and their activities uncoordinated.
96. Reasons for this may be that the PEMD, while nominally the focal point for the PRSP, is understaffed and burdened with other tasks regarding the on-going business of government (for example, daily economic management). It was created by moving existing staff to new positions, rather than recruiting additional staff. In addition, it is not sufficiently highly placed to dictate to other departments within the MoFNP to coordinate their activities within a PRSP framework, nor is it sufficiently strongly placed to dictate to line ministries. The Budget Department still deals with line ministries and in any case, line ministries have long planned and implemented their programmes without strong coordination from the MoFNP. It is unlikely that the PEMD would now be in a position to take such a strong coordinating role, unless it is provided with additional capacity and receives very strong political backing.
97. The effect of its limited capacities in this regard can be seen in the slow progress towards a monitoring and evaluation framework, which is discussed in the next section.
98. In addition for the requirement of improved capacity for PRSP implementation and coordination at the centre of government, there is also a need to build up capacity at line ministry and provincial and district level for planning, implementation and monitoring of the PRSP. This needs to happen within the overall PSCAP process (including rightsizing the civil service), but possibly with the streamlining of PRSP specific capacities within that (as was done in Uganda where the institutional arrangements to implement, control and monitor Poverty Eradication Fund expenditures are more robust than for the rest of the budget, thereby focusing scarce capacity to plan and manage expenditures in the most critically pro-poor areas).

Monitoring and evaluating the PRSP

99. It is commonly accepted that a strong PRSP needs a strong monitoring and evaluation framework. Not only is it needed to ensure accountability for implementation and therefore implementation itself, but it is also needed to track the effectiveness of policy decisions towards the goal of poverty reduction. A monitoring and evaluation framework is of course not only the

selection of an integrated set of indicators by which progress can be monitored, but also the determination of a system of monitoring, including who will do the monitoring, to whom would they report, how will information be collected, and what will be done with the information that is collected, ie how would the feedback loops operate.

100. Right from the launch of the PRSP the weakness of the monitoring and evaluation framework was singled out for criticism. The consensus was that the monitoring and evaluation chapter was added as an afterthought, at a time when the authors were already worn out by the process; that the indicators selected were too many; that the hierarchy of indicators was not clear; and that the institutional framework for monitoring and evaluation was not sufficiently explicit.
101. While progress towards a fully-fledged, robust and feasible framework has been excruciatingly slow, particularly in the eyes of the development community which has emphasised the need for such a framework, the following signs of progress can be reported:
- *A refined indicator framework has been developed.* While the framework itself can be improved (it is not always direct to relate particularly the output indicators to the intervention areas) it provides a more manageable set of indicators.
 - *A government monitoring and evaluation unit has been created in the MoFNP.* This unit incorporates the Poverty Analysis and Monitoring unit. The unit has initiated a process whereby provincial monitoring teams will collect project data across all sectors in all districts across the country in order to build a database of ongoing projects.
 - *Simultaneously in the Southern Province a district level pilot project has been undertaken with the help of GTZ which uses district capacity to collect data against the refined indicator framework.*
 - *The HIPC monitoring activities are ongoing and may over time improve accountability on the ground for spending HIPC resources,* particularly if supported from the centre with follow-up activities. The assessment team studied two provincial reports provided by the team. While the information provided was highly detailed, and highly relevant, it was also clear that the role of the reports needs to be clarified, including who will consider them. The HIPC monitoring activities can be much more effective if it provides a more analytical report, and provides detail on the pace and quality of implementation to the relevant stakeholders, from communities through line ministries to the auditor general. However, it is of concern that the HIPC monitoring team reports a lack of support from government and incomplete implementation of the memorandum of understanding underlying its operations, linked to discomfort about the content of the reports.
 - *The PRSP Progress Report provides a revised institutional framework* for monitoring the PRSP, which gives a primary role to the Sector Advisory Groups and the PDCCs and DDCCs, but has the benefit of providing a bird's eye view of what the different elements of a monitoring system may be, including line ministry information. The institutional framework however is weak, particularly as regards clear linkages and the stipulation of roles and responsibilities, as the report itself acknowledges.
 - *The Central Statistical Office is developing a vision for the establishment of a monitoring and evaluation system for government,* which was based on a hierarchy of administrative and survey data and would maximise coverage at least cost.
102. However, several problems have appeared as regards these initiatives.
- First and foremost, *they are fragmented,* and not coordinated as separate aspects of a national monitoring and evaluation system, that are sequenced in their implementation in terms of urgency and feasibility. It is unclear where the final responsibility for

- monitoring the PRSP and therefore for coordinating these activities into a strategy towards a national monitoring system rests.
- *A clear road map towards an integrated national monitoring system is not in place.* Such a system would integrate ex ante data (for example on inputs) with annually available data on outputs (from the ongoing government monitoring systems) with periodically available data that is collected through large surveys, and allocate responsibility for collecting this data where it is most appropriate.
 - *All the initiatives so far ignore the good information that may be available through existing monitoring and evaluation systems in line ministries at national level.* Three of the main PRSP ministries, agriculture, education and health run more or less effective management information databases, which could be very effectively used to monitor 43% of the intended PRSP activities (as a % of the PRSP budget). At the very least some good practice lessons relative to Zambia can be learnt from how it is done within these ministries.
 - *It is not always clear that the refined indicator framework has chosen indicators for which the compiling data is readily available.* The Central Statistical Office (CSO) pointed out that there may be perfectly good alternative indicators for which data already exists, while for some of the indicators selected data may not be readily available. The pilot effort to collect this data at district level confirmed this.
 - *While the initiative to collect comprehensive information on projects may be a beneficial undertaking in the long-term, it would require massive on-going effort to keep the information up to date.* Although the project makes use of existing systems and human resources by locating the activities at a provincial level within the PDCC, the one province visited where the team was already constituted, highlighted the lack of other inputs (such as transport) at that level to make the system operational. In addition the initiative may be over ambitious in targeting not only state-operated projects, but all projects in a district, including those implemented by civil society from own funding.
 - *Similarly, a review of the pilot project in the Southern Province (Pain, 2004) found that the quality of the information collected is not particularly good,* either because the information is not available or amalgamated at a district level, or because the indicator itself was not sufficiently spelt out in the refined indicator framework to provide a guide for district officials as to what it is that they are supposed to collect, or because the capacity at district level is not sufficiently strong to understand what is required and collect the information. The review point out that while such an exercise is useful at a district level to improve the efficacy of planning (and will be very necessary if decentralisation is to proceed) it may not be the most useful or direct way of monitoring the PRSP.
 - *Finally, and probably most importantly, the use of the monitoring information has not been defined.* The proposed monthly variance reports and the quarterly Cabinet meetings to review progress on the ground with the PRSP have not taken off, nor has donor harmonisation (although progress is being made, see section below), which will link funding to the PRSP and to the common monitoring and evaluation framework. Therefore there is no internal demand for regular, comprehensive information on PRSP implementation. It is only recently, with the compilation of the PRSP progress report, that the GRZ itself realised how thin its systems are to monitor the PRSP, and how urgent it is to implement a comprehensive monitoring and evaluation framework (interview MOFNP).

103. For future rounds of the PRSP it is critical that the issue of a monitoring and evaluation framework, particularly as regards the institutional arrangements to manage it, is clarified within

the initial phases. The selection of indicators should be done hand-in-hand with the development of interventions, taking into account the problems that have already surfaced with the current refined indicator framework.

The PRSP and Decentralisation

104. The Decentralisation strategy spells out very well why decentralisation would be conducive to accelerated and more effective implementation of the PRSP. It mentions amongst other, issues of participation in priority setting, better information for policy development, improved accountability for services delivered etc. It sets a 10 year implementation framework and envisages the devolution of decision-making authority, functions and resources to the lowest level of with matching resources and the establishment of 4 levels of government, national, provincial, district and sub-district. If this be the case, clearly PRSP operationalisation similarly would need to be pushed down to the lowest levels.
105. However, the assessment team found that most respondents were uncertain were doubtful whether decentralisation would proceed much further in the foreseeable future, given the degree of centralisation of power currently in place. This raises the question whether the PRSP-related planning and monitoring mechanisms that are being put in place are fully in line with the practice of where decisions are made. In this regard the assessment team was concerned that a lot of effort is currently being put in to develop capacities at lower levels of government for PRSP-related planning and monitoring, while the capacity at central line ministry level, where most decisions are being made for the foreseeable future, is still severely limited.
106. In planning for future rounds of the PRSP, including the institutional arrangements governing its implementation, it would be as necessary to dovetail sequencing in the building of capacity for policy planning, implementation and monitoring with the reality of decentralisation, as to plan realistically for decentralisation.

The role of donors in PRSP implementation and Donor Harmonisation

107. The PRSP was never intended as a framework that would guide only GRZ development policy. It was as much intended to be framework within which donors would coordinate their activities with national policy priorities, thereby improving the effectiveness of aid and the overall achievement of national development goals.
108. However, such alignment is not simply a matter of framework development projects within the policy framework of the PRSP, although there has been some progress on that front too:
- At the post PRSP Consultative Group meeting, practically all the main donors have shown interest in funding programmes that are critical to poverty reduction: good governance, basic education, health and HIV/AIDS, water and sanitation, gender, environment and natural resource management, rural development and food security.
 - Various bilateral donors have pledged to provide support to many of the areas with which they are traditionally associated. For example, Germany would continue to fund Water, Ireland Basic Education and Water, Norway Agriculture, US and Japan Rural Development, and so on.
 - However, a number of donors saw the necessity to rethink their strategies and programmes of cooperation in the light of the PRSP. For instance, the Swedish Government has instructed the Swedish International Development Cooperation Agency (SIDA) to start the process to elaborate a proposal for a new strategy for development cooperation. The

instructions clearly indicate that the strategy must be based on the PRSP. In a similar vein, USAID too is formulating a new country strategy based on wide consultations with the Government, private sector, other donors, civil society and other. GTZ had embarked on a similar process that recently came to conclusion.

109. Alignment between the PRSP and development partner support is also a matter of
- aligning procedures in order to alleviate the compliance burden on the GRZ and its agencies
 - a matter of supporting the development of strong financial management systems at the core of government, rather than the development of separate systems which may produce better project-related results in the short term, but detract in the long-term from the development of capacity to manage the main budget
 - the provision of predictable and consistent financial support, to reduce the risk that development plans such as the PRSP, is disrupted because donor funding was discontinued, or did not disburse as planned
 - the need for improved communication between the donors and the GRZ, and the need for routine, quality information flows.
 - the need for more flexible funding at general budget level in the form of general budget support to support the implementation of a programme like the PRSP.
110. Progress to a set of institutional arrangements that can deliver on these objectives, and improve the institutional arrangements for implementing the PRSP through its direct and indirect effects, has been encouraging.
- The initiative to identify ways to enhance aid effectiveness and efficiency by increasing donor-coordination and harmonisation of procedures was started by a group of like-minded donors in 2002. A set of proposals were accepted including six monthly MoFNP PRSP meetings, quarterly donor meetings with a mutually agreed agenda emphasising the PRSP, HIPC and PEM; donor coordination meetings chaired by the UN Resident Coordinator to coordinate donor input into the quarterly meetings, and thematic or sector working groups chaired by the relevant permanent secretary to coordinate donor and GRZ activities within a sector.
 - However, by July 2003 it had become clear that the new arrangements were not yet working well and a Harmonisation in Practice (HIP) initiative was proposed that would do so around five principles: that the leadership and guidance for donor coordination need to come from the GRZ, the need for commitment to civil service reform, including pay reform, the need for public financial management reform and the need to commit to the PRSP as a basis for strategic planning and poverty monitoring and the need to commit to sector wide approaches and possibly to direct budget support linked to the PRSP. In addition the HIP donors agreed to develop common procedures and requirements.
 - A HIP secretariat was established in July 2003 within the Economic and Technical Cooperation Department of the MoFNP, with a mandate to develop an aid policy for Zambia, and later to draft a memorandum of understanding between a set of signatory donors and the GRZ regarding donor harmonisation.
 - Subsequently, in April 2004 the MOU was signed, which set out principles, processes and procedures for donor coordination and harmonisation (see Box 5).

Box 5: Principles, processes and procedures for donor coordination and harmonisation in Zambia

Principles

- The alignment of development assistance with the PRSP.
- The alignment with government systems such as the budget (where those provide reasonable assurances)
- The addressing of institutional capacity limitations together with the GRZ
- The reduction of transaction costs for the GRZ
- Delegated cooperation amongst donors at a country level ('silent partnerships')
- Improvement of information sharing
- Further refinement of the division of labour based on the PRSP themes and set out in the comprehensive development framework.

Processes

- The PRSP/TNDP as an overall framework for national planning, priorities and interventions for development and poverty reduction
- Monitoring and tracking of progress in the PRSP through sectoral and thematic advisory groups, and an annual progress report.
- Improving information on and the integration of assistance into the MTEF as part of ensuring a transparent, accountable, comprehensive, predictable and consultative budget process

Public Sector reforms

- In the public expenditure management and procurement systems
- Rationalisation of roles, functions, size and cost of the public sector to improve service delivery
- Restoration of integrity in the public service.

Procedures

- The development of structures for promoting and strengthening development coordination and harmonisation in alignment with the PRSP.
- Development of Aid policy that will provide guidelines and procedures to govern coordination and harmonisation.

111. While it is early days yet, and while the achievement of harmonisation of procedures is easier said than done, the progress that has been made is encouraging. Liebenthal, however provides a good overview of issues that would need to be addressed if donor harmonisation is to be successful:

- There are capacity gaps in the GRZ and in donors to carry out the coordination. Amongst other, the organisation of the ETC would need to move from providing one-on-one coordination with individual donors, to provide capacity for coordinating multiple groups of donors, including the capacity to coordinate policy dialogue, organisation of donor roles in government procedures, harmonisation of procedures and the coordination of other government departments.
- The need for more planning and budgeting capacity at line ministry level (as is discussed above in the context of the PRSP).
- So far the policy dialogue have been marked by formality and distance 'rather than by substance and a sense of shared purpose' (Liebenthal, 2003, 7). If the policy dialogue is to be more effective, it needs to move from formalised statements to effective dialogue. This requires the creation of 'safe' forums where difficult issues can be tackled within a process towards finding a common solution.
- The alignment of donor coordination mechanisms with ongoing mechanisms to implement the PRSP, amongst other by building the time table for meetings around the annual PRSP/budget cycle.

112. As regards the PRSP, it is of critical importance that the structures set up to implement donor harmonisation, are also the structures set up to improve the strategic content of the MTEF/budget, and to implement the PRSP within that context. A proliferation of structures at sector level is likely only to create confusion, and a weakening of the incentive that one

structure may have provided, for participation and information provision. While it is part of the current planning for donor harmonisation to streamline structures and procedures pertaining to it, with the structures and procedures of the PRSP, it is important also to integrate it fully with the structures for annual budget planning and monitoring.

Section 4: Conclusion

Summary Findings

113. If the PRSP is seen merely as the document (and resulting programme) that was adopted in May 2002, implementation must be judged as highly disappointing bar the success in health and education (arguably mostly donor-driven) and some activities being done through the PRPs.
114. However, if the introduction of a PRSP is seen as the start of a dynamic process, through which the orientation of funding, management and service delivery in Zambia is increasingly pro-poor and more accountable, the progress has to be acknowledged that
- government made towards building the necessary instruments to re-allocate its resources and implement more pro-poor programmes,
 - government made as regards the growth of an enabling environment for improved economic governance through increased participation and voice,
 - civil society made in organizing itself and growing its capacity to utilize that new space.
- Whether GRZ will allow these instruments to mature *and* use them or whether the increased space for local voice will be sufficient pressure for that to happen, remain to be seen.
115. Not all the instruments that are required have received sufficient attention though. Given the progress that was made in other areas, namely the development of improved public expenditure and public financial management instruments, the lack of progress on an effective monitoring and evaluation system for PRSP implementation is particularly of concern. On a broader front, progress with some of the more difficult systemic reforms (civil service reforms, decentralisation) is also slow.

Issues for future iterations of the PRSP

116. The following aspects emerged from the report that should be taken into account by all stakeholders as Zambia enters the preparation of a second PRSP.
- 1: **The importance of a comprehensive monitoring and evaluation system:** The sketchy details in this report and in the PRPS progress report on which funds have been spent where in relation to the PRSP, highlights the need to have frequent, reliable and comprehensive information available in understandable formats for all stakeholders to be kept up to speed with PRSP implementation. The PRSP monitoring and evaluation framework should have a clear institutional base, with clear allocation of roles and responsibilities, coordinated to maximise existing information across government and with a strategy to fill the gaps over time, have a clear purpose for the information, one that provides a strong enough incentive for it actually to be collected (such as quarterly report to Cabinet and parliament), have a predictable publication schedule, integrated into the annual budget cycle, which would provide the most crucial information to enable monitoring.
- 2: **The importance of urgent further improvements in the modelling capacity at the MoFNP,** to improve forecasting of the impact of policy decisions on fiscal balances. While such capacity is not a sufficient condition for responsible fiscal policy, it is certainly a necessary one. The other aspect in this regard, is the need to institutionalise the Medium Term Expenditure Framework within the annual budget process, and make it count, through an improved process that would include the necessary transparency interventions.

3: **The need to accelerate and align donor harmonisation structures**, so that donor funding can become more predictable and provide additional incentives to comply with PRSP/budget related procedures.

4: **The need to look carefully at the process of PRSP design, and the conceptualisation of the strategy** itself. This includes

- The need to further enhance the quality of participation in PRSP formulation, both in terms of scope and depth, in order to not only improve the selection of priorities, but bolster political commitment to the Strategy.
- The need to then institutionalise participation, so that it is not sporadic, but rather continuous and progressive.
- The need to clarify the conceptualisation and status of the PRSP as against other national policy and planning instruments, and to clearly map out its alignment in time and scope with these instruments before embarking on a subsequent round.
- The need to pay overall attention to how subsequent PRSPs are to be developed in order to broaden ownership within and outside of government.
- The need to strike a better balance between comprehensiveness and prioritisation, by not limiting the development of the PRSP to certain sectors only, but rather to use the most critical poverty-related themes to organise the PRSP preparation process.
- The need to formulate the PRSP with due regard for implementation feasibility and accountability, and within it, the possibility that while the groups formulating the PRSP may change with each iteration given changing circumstances, the Sector Advisory Groups which monitor the PRSP is more sector based and permanent, and operate in a wider context than just the PRSP, namely as donor harmonisation groups and as Sector Groups within the budget process, with responsibility for linking the PRSP to the budget.

5: **The need to involve both Cabinet and Parliament in decision-making** over and within the PRSP, and to involve both in routine monitoring of the PRSP.

6: **The importance of the Constitutional Review** for the systematisation of political commitment to the PRSP.

12: **The need to create more robust, consistent national sector/line ministry planning mechanisms** that will operationalise the PRSP (NDP) at sector/line ministry level, and enable it to link to the budget. These may be institutionalised through the Sector Advisory Groups.

13: **The need to proceed with the reforms proposed under the PEMFA programme** as capitalisation on the progress already made, including the imbedding of the MTEF in the annual budget process, further development of the ABB, transparency around the PRSP in budget documentation etc.

14: **The need to provide a strong, appropriately located and capacitated coordination point for PRSP development, implementation and monitoring.** Currently activities in this regard is too episodic and fragmented.

15: **The need of a sequenced roll-out of capacity development for PRSP operationalisation** in line ministries and sub-national structures in a way that would focus efforts first where they are likely to have the largest effect in the short to medium term. This would include aligning PRSP capacity building efforts with where decisions are being made as regards the bulk of resources.

Annex 1: Terms of Reference

TERMS OF REFERENCE

ASSESSING THE DESIGN, PROCESS AND ACHIEVEMENTS OF ZAMBIA'S POVERTY REDUCTION STRATEGY PAPER

Context – Zambia Poverty and Vulnerability Assessment (PVA)

The World Bank is initiating a Poverty and Vulnerability Assessment (PVA) for Zambia in order to update the last poverty assessment completed in the mid-1990s. The PVA will revisit the question of what constitutes poverty in Zambia – what are its multiple dimensions, how has it changed over time, and what are the key challenges that Zambia faces in reducing poverty and promoting greater security. The PVA will build on experiences of the 1990s, with particular focus on increasing poverty levels, downward mobility and the impact of repeated shocks on different dimensions of welfare. It takes as a starting point the multi-dimensional characterization of poverty captured in the Millennium Development Goals (MDGs) and reflected in Zambia's own PRSP.

The Assessment will be done in three parts:

- 1 An overview and assessment of Zambia's poverty reduction strategy, drawing on the PRSP, assessments by GRZ and civil society and the JSA, and an evaluation of what progress has been made in implementing the strategy.
- 2 An assessment of levels and trends in poverty and other key welfare indicators (MDGs); an update of the profile of the poor and other vulnerable groups, and a diagnostic of key factors linked to poverty and vulnerability.
- 3 A selective analysis of pro-poor policies and thematic concerns, with the aim of determining how well Zambia's strategy for poverty reduction and recent efforts at implementation address the needs of the poor.

This study contributes to the **first and third** parts of the PVA process.

The PVA will be done with full engagement of various stakeholders in Zambia, including government, research institutes, civil society, and development partners, and build on and facilitate the growing debate – led by a consortium of NGOs, including faith-based groups – about poverty in general and the potential and actual difficulties of GRZ in honouring commitments made in the PRSP.

Assessment of Zambia's PRSP – Design, Process, and Implementation

Zambia's current strategy for poverty reduction strategy is described in the PRSP, which was finalized in May, 2002 and covers the period 2002 to 2004. A new PRSP is planned for 2005. The PRSP is framed around three broad pillars: promoting economic growth and diversification; improving the delivery of basic services, with particular focus on health and education; and reducing corruption and improving the effectiveness of the public sector. Cross-cutting issues include HIV/AIDS, gender, and the environment. The Joint Staff Assessment (prepared by the

World Bank and IMF, March, 2002) noted that, while the strategy was broadly appropriate, the program lacked prioritisation and specificity in many areas, including clarity on the integration of cross-cutting measures. Moreover, insufficient attention was given to managing risks and protecting poor and vulnerable groups.

The PRSP design process was reported to have been multi-sectoral and highly participatory: a range of stakeholders were included in working groups set up to prepare the PRSP and negotiate the program. The level of participation is reported not to have been continued through to PRSP implementation, monitoring and evaluation. Moreover, there is a widespread view (e.g. held by many academics, civil society and church groups, as well as some of the Ministries responsible for implementing the program, and international partners) that implementation is falling short of stated intentions and targets.

Scope of Work

The aim of this assessment is to take stock of the PRSP process in order to improve the understanding of what has been done, why and how. The assessment will identify and highlight positive aspects as well as the gaps in the design, implementation, financing, monitoring and evaluation processes in order to recommend to government the future direction of Zambia's current PRSP and the PRSP planned for 2005. The assessment will seek to complement and not duplicate the work done under the World Bank Joint Staff Appraisal (JSA).

The assessment will first review the work to date in terms of the PRSP itself, related literature, studies, reviews and other documents. This review will highlight good practice as well as areas of further investigation and dialogue.

The assessment will then select relevant institutions at various levels (national, provincial and district) for in depth discussion that would address the identified gaps and solicit opinion on the process of the PRSP. The institutions may include civil society, government ministries/departments, provincial and district level authorities and interest groups.

Finally the draft findings would be presented to the PVA workshop in May for comment and further input.

The work would involve three stages:

1 Desk Review of Work to Date

Overview of PRSP evaluations and assessments of PRSPs in other selected countries – identifying the main lessons learnt and issues related to the process, implementation, monitoring and impact on poverty.

Consider the terms of reference for the JSA and agree with the World Bank on how to complement its work.

Review:

- reports (if any) on the process of the PRSP design;

- the Zambian PRSP document itself, its design and strategic objectives and implementation plan, and identify areas of actual or potential success and gaps;
- 2003 and 2004 budgets – relate the budgetary allocations to the PRSP priorities;
- Mid Term Expenditure Review and identify positive gains and prioritise areas for potential improvement;
- the GRZ Annual Review as well as the Civil Society Poverty Reduction reviews and identify key issues;
- a selection of critical policies and cross reference these with PRSP priorities and identify where policy supports PRSP and where it does not;
- other relevant papers that give a variety of viewpoints on various stages of implementation of the PRSP – including implementation, financing, monitoring and evaluation. The review will attempt to collate impact assessments or evaluations completed by any of the PRSP strategies.

The output of this part of the assessment will be a short document that summarises the areas of success of the Zambian PRSP and those for further improvement. These might be prioritised.

2 Dialogue on PRSP Process

- Using the output of the desk review, the assessment team will select a sample of critical stakeholders in government, civil society, and development partners. An in depth discussion on the positive aspects of the PRSP as well as some of the identified gaps will be facilitated, looking at what has actually transpired during the first 12 months of PRSP implementation and to what extent the strategy as laid out in the PRSP is being implemented. Stakeholders – government, traditional and civil society, and cooperating partners - at national, provincial and district level will be interviewed and their opinions sought.
- The assessment will also discuss the monitoring and information systems which have or have not been put in place, assessing how these are used, by whom and how they may be improved. This part of the assessment will also attempt to evaluate the balance of the implementation progress and discuss how these priorities are agreed. The critical barriers to implementation will also be identified and discussed.

3 Presentation to the PVA workshop

The key findings will be presented and discussed at the ZAMSIF/MoFNP poverty workshop in May 2004. Stakeholders at this workshop will discuss and agree recommendations. The final report will be prepared by June 15th, 2004 which will include the agreed recommendations.

Team Composition

Two consultants will under take the study. The lead consultant will have relevant expertise from the Africa region and be familiar with PRSPs in Africa and poverty reduction issues more broadly. The second consultant (Facilitator) will be familiar with Zambia and the Zambian PRSP in order to facilitate the process of review.

Terms of Reference for Lead Consultant and Schedule of Activities

The lead consultant will take leadership of the review following the scope of work outlined above, in particular:

Undertake the desk review	6 days
Facilitate discussions and interviews with main multi sector stakeholders in government, key cooperating partners and civil society organisations	6 days
Facilitate round table discussion with key stakeholders on issues, constraints, and opportunities	2 days
Produce a first draft based on findings from desk review and dialogue, by the 15 th April 2004	6 days
Share the first draft with DFID and the World Bank and address any comments	3 days
Prepare presentation and present findings to the PVA meeting in May 2004	5 days
Address and incorporate any issues in the final report. Final report to be complete by June 15 th 2004	3 days
Total Consultant Days	31 days

Facilitator

The facilitator will be from within DFID, have good knowledge and experience of Zambia and will generally support the lead consultant, in particular:

Assist in sourcing the materials for the desk review and assist in desk review	6 days
Identify main multi sector stakeholders in government, key cooperating partners and civil society organisations for in depth interviews and participate in the dialogue	6 days
Assist in facilitating the round table discussion	2 days
Assist in preparation of presentation for PVA meeting and input to draft report	2 days
Input to the main report.	2 days
Total Consultant Days	18 days

Plan of Work and Schedule of Activities

It is anticipated that the work will start on the 17th March and will complete at the end of June 2004. The lead consultant is expected to be in Zambia for fourteen days between 17th March and 1st April 2004 and will be also expected to return to Zambia for 2-3 days to present the findings to the PVA

meeting in May. A draft report will be presented to DFID and the World Bank by the middle of April 2004. Final revisions will be made based on comments and suggestions from the workshop and the final report submitted by June 15th, 2004.

DFID Zambia. 5 March 2004

Annex 2: Match between PRP implementation and PRSP policy areas

(All amounts shown in nominal K million)

1. Macro-economic framework			
PRSP AREA	Expected Outputs¹⁰	PRP Activities funded	Amounts spent
Promotion of local and foreign investment and national savings, including development of the capital market	Institution established for sustainable long-term credit Loan issues One-stop investment shop HIPC completion point Effective trade dispute institution	No progress reported	
Restructuring of Government Departments	Level of Domestic arrears reduced Overall expenditure patterns reflect priorities of PRSP Actual expenditure on PRSP priorities	Domestic arrears increased See section 2.2 in this report	
Stable macro-economic environment	Level of government interest rates fixed		
Summary			
PRP PRSP releases with uses accounted for in Progress report			0
PRP released with no clear relation to PRSP planned activities			0
Additional releases reported			0
Total PRP PRSP releases			0

¹⁰ The Expected outputs are taken from the PRSP Appendix two tables, refined by the indicators. Where the PRP activities funded did not match the expected activities as indicated by the indicators, the assessment team referred back to the Appendix tables to assign the PRP activities against a PRSP area. Where no match could be made, the PRP activity was classified as 'Use of PRP funds not clearly related to PRSP activities, reported at the end of each sector table.

2 Agriculture and Food Security

PRP releases with PRSP purpose			
PRSP AREA	Expected Outputs	PRP Activities funded	Amounts spent
Promotion of commercial agriculture	Outgrower schemes supported Outgrowers trained Entrepreneurs and farmer groups supported Training for high value products Credit providers	Coffee, cotton, tobacco outgrower schemes	5000
Land and infrastructure development	Farm blocks developed Irrigation schemes Livestock support infrastructure Feeder roads	Irrigation development and dam construction	1880
		Community based projects through RIF, for fishponds, boreholes etc	5000
		Identification of suitable land and land advocacy programmes	600
		Resettlement programmes through PRP releases to provincial administrations	1650
		Beekeeping programmes	150
Technology development and provision of agricultural extension services	New breeds and crop varieties released Extension services Livestock vaccinated Farmers trained in nutrition and food processing	Animal production programme	200
		Animal disease control programme	3000
		Training of farmers in dairy, sheep and goat production	
		Seed supply system and provision of Agro-forestry seedlings	100
Targeted support system for food security	Households supported with food relief ratios and input packs	Procurement of donkeys and rotavators ¹¹	150
		Urban food for Assets	
		Input packs	3900
		Disaster relief	15000
Uses of PRP funds not clearly related to PRSP activities			
Rehabilitation of agricultural colleges			1500
Summary			
PRP PRSP releases with uses accounted for in Progress report			34 830
PRP released with no clear relation to PRSP planned activities			1 500
Additional releases reported			34 030

¹¹ It should be noted that the PRSP supported the 'promotion' of animal draught power, not the actual purchase of the inputs.

Total PRP PRSP releases	70 360
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3 Mining

PRP releases with PRSP purpose			
PRSP AREA	Expected Outputs	PRP Activities funded	Amounts spent
Development of large scale mines	Infrastructure (rail, road) for opening up new large scale mining areas		
Small scale mining sub-sector development	Plant hire schemes; Gemstone exchange Revolving fund; HIV/Aids awareness campaigns	Progress towards Gemstone exchange: feasibility study done, exchange still to be established	1 000
Summary			
PRP PRSP releases with uses accounted for in Progress report			1000
PRP released with no clear relation to PRSP planned activities			0
Additional releases reported			0
Total PRP PRSP releases			1 000

4 Tourism

PRP releases with PRSP purpose			
PRSP AREA	Expected Outputs	PRP Activities funded	Amounts spent
Infrastructure in tourism areas	Access and national parks roads upgraded Aerodromes with relevance for tourism	Mosi-o-Tunya road rehabilitated	1000
Tourism marketing and promotion	Public relation campaigns for tourism New and unique products introduced	Creation of tourism development credit facility Promotion and marketing of tourism programmes	5900
Promotion of investment in tourism sector	Investment promotion campaigns Tourism Fund Credit Training		
Community participation in wildlife conservation	Game management areas developed		
Summary			
PRP PRSP releases with uses accounted for in Progress report			6900
PRP released with no clear relation to PRSP planned activities			0
Additional releases reported			0
Total PRP PRSP releases			6900

5 INDUSTRY

PRP releases with PRSP purpose			
PRSP AREA	Expected Outputs	PRP Activities funded	Amounts released
Promotion of domestic and foreign investment in manufacturing	Promotion campaigns Establishment of industrial parks	Export Processing Zones Investment opportunities identification programme	850 39
Improvements of industrial skills and craftsmanship	Reintroduction of two apprenticeship schemes Training of artisans		
Developmetn and improvement of operations of MSME	MSME training centres; Training for entrepreneurs receiving training in business management and technical skills; Training of women entrepreneurs	Small Enterprise Development Board for skills, training and sensitisation, acquisition of equipment, renovations, monitoring and networking, marketing support services and consultancy	199
		Future Search Project (job search seminars; entrepreneurship development; counselling for displaced workers)	500
		Micro-credit schemes and training of entrepreneurs under PUSH programme	100 ¹²
Rural-based industrial enterprises	Rural food processing enterprises		
Summary			
PRP PRSP releases with uses accounted for in Progress report			1688
PRP released with no clear relation to PRSP planned activities			23400
Additional releases reported			0
Total PRP PRSP releases			25088

¹² Please note this is estimation of allocation under PUSH programme.

6 ENERGY

PRP releases with PRSP purpose			
PRSP AREA	Expected Outputs	PRP Activities funded	Amounts
Electricity access for rural and urban areas	Electricity to rural households Electricity to urban households Targeting of women-headed households	Rural electrification projects	5000
Promotion of use of alternative energy resources and reduction in dependency on fuelwood	Campaigns on fuelwood Pilot schemes for alternative energy sources Solar applications in rural schools and health centres		
Electricity exports	New hydropower schemes		
Supply and efficient use of petroleum	Management of strategic reserves		
Summary			
PRP PRSP releases with uses accounted for in Progress report			5000
PRP released with no clear relation to PRSP planned activities			0
Additional releases reported			0
Total PRP PRSP releases			5000

7 TRANSPORT AND COMMUNICATION

PRP releases with PRSP purpose			
PRSP AREA	Expected Outputs	PRP Activities funded	Amounts
Railway links	Maintenance, rehabilitation and construction of rail links		
Waterways	Waterways and canals Harbours rehabilitated, constructed and maintained Establishment of rescue coordination centres	Canals rehabilitated	970
Civil Aviation	Airports, airstrips, aerodromes constructed, rehabilitated maintained		
Telecommunication	Fixed line network expanded Usage of mobile networks increased Internet providers facilitated Increased coverage of telephone services		
Roads			
Road construction, rehabilitation and maintenance	Tarred, paved and unpaved roads rehabilitated constructed, maintained	Road construction, maintenance, clearing of drainages and culverts and procurement of machinery spare parts	16110
Bridges constructed, rehabilitated and maintained	Pontoons replaced by bridges Bridges constructed, rehabilitated	PUSH programme (community self-help) Rural roads (through PRP releases to Provinces)	100 18199
Intermediate means of transport	Donkeys, oxcarts, bicycles procured and distributed Artisans trained in intermediate means of transport		
Summary			
PRP PRSP releases with uses accounted for in Progress report			17180
PRP released with no clear relation to PRSP planned activities			
Additional releases reported			38990
Total PRP PRSP releases			56170

8 WATER AND SANITATION

PRP releases with PRSP purpose			
PRSP AREA	Expected Outputs	PRP Activities funded	Amounts
Improved and sustained rural, peri-urban and urban water supply and sanitation	Boreholes, protected wells springs, water harvesting facilities provided Water treated Community managed water facilities Piped water supply to peri urban and urban areas Sanitary facilities provided Water and sanitation issues campaigns Increase technical staff in water and sanitation in districts	8 dams rehabilitated 153 boreholes completed Progress on 379 boreholes	5900
Increased access to surface water resources for domestic water supply and income generating activities	Dams constructed Weirs constructed Surface water facilities constructed for domestic water supply		
Summary			
PRP PRSP releases with uses accounted for in Progress report			5900
PRP released with no clear relation to PRSP planned activities			0
Additional releases reported			
Total PRP PRSP releases			5900

9 EDUCATION

PRP releases with PRSP purpose			
PRSP AREA	Expected Outputs (From PRSP document)	PRP Activities funded	Amounts
Basic Education	Rehabilitate, extend infrastructure and construct additional teachers' houses; construct and equip workshops; weekly boarding facilities; learning and teaching materials; science kits; library books; teacher development, deployment and compensation Enhance equity and gender; strengthen school health and nutrition programmes; curriculum development; capacity building and decentralisation; HIV/AIDS education	PWAS support to orphans, vulnerable children Progress report does not provide detailed information on use of released funds under PRP activities. HIPC monitoring team reports (available for 2 provinces only) show uses of HIPC funds for school building and rehabilitation of both primary and high schools, and the provision of teacher houses.	150
High School	Curriculum development; rehabilitated high schools; additional classrooms and teachers' houses; eleven new schools; 2 2ndary school TTCs, text books, libraries stocked, equipped rehabilitated and new laboratories; bursary scheme for vulnerably children; distance learning centres for teachers; train teachers; improved condition of service for teachers; school health and nutrition programme		
Functional Literacy	Base line study; literacy centres in schools, radio literacy programme; evening classes for adults; literacy materials; trained literacy instructor trainers and instructors		
Skills Training	Bursary scheme; skills training centres; women participants; short courses, apprenticeship schemes, master craftsman schemes, training schemes and in-service training; skills training instructors trained	PUSH programme skills training centres	200 ¹³
Tertiary education	Rehabilitate and expand UNZA, CBU; libraries stocked; colleges rehabilitated; ICT laboratories; long distance learning centres; bursary scheme for vulnerable students; strengthened science and technology research institutions; staff development programme, curriculum reviewed		
Summary			
PRP PRSP releases with uses accounted for in Progress report			350
PRP released with no clear relation to PRSP planned activities			0
Additional releases reported			13 200
Total PRP PRSP releases			13 550

¹³ Please note this is an estimation of what the allocation for this purpose under the PUSH programme may have been.

10 HEALTH AND NUTRITION

PRP releases with PRSP purpose			
PRSP AREA	Expected Outputs	PRP Activities funded	Amounts
Basic health care package	Package at district levels; implement communicable and non-communicable disease prevention programmes; implement integrated malaria control programme; purchase and distribute first line drugs for treatment; community health workers with drug kits; control programme for diarrhoeal diseases; routine vaccination programmes; micronutrients supplementary feeding programme; campaigns against measles; health education programme; cross0sectoral coordination; proper sanitary facilities	Purchase of drugs inclusive of ARVs Integrated Malaria control programme Campaign against measles PWAS	3500 13500 500 1000 150
Improvement of equitable access to health facilities	New health facilities; rehabilitation of existing health facilities; rationalised distribution of beds and cots in line with population; trained health practitioners; staff redistributed from 2ndary and tertiary care to primary; more health staff trained; community health innovation fund; community based health care	Rehabilitation of district and provincial hospitals	4100
Nutrition programmes	Advocacy; degree programme in nutrition; resource centre; nutrition IEC materials; nutrition safety nets promoted; code of breast milk substitutes; baby-friendly hospital initiative; community based activities; deworming; supplementation; guidelines on infant feeding, feeding guidelines for various groups; nutrition subjects in schools; seminars and workshops; nutrition guidelines on HIV/Aids; research.		
Summary			
PRP PRSP releases with uses accounted for in Progress report			22750
PRP released with no clear relation to PRSP planned activities			0
Additional releases reported			18200
Total PRP PRSP releases			63400

11 HIV/Aids

PRP releases with PRSP purpose			
PRSP AREA	Expected Outputs	PRP Activities funded	Amounts
Behavioural change	Multisectoral behavioural change campaigns	See release of drugs under basic health care package above, in addition Awareness campaigns, expansion of community-based care; Research on testing and treatment, training of school teachers.	13095
Improvement of the quality of life of people living with AIDS	Public health facilities provide ARVs Home-based care		
Support to orphans and vulnerable children	Scholarships for OVCs Free health care to OVCs		
Prevention of Mother to Child Transmission	Health facilities provide prevention of MTCT services		
Summary			
PRP PRSP releases with uses accounted for in Progress report			13095
PRP released with no clear relation to PRSP planned activities			0
Additional releases reported			0
Total PRP PRSP releases			13095¹⁴

12 ENVIRONMENT

PRP releases with PRSP purpose			
PRSP AREA	Expected Outputs	PRP Activities funded	Amounts
Environmental policy	National Environmental Policy Formulated		
Protection and management of natural resources	Legislation and regulation Enforcement of legislature Reforestation		
Environmental Impact Assessments	Environmental Impact assessment conducted		
Summary			
PRP PRSP releases with uses accounted for in Progress report			0
PRP released with no clear relation to PRSP planned activities			0
Additional releases reported			0
Total PRP PRSP releases			0

¹⁴ It is unclear from the progress report whether this number includes double counting of the funds released in Health for ARVs.

13 GENDER¹⁵

PRP releases with PRSP purpose			
PRSP AREA	Expected Outputs	PRP Activities funded	Amounts
Equitable access to and control of productive resources	Gender Policy implemented		
Equitable participation in decision-making processes	Capacity building and sensitisation		
Summary			
PRP PRSP releases with uses accounted for in Progress report			0
PRP released with no clear relation to PRSP planned activities			0
Additional releases reported			0
Total PRP PRSP releases			0

¹⁵ The PRSP progress report only makes reference to amounts released to the Gender I nDevelopment Division in the budget overall, but not specific PRP releases. It alludes to a 10.7% release to PRP programmes in the sector, but does not specify 10.7% of what. It is also not clear whether this refers to releases for gender related activities in other sectors.

14 GOVERNANCE

PRP releases with PRSP purpose			
PRSP AREA	Expected Outputs	PRP Activities funded	Amounts
Democratic decision making	Decentralisation policy developed and implemented Expunged office of District Administrator Electoral process Equal access to media coverage for political parties		
Efficient management of public resources	Budget control systems; MTEF; information from other stakeholders into budget; public expenditure reviews; presidential discretionary fund abolished; quarterly reporting; IFMIS; PRSP; equity programme; parliamentary reforms; support services to parliament		
Guaranteed justice for all citizens	Anti-corruption campaigns; improved systems for prosecution of corruption; disciplinary measures enforced; small claims court established; courts rehabilitated; dispute resolution mechanisms; Legal Aid Department strengthened, alternatives to incarceration implemented; prosecutors trained; human rights information centre; community policing	Anti-corruption commission Training of law enforcement officers by Human Rights Commission Vehicles repaired for community policing 27 courts rehabilitated; 33 magistrates sponsored to study	1300 375 100 ¹⁶ 1200
Uses of PRP funds not clearly related to PRSP activities			
Rehabilitation of police cells			1900
Boreholes at police stations			
Rehabilitation of prisons; boreholes at prisons			2700
Summary			
PRP PRSP releases with uses accounted for in Progress report			2975
PRP released with no clear relation to PRSP planned activities			4600
Additional releases reported			3522
Total PRP PRSP releases			11097

¹⁶ This represents an estimation of the amount used within the K2 000 million allocated to the police, which the PRSP Progress Report specifies as having been used for a purpose in line with the PRSP (repairs to vehicles for community policing).

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