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GOOD GOVERNANCE THROUGH TRANSPARENCY, ACCOUNTABILITY, AND IMPROVED SERVICES

Zambia Threshold Project Final Report

AUGUST 2008

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ZAMBIA THRESHOLD PROJECT / GARETH BENTLEY

Immigration officers review a completed work permit. With Zambia Threshold Project support, the Department of Immigration cut in half the waiting period for approval and delivery of work permits.

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A Plant Quarantine and Phytosanitary Service laboratory technician inspects jatropha seeds — whose oil is used to make soap or as fuel in special diesel engines — at the institution's headquarters in Mt. Makulu, near Lusaka. Its streamlined inspection and permit procedures are part of the new integrated border process, contributing to reduced transit times at Zambia's borders.

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FRONT COVER: Zambia's Anti-Corruption Commission spearheaded the successful Integrity Initiative, which helped create government Codes of Ethics and Customer Service Charters in key institutions.

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BACK COVER: Process improvements, automation, and staff accountability led to transparent and efficient delivery of approved work permits.

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An immigration officer verifies goods and personnel being loaded onto a cargo flight at Lusaka International Airport. To help ensure Zambian exports and imports are expedited, the immigration department has been working with the border management task force to speed processing of transport personnel.

ACRONYMS

ACC	Anti-Corruption Commission
ALAC	Advocacy and Legal Advice Centre
ASYCUDA	Automated System for Customs Data
BMTF	Border Management Task Force
CACP	Customs Accredited Client Program
CITS	Comprehensive Integrated Tariff System
DOI	Department of Immigration
GRZ	government of the Republic of Zambia
MDA	ministry, department, or agency
MOL	Ministry of Lands
PACRO	Patents and Companies Registration Office
PQPS	Plant Quarantine and Phytosanitary Service
TI-Z	Transparency International – Zambia
VAT	value-added tax
ZABS	Zambia Bureau of Standards
ZBF	Zambia Business Forum
ZIMS	Zambia Immigration Management System
ZRA	Zambia Revenue Authority
ZTP	Zambia Threshold Project



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TOP: Residents of the Ngombe Compound in Lusaka are entertained at an Anti-Corruption Commission community sensitization exercise. The ACC visits compounds to raise awareness of corruption and to hear from the public on how corruption is affecting them.

CENTER: A Lands Registry clerk easily locates a file in the Ministry of Lands' new compact filing system. Files in the MOL's three registries were sorted, and stacks of paper records — some dating from 1905 — were re-filed in new high-density filing compactors.

BOTTOM: Staff at the Zambia Export Growers Association packinghouse prepare corn for export. The Plant Quarantine and Phytosanitary Service was revamped, and brought services online to support Zambia's growing export economy.

OVERVIEW

Corruption has been part of the fabric of life of Zambians for years. Citizens often resort to bribing civil servants or intermediaries for normal government services or paying government officers not to enforce laws, rules, or regulations. Complicated and opaque procedures, “flexible” fees, unclear timelines, and little coordination among government ministries, departments, and agencies (MDAs) reinforce the perception of corruption even where it might not exist.

Such an environment discourages business and investment, increasing expenditure of time and money and potentially retarding economic growth. Public sector efficiency and accountability, on the other hand, create a climate that promotes private sector growth by making the country attractive for domestic entrepreneurs and foreign investors.

When President Levy Patrick Mwanawasa was elected in 2002, he pledged a zero-tolerance corruption policy, but after four years in office, the perception and the reality remained little changed. Therefore, under his direction and leadership, the government of the Republic of Zambia (GRZ) designed its Millennium Challenge Corporation Threshold Country Plan to tackle corruption in MDAs with the worst reputation — the Department of Immigration (DOI), Ministry of Lands (MOL), and Zambia Revenue Authority (ZRA) — and to strengthen the semi-autonomous Anti-Corruption Commission (ACC).

The GRZ entered into a \$22.7 million partnership agreement with the U.S. Agency for International Development, on behalf of the Millennium Challenge Corporation, to promote sound

PROJECT GOALS

Ruling Justly Component

- Promote greater transparency
- Minimize opportunities for corruption

Economic Freedom Component

- Reduce administrative barriers to business, investment, and border operations

economic governance and reduce administrative barriers to trade and investment. Through that agreement, the Zambia Threshold Project (ZTP) worked with 11 MDAs for two years to achieve — and exceed — every target the government set for the project.

PROJECT DESCRIPTION

As one of the poorest countries in Africa, Zambia needed to entice investors, not discourage them with overly complex, unclear procedures and perceptions of the widespread need to pay bribes. The project team worked in partnership with the GRZ to strengthen its anti-corruption efforts, streamline government processes to minimize barriers to business operations and reduce opportunities for corruption, and improve the efficiency of border operations — with the ultimate goal of fostering economic growth.

Activities fell under two components: Ruling Justly and Economic Freedom. Ruling Justly activities focused on building the GRZ's capacity to combat corruption, reducing the time to register property transfers at the MOL and decreasing public perception of corruption within the ZRA Customs Division. Economic Freedom focused on improving efficiency at Zambia's borders and creating a more investor-friendly business and investment climate.

Activities under these two components complemented each other. For example, by aiming to

reach a numerical target through centralizing business service delivery (Economic Freedom) and reducing opportunities for corruption (Ruling Justly), the project found that open-plan customer service centers were an effective way to achieve efficiency and accountability goals, as well as to increase transparency. Component activities also worked together to reduce opportunities for corruption, improve the business enabling environment, and bring a customer-service orientation to government.

The ZTP partnership also reflects the MCC's philosophy of supporting reform in countries with reasonably good governance by focusing on pilot operational and/or geographical areas, with the reforms replicated and subsequently rolled out using national and other donor resources.

The project supported the Anti-Corruption Commission in building and consolidating an institutional alliance of government and nongovernmental organizations against corruption and strengthening its ability to continue to lead the alliance after the project ended. This alliance includes MDAs, the Zambia Business Forum (ZBF), and Transparency International – Zambia (TI-Z).

The project team worked with each pilot MDA to devise improved processes, incorporating input from civil society and key private sector stakeholders. ZTP staff supported working groups at each MDA in mapping and

SUMMARY OF THE PILOT FOCUS OF ZTP ACTIVITIES

Agency	Component	Operational Focus	Geographical Focus
Zambia Revenue Authority	Ruling Justly Economic Freedom	Customs VAT	Customs at Chirundu, Lusaka, and Nakonde VAT in Lusaka
Anti-Corruption Commission	Ruling Justly	Corruption prevention	Lusaka
Department of Immigration	Ruling Justly	Corruption prevention Streamlined operations for entry/exit and permit review	Lusaka, Livingstone, Chirundu, and Nakonde
Ministry of Lands	Ruling Justly	Corruption prevention Streamlined operations for lease transfer, land allocation, and survey	Lusaka
Patents and Companies Registration Office	Economic Freedom	Streamlined operations for business registration	Lusaka, Ndola, and Livingstone
Zambia Bureau of Standards	Economic Freedom	Streamlined operations for setting standards and importing goods	Lusaka, Nakonde, and Chirundu
Plant Quarantine and Phytosanitary Service	Economic Freedom	Improved operations for exporting and importing goods	Lusaka, Nakonde, and Chirundu
Zambia Development Agency	Economic Freedom	Strengthened agency to better serve investors	Lusaka
Programme Management Unit of the Private Sector Development Reform Programme	Economic Freedom	Improved private sector oversight of government performance	Lusaka
Zambia Business Forum	Ruling Justly Economic Freedom	Corruption prevention	Lusaka
Transparency International – Zambia	Ruling Justly	Corruption prevention	Lusaka

improving existing processes, to clarify and shorten procedures. Where appropriate, ZTP introduced automated systems and new technology in tandem with the streamlined processes. Employees, many of whom had never used a computer, were taught computer skills and

trained to implement the new processes. Web sites and online processing were added as a way to further speed up processes and increase transparency. Customer feedback systems were designed to guide the MDAs on their performance and to suggest further improvements. Employees were

introduced to a new customer-focused approach to dealing with the public and the responsibilities that new attitude implies. Further, as the MDAs embraced the customer-focused attitude, they began working together to meet the commitments they made to improved service.

Communications played an integral role in project implementation — to ensure that those delivering the services understood and committed to the new standards and that their customers were aware of what was required of them and the level of service they could expect.

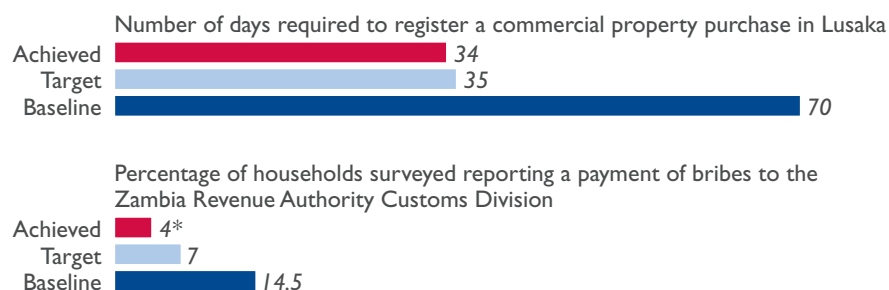
Once the processes were streamlined and fees and timelines were agreed on, brochures and signs covering details of the new procedures were prominently displayed in new or redesigned customer service centers. The news media were actively engaged in publicizing the changes and successes at each institution.

IMPACT

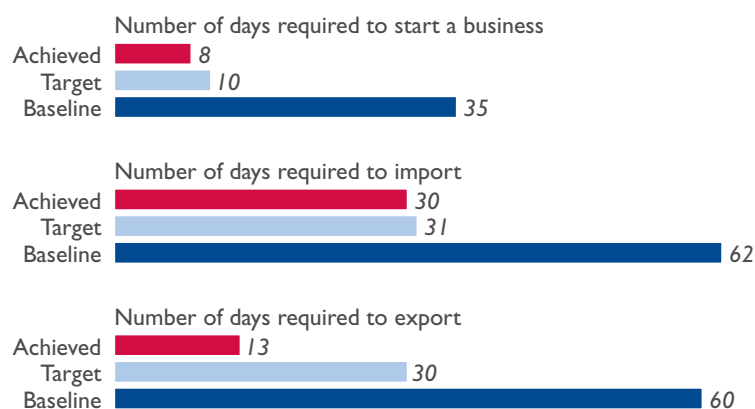
At the beginning of the project, the goals were seen as ambitious, but ZTP had a high impact in a short time frame. The project exceeded every target, and each partner accomplished more than was foreseen.

REACHING THE TARGETS — AND BEYOND

Ruling Justly



Economic Freedom



*The project conducted surveys on incidents of corruption at the Chirundu border, where pilot activities were implemented.



ZAMBIA THRESHOLD PROJECT / GARETH BENTLEY

A tailor in Lusaka's central marketplace recently registered his business. Improvements to Zambia's business registration procedure are encouraging large numbers of informal businesses to register. The number of entrepreneurs registering their businesses rose 30 percent after the changes.

“ I shall not shy away from taking necessary steps to root out corruption wherever it is detected. I take this opportunity to advise all public service personnel to make the challenge of building integrity and developing service delivery systems that are free from bribes and corruption.”

**PRESIDENT LEVY
PATRICK MWANAWASA**

**SATURDAY POST,
MAY 24, 2008**

The partnership with the GRZ led to greater accountability; increased transparency; enhanced public access to information and services; and improved efficiency in business registration, land administration, and border movement of goods and people. In addition, surveys confirmed that public knowledge of government efforts to fight corruption had increased and, with it, a more favorable perception of the extent and magnitude of corruption.

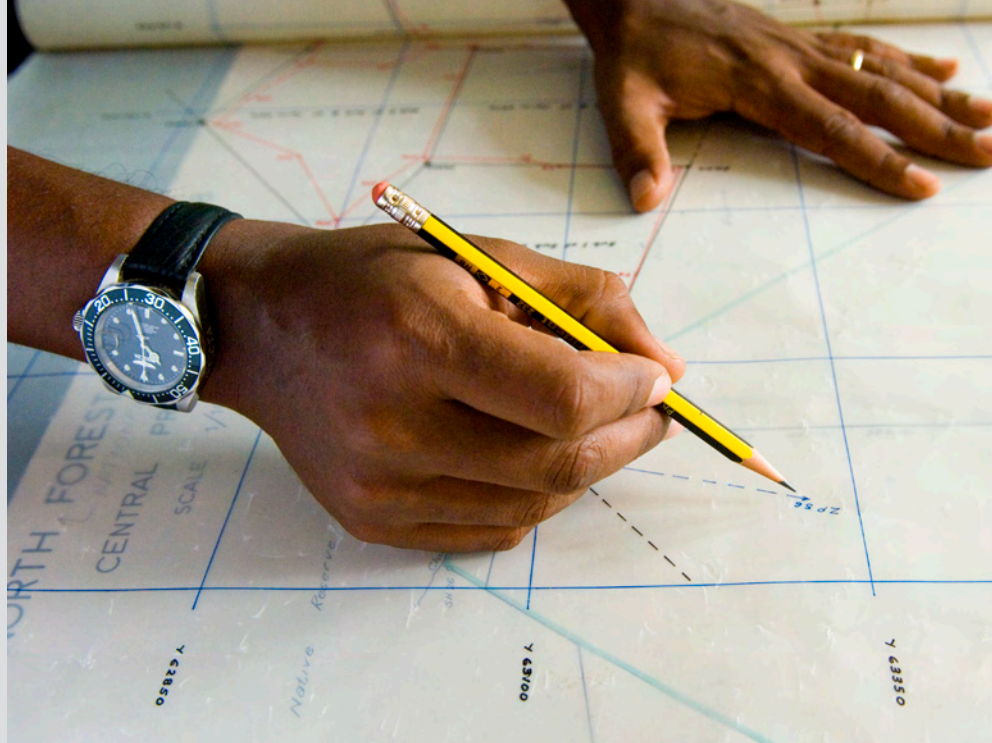
The GRZ's choice of pilot institutions allowed the project to concentrate its activities — and impact — on areas that would bring the most benefit. Those MDAs have fundamentally changed the way they deliver their services and perceive their customers by focusing on the public-private interface and making the interaction better for both parties. Now, business is often conducted in customer ser-

vice centers, where transactions are in full view of customers and employees and corruption has less opportunity to thrive.

The cost of doing business in Zambia has been reduced, the ease of doing business increased, and both changes are already having an impact. A dramatic reduction in the number of days needed to register for value-added tax (VAT) at ZRA, plus less time required to register a business at the Patents and Companies Registration Office (PACRO), mean a significant savings in the time required to start a business. As entrepreneurs learned of the quicker, transparent process, the number of businesses registering and joining the formal economy rose 30 percent, which will contribute to economic growth through increased taxes and benefits to the companies themselves. For the first time, one agency — PACRO — took

The security of Zambia's land and survey documents has been improved through new secure filing and initiation of a large scanning project that will help ensure these records are digitized. The more secure and accessible survey documents will help ensure efficient land allocation, one of the government's top priorities.

ZAMBIA THRESHOLD PROJECT / GARETH BENTLEY



a step toward becoming self-sustaining and paid a dividend to the government, setting the bar high for other independent agencies.

At MOL, several ZTP-supported changes will save customers time. Stacks of formerly hard-to-find files are now easily accessible, saving time and contributing to transparency when titles are transferred. Records of an initial set of Lusaka properties have been scanned and transferred to the Zambia Land Administration System. This computerized land record system is more secure than paper files and prevents unauthorized people from changing property records. A systematic assessment of bottlenecks in MOL and a redesign of MOL business processes resulted in changes that will save customers time. Improvements there will have

the most impact on the greatest number of people, as they enable more people to access land quickly, speeding up investment.

A series of internal reviews found the public perception of corruption at DOI was due to unclear procedures and costs, uncertainty about the time required to process applications, and poorly trained and equipped staff. This lack of clarity led intermediaries to offer to expedite services for a costly fee that was alleged to contain “speed money” to facilitate processing of applications. The institution's mountains of files were not easily accessed or tracked, and applications were reviewed behind closed doors. Now, customers are served in an open-plan area, processes have been streamlined and automated, and fees and time limits are clearly posted.

Importing and exporting is quicker and easier, with agencies working together on the Border Management Task Force (BMTF). The agencies have implemented risk-management procedures through Zambia's Customs Accredited Client Program (CACP), so major qualified importers and exporters are fast-tracked across the border. The BMTF members now share information electronically, so each can track the progress of a shipment. A Comprehensive Integrated Tariff System (CITS) gives clients Web access to fees, regulations, and procedures to save them time in clarifying requirements.

In April 2008, before new facilities and integrated processes were completed at Chirundu, the project conducted a survey on corruption at that border post. The results indicate ZRA/Customs has made significant and laudable progress in the battle against corruption and, further, that the perception of Zambian households about the extent of corruption has been positively

affected by these ZRA initiatives. Only 4 percent of Zambian non-business travelers transiting Chirundu border during the survey period said they were asked to pay a bribe to obtain service from ZRA/Customs. The project target was to cut the rate of corruption perception by 50 percent to 7 percent but the survey's 72 percent decrease in actual corruption shows progress far exceeding the GRZ's goal.

This report discusses the details of how the pilot MDAs made such impressive improvements in a short period, tackling inadequacies in procedures, infrastructure, facilities, interagency coordination, employee skills, and communications. Those advances are easily demonstrated. A final achievement, but one that should have long-term effects, is a new focus by the partners on quality, timeliness, and transparency in services and cost. As that focus becomes more apparent, the MDA customers will expect it, and, as is already being seen, will demand even better service.



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Anti-Corruption Commission representative Naomi Banda educates residents of the Ngombe Compound on how changes at institutions like PACRO and ZRA are reducing the need for them to pay a bribe to receive normal government services. Both government agencies have adopted customer-focused attitudes and made major improvements in service delivery.

CHAPTER ONE

RULING JUSTLY

GRZ INTEGRITY INITIATIVE PARTICIPANTS

Anti-Corruption Commission*

Department of Immigration*

Ministry of Lands*

Zambia Revenue Authority*

Lusaka City Council

Ndola City Council

Public Service Pension Fund

Zambia Police Force

**Supported by ZTP*

A vital factor in encouraging economic growth is a government committed to transparency in delivery of essential services needed by businesses and citizens — a government that fosters an atmosphere of trust, so businesses do not have to pay middlemen to expedite labyrinthine processes and negotiate variable fees. Such a government creates a climate that attracts trade and investment.

In 2006, judging by reports of government corruption, Zambia did not offer such a pro-investment, pro-growth business climate. In 2004, the National Governance Baseline Survey found that 14.5 percent of customers reported paying bribes to ZRA Customs, and in 2006, the MCC ranked Zambia in the 50th percentile on corruption among low-income countries.

The GRZ recognized it needed to make progress in this area and showed its commitment by launching its Integrity Initiative. The program encompassed eight MDAs, four of which were included in the ZTP, with the other four participating in the ACC-ZTP training program and assisted by a strengthened ACC.

The Zambia Threshold Project worked with the Anti-Corruption Commission — the lead institution in the Integrity Initiative — to help it design and implement a program aimed at fighting administrative corruption through improving governance and emphasizing corruption-free, integrity-based services. With ZTP assistance, the ACC established a working partnership with the business community, through the Zambia Business Forum. It is the first such

A member of the community discusses corruption issues at a corruption sensitization meeting at Kalikiliki Compound in Lusaka. The meetings offer the public a chance to learn about anti-corruption measures the government is taking, as well as to give their views on how the changes are affecting them.

ZAMBIA THRESHOLD PROJECT / GARETH BENTLEY



partnership in Zambia and is a necessary step toward cementing and furthering the gains achieved during the project.

The ZTP team reinforced the ACC's capacity to guide this government-business alliance and to strengthen the pilot MDAs' capacity to prevent corruption. The ACC now has a range of tools — a Web page, a corruption reporting hotline, and an ethics reference guide — to help it create broader awareness of its corruption prevention programs. Support from other donors, notably the U.K. Department for International Development, has been crucial in developing the ACC's strategic plan and advancing development of Zambia's National Anti-Corruption Policy and Strategy.

The ACC is now stronger and more widely acknowledged as a leader in a broad and expanding

anti-corruption partnership, including its synergistic ties to the private sector, primarily through the Zambia Business Forum and the first Advocacy and Legal Advice Centre (ALAC) in Africa, established by Transparency International – Zambia in conjunction with the ACC.

BUILDING GOVERNMENT CAPACITY

The government's ability to deter corruption within itself depends on self-initiated efforts and established procedures built on accepted values and standards. With that in mind, the government established Integrity Committees in the pilot institutions to spearhead the development of values and standards that support improved customer service and ethical conduct.

The Integrity Committees were seen as the principal actors in institutionalizing tailored

“ The officers know exactly what is expected of them. If they find themselves in a dilemma, they just have to look at the Core Values. ”

**ANDERSON PHIRI,
DEPUTY CHIEF
IMMIGRATION OFFICER**

“ The Core Values... that is one song the Immigration Officers should be singing every day. ”

**WHYTESON CHAVULA,
MANAGER,
DOI CUSTOMER
SERVICE CENTER**

“ ZRA Joins Graft Fight ”

**THE TIMES
AUGUST 5, 2007**

initiatives to systematically build values and create and sustain systems to reduce and prevent corruption — the focal point for prevention of corruption and unethical behavior in the MDAs. Each committee consists of four senior managers, who report to the MDA chief executive and the secretary to the cabinet. A part-time desk officer at ACC’s Department of Corruption Prevention and Community Education supports each committee.

The ZTP and the ACC gave intensive training and support to the eight Integrity Committees in developing individual corruption-prevention work plans and implementing initial reforms aimed at building integrity. The ACC realized that chief executive officers must be involved in the Integrity Initiative and committed to its goals for customer service to become a central part of the management strategy for fighting corruption. So, MDA chief executives and senior managers were trained on the link between improved, transparent, and accountable services and reduced opportunities for administrative corruption.

The project and the ACC also facilitated development or revision of a list of Core Values for each participating MDA. The MDAs confirmed and adopted Core Values using a consultative process that allowed employees to revise as necessary. As an example, the DOI Core Values are: loyalty, service, integrity, transparency, efficiency, confidentiality, collaboration, and impartiality. Each

institution launched Core Values, which served as the basis for the next step.

Building on their Core Values, MDAs are developing Codes of Ethics, which include the administrative processes by which the values are institutionalized and enforced. The ACC and ZRA have developed Codes of Ethics, and the DOI and MOL were working on theirs at the project’s end.

Customer Service Standards set customers’ expectations for timeliness, quality, and accuracy of services. Once those standards are agreed to, they are incorporated into Customer Service Charters. The charters convey the standards to the public, along with the MDAs’ pledge to achieve them; lay out what customers must do for the MDA to achieve the standards; and provide a means for reporting violations or failure to perform.

In many ways, ZRA has been the leader in institutionalizing the fight against corruption, through improved governance and improved values-based services to its customers. The ZRA, through its Taxpayer Charter, was the first government agency to define standards of service delivery, with time limits for processing service requests, tax refunds, and other key services. The agency developed the charter after broad consultation with clients and launched it in early 2008. The Taxpayer Charter has become a model and motivation for other pilot institutions to develop their

SELECTED ZRA GUARANTEED SERVICE DELIVERY TIMES

- VAT registration – within 3 days
- VAT refund – within 30 days
- Income tax refund – within 45 days
- Customs deposit refund – within 48 hours
- Service efficiency – attend to clients within 20 minutes of their arrival

own charters. At project end, the DOI and MOL had completed their Customer Service Standards and launched their Customer Service Charters, and the ACC was conducting an internal consultation in preparation for development of its charter.

The final step is creation of customer feedback mechanisms, to allow agencies to record and track complaints or comments and assemble them in a single database. These have been piloted at the ACC and ZRA and should be available to others after the project ends. By continuing to listen to their customers and taking action to address their concerns, the MDAs can win customers' trust, build on the reforms, and continue to improve services.

Part of ZTP's work with the ACC was development of a Corruption Prevention Toolkit, which the ACC can use to focus MDAs' attention on ways to institutionalize corruption prevention and reduce opportunities for administrative corruption. With it, the ACC can expand the initiative, using it as a means to apply best practice models, find out what happened and why, and learn how to prevent corruption.

CREATING ALLIANCES

A stronger Anti-Corruption Commission has already begun building relationships with other groups advocating moves to reduce corruption in Zambia. These groups include Transparency International – Zambia, the

Zambia Business Forum, and Pact Zambia.

Transparency International – Zambia, which was critical of the government on the electoral process in October 2006 elections, is now a partner in many ways with the ACC. In a coordinated effort to offer the public as many ways as possible to report incidents of possible corruption, TI-Z established an Advocacy and Legal Advice Centre. The ALAC takes complaints in person, over the telephone, or via e-mail; sorts out the true corruption-related complaints; and develops a detailed report on them for the ACC. About 30 complaints are filed with it each month. The partnership between the ACC and TI-Z has demonstrated the government's sincerity in tackling corruption with credible programs and partners.

Previously, citizens could report corruption to the ACC, but they were not sure their complaints would be anonymous or taken seriously. Now, they can contact the ALAC, an action-oriented institution with access to the people who can address the problem. Several cases referred to the relevant MDAs have reached the investigation stage, and the employees involved have been suspended pending the outcome. The hope is that, as cases are dealt with effectively, the public's confidence in the government will grow.

The ACC also has established a working partnership with the Zambia Business Forum. The



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A community representative introduces a team from Transparency International – Zambia at a corruption sensitization meeting at Kalikiliki Compound. TI-Z’s work with the ACC demonstrates the government’s commitment to work with nongovernmental partners to fight corruption.

ZBF — representing eight key business sectors and more than 60 percent of Zambia’s businesses — pledged to fight corruption with the ACC by defining uniform codes of conduct and aligning corporate governance practices with government recommendations. This is the first time the business community and the government have worked together so closely.

Another alliance that can help prevent corruption is between the news media and the government. The government must trust that journalists will report fairly and accurately its successes as well as its shortcomings. And journalists must have access to the information they need to inform the public.

To support this goal, the ZTP — through a subcontract with Pact Zambia and in partnership

with TI-Z and Panos Southern Africa — organized a workshop that brought together more than 60 members of the two groups: television, print, and radio journalists, and GRZ public relations officials. Journalists from all nine provinces were trained on investigative journalism related to corruption. They learned practical methods for producing more effective and balanced stories. They were also shown how research and data analysis can help in covering GRZ anti-corruption efforts. In an adjoining room, several GRZ public relations officials learned about media management techniques. They were taught to view the news media as an essential communications channel and how to manage that relationship, in part by developing a media strategy. The workshop helped both sides see how a partnership could help each reach its goals.

JOURNALISTS AND GOVERNMENT OFFICIALS LEARN TO WORK TOGETHER

“Things have really changed. Now if I am doing an investigative story, I know the law,” said Macdonald Mumba, a journalist with Radio 5 FM.

Mr. Mumba recently reported that some bottled water in Zambia did not meet government standards. A relationship forged at the ZTP-sponsored media workshop helped him gain the official information he needed to write the story. He also met several government public relations officials at the workshop.

“Now, when I pick up the phone, I know who I’m talking to,” he said.

“When I call government spokesmen, they will call me back. And they are aware of my deadlines.”

The project also helped the ACC focus on how to improve public perception of its work. Many Zambians have little understanding of the ACC’s work, its accomplishments, or its challenges. Recognizing the importance of performance monitoring and communications, the ACC also adopted a performance reporting system and a new, more comprehensive communications strategy. As part of its preparation of the latter, the ACC engaged critical stakeholders and identified near- and long-term goals to help build internal and external communications capacity.

TEARING DOWN WALLS

Two years ago, the typical way of doing business with a pilot MDA meant a customer had to make an application in an office that might not have been staffed or was locked when the customer arrived. Once there, the customer might have to wait for hours. S/he didn’t know what paperwork was required, how much s/he would have to pay, or how long it would take. S/he might have to

travel from back-office to back-office, trying to locate the file or someone who might help.

The application process, if it involved several steps, was unclear, if explained at all, and was often conducted behind a closed door. The customer would hand over a stack of money, unsure of how much was the actual fee and how much was a “cut” for the employee. The customer didn’t know when to return to the MDA to complete the transaction. S/he might return several times, only to be told the permit wasn’t ready yet. Customers often resorted to middlemen who promised, for a high fee, to navigate the process for them, and who then “offered” part of that fee to an employee to get the task done.

At PACRO, customers were greeted by four employees behind a counter in a tiny, often crowded room. From there, they were directed to an office on another floor. Today, customers conduct transactions in a full-fledged customer service center.



ZAMBIA THRESHOLD PROJECT / GARETH BENTLEY

The customer service center at the Department of Immigration headquarters in Lusaka handles 90 percent of customer interactions. Desk officers say a new Zambia Immigration Management System, which tracks applications for visas and work and self-employment permits, is easy to use and improves productivity.

Developed as part of Economic Freedom assistance to improve business service delivery, the spacious, open-plan center — where customers start at an information desk and then proceed to a case officer — also eliminates opportunities for corruption. Fees are clearly posted at the entrance and a large “roadmap” explains each step in the process of registering a business. A waiting area offers customers seating. The PACRO center has been so successful and so well received by customers, that, as business registrations increased, the center was expanded and more case officers were hired.

No new customer service centers were envisioned at the start of the project. However, the PACRO success led to creation of such centers at MOL and DOI to increase transparency there. And the customer service

center at ZRA was refurbished and re-launched by the Zambian vice president in late 2006.

At the DOI, an immigration officer is always available in the open, ground-floor customer service center. The DOI’s Core Values and fees are clearly posted. A new, automated Zambia Immigration Management System instantly moves electronic files from one officer to the next, eliminating the need to search through paper files to check the status of an application. The system was designed around the specific processes used in Zambia, rather than using an out-of-the-box generic system. In the first six weeks of the new process, the time to process some permit applications fell to as little as three days from two weeks. The new process improves service delivery and minimizes corruption.

A desk officer in the Department of Immigration customer service center helps a client with her application. The automated Zambia Immigration Management System has significantly cut application processing times and is reducing corruption by establishing a transparent workflow and approval process. “We have the best system in the region,” said B.K. Phiri, DOI senior analyst, about ZIMS.

ZAMBIA THRESHOLD PROJECT / GARETH BENTLEY



In 2006, President Mwanawasa named the MOL as the most corrupt government institution, and in early 2007, he fired the minister, permanent secretary, and commissioner of lands. The new minister met with USAID and ZTP representatives on his second day in office, signaling an important change in the ministry’s focus on the project. He committed the MOL to rebuilding its Integrity Committee, developing an ethics program focused on new Core Values, and undertaking business process reengineering, with the support of ZTP. In May 2008, he launched the MOL customer service center, praising the ministry, as well as DOI and PACRO, for improving service to customers, both Zambians and foreigners.

When the project began, if a customer wanted to complete paperwork at the MOL to buy

or sell property, just locating the proper file took time, as employees had to search through stacks of haphazardly arranged paper files. Land records could easily be altered without proper authority; technical and administrative procedures associated with land transfers were complicated and lengthy; and the requisite steps, timeline, and fees were unclear and so open to negotiation.

In 2005, it took a median of 70 days to complete the six steps needed to process a sale-transfer of commercial property, putting Zambia 125th out of 178 countries. Only steps 1, 3 and 6 involve the MOL. The median time required for those steps at the beginning of the project was¹:

Step 1: Issuance of a Certificate of Encumbrances (1 day)

1. According to the *World Bank Doing Business 2006* report, using data from 2004.

Step 3: Issuance of a consent to sell by the commissioner of lands (52 days)

Step 6: Issuance of a new Certificate of Title by the Lands and Deeds Registry (4 days)

Through a series of reforms that streamlined and improved the transparency of the registration process, the MOL considerably reduced Step 3 to 16 days for transactions of unencumbered properties in Lusaka. Assuming that the steps outside of the scope of this project remain the same, the median number of days to register a commercial property sale in Lusaka was cut in half — to 34 days in 2007. Preliminary data for 2008 indicate this figure is less than 30 days.

To achieve this time savings, the ZTP completed a systematic

assessment of bottlenecks at the MOL and redesigned business processes. It refurbished and reorganized the Lands and Deeds Registry, the Lands Registry, and the Survey Registry to improve security and management of paper records through more effective use of space, equipment storage, and pilot scanning and indexing of paper records. Modern compactor shelving was installed. Files were sorted and refiled into the compactors, and scanned, verified, and corrected, as required.

The project assisted the MOL in computerizing cadastral index mapping so a parcel of land can easily be located and the values of nearby parcels can be more easily referenced. Data on almost 30,000 Lusaka land parcels have been captured, giving MOL employees easy access to details on these parcels.

TECHNOLOGY HELPS

Most ZTP partners did not have a Web site. But, developing Web sites grew out of project goals and contributed to GRZ objectives of increasing accessibility and transparency of services and speeding up processes.

ZTP created or improved Web sites for:

Anti-Corruption Commission
Department of Immigration
Ministry of Lands
Patents and Companies Registration Office
Plant Quarantine and Phytosanitary Service
Zambia Bureau of Standards
Zambia Business Forum
Zambia Development Agency
Zambia Revenue Authority

Land surveys in Zambia are more secure, with new record management and security protocols. At the launch of the MOL's customer service center, President Mwanawasa said he was "very pleased with the efforts at this ministry to develop a vision for building transparency and integrity. In so doing, the security and sanctity of our national heritage and wealth will be enhanced."

ZAMBIA THRESHOLD PROJECT / GARETH BENTLEY



Streamlined processes were incorporated in a new Zambia Lands Administration System, an automated, more secure lands registration system. This workflow-based case management system allows documents to be electronically routed to appropriate staff for notification, review, and approval. It also provides integrated document management and archiving so documents can be scanned, automatically indexed, and attached to transaction entries. Finally, it provides a secure cash-receipt module to calculate and collect fees.

Lease-transfer and land-allocation applications are now scanned to prevent accidental or deliberate misfiling. MOL officials at several levels can easily determine the status of applications, and the ministry has set an internal standard to process

unencumbered lease transfers in no more than 15 days. The minister has mandated that mortgages be registered within three days. Zambia Revenue Authority officials now have a desk in the MOL customer service center to allow lease purchasers to determine and pay their property transfer tax liability there, rather than travel to ZRA's downtown offices; this should save purchasers two days.

The customer service center allows the MOL to reach out to its customers, eliminating the need for them to wander through corridors looking for the correct office. The center will also act as a barrier to back-office bribery intended to speed up application approvals. The MOL also launched a Web site, which gives Zambians online access to forms and regulations.

CHANGING PERCEPTIONS, RAISING EXPECTATIONS

In the GRZ's efforts to fight corruption and promote ease of business, communications are critical to success. When customers understand the level of service MDAs commit to delivering, they can play an important role in holding the agencies accountable for those commitments. The project has worked with its partners to build their long-term communications capacity and to publicize and solicit feedback on important reforms. The broad reforms undertaken by partners were successful largely because these agencies engaged customers and stakeholders during the re-

form process and publicized their improved services. The project's strategy was to work with partner agencies to improve internal communications and to develop a strategic approach to conducting regular outreach and dialogue with clients and customers.

For key Ruling Justly partners, internal communications were particularly important. To ensure that reforms were not publicized before they had taken root internally, the project worked with partners to educate staff about improvements and build support for new policies and services designed to curb corruption. The ZTP helped participating MDAs develop internal communica-



ZAMBIA THRESHOLD PROJECT / GARETH BENTLEY

A customer receives guidance from an officer at the Lands and Deeds Registry. At the new Ministry of Lands customer service center, members of the public can conduct business with all ministry branches in a centralized area.

**“ Online Services Can
Help Government
Curb Corruption ”**

**SUNDAYTIMES
MAY 13, 2007**

tions products that informed and reminded staff about new Core Values, Codes of Ethics, and Customer Service Standards.

ZTP staff also supported external communications at partner agencies to help reduce perceptions of corruption and foster increased dialogue between customers and service-delivery institutions. In particular, ZTP worked with partners on media outreach and helped key agencies such as DOI, MOL, and ZRA share their new services with a wide audience through news events, broadcast media, and regularly placed print articles. With project support, partners held an average of two high-profile media events per month to launch new services. These events were covered extensively on radio and television news and feature programs and contributed to more than 60 newspaper articles directly referencing government achievements under the project. The impact has been significant. Regular media reports on these reforms are persuading the public that government efforts to improve services and become more transparent are urgent and credible.

Communications support was often crosscutting and went beyond project interventions. In addition to helping partners communicate new services and reforms, the ZTP quickly helped partners package information on existing services, fees, and processes for the public. In many cases, this assistance was offered where other project interventions were not involved. At PACRO, project staff helped develop bro-

chures and guidelines for services such as patent licensing, which was not part of ZTP reforms. At the ACC, ZTP supported development of a broad communications strategy, including enforcement activities not part of other project interventions. Helping partners clarify all of their services and provide increased access to information in this way ensured that improved communications did not focus solely on ZTP reforms.

The most important outcome of enhanced communications has been the beginning of a public-private dialogue that promises to sustain government reforms via increased accountability. By committing publicly to reforms, government agencies are now compelled to live up to their promises. Informed customers and visible service standards are key outputs of communications campaigns that will last beyond project support and are likely to provide the necessary pressure and impetus for lasting change. As one participant at the ZRA Taxpayer Charter public consultation workshop put it, “We like these discussions because we can hold your toes to the fire.”

In summary, corruption in Zambia has been reduced. The Zambian government, with ZTP assistance, has:

- Significantly reduced bribe-paying/taking opportunities.
- Established within the four pilot MDAs a cultural and organizational beachhead from which to change staff



ZAMBIA THRESHOLD PROJECT / GARETH BENTLEY

A customs officer reviews documents required to assess tax on commercial goods. Through upgraded software and an open platform, other border agencies and clearing agents can electronically submit documentation for Customs review.

and customer attitudes. Corruption is not necessary and will not be tolerated.

- Increased customer friendliness in the pilot MDAs.
- Improved transparency and accountability.
- Expanded a sustaining inter-institutional alliance against corruption, which includes

Africa's first Advocacy and Legal Advice Centre, managed by TI-Z.

These achievements will be lasting. They represent the foundation for expanded initiatives within these pilot MDAs, as well as in new partner institutions, which can reduce corruption and better serve Zambians and investors.



ZAMBIA THRESHOLD PROJECT / GARETH BENTLEY

The improved business registration and annual update system at PACRO and the streamlined VAT registration process are saving Zambian entrepreneurs time and money and generating more revenue for the government.

CHAPTER TWO

ECONOMIC FREEDOM

The introduction of transparency through well-organized customer service centers and commitments to offer services at specified fees and times is one way to chip away at a culture of corruption. Complicated procedures with unnecessary steps also present opportunities for corruption to thrive, as customers try to find a way around the long processes. Those procedures discourage local business development and foreign investment, both of which are needed to boost economic growth.

The Zambia Threshold Project supported the GRZ in tackling this area in two ways: simplifying and streamlining the process of starting a business and facilitating trade through better management at Zambia's borders. The first has made it easier and faster to start a business in Zambia and

reduced opportunities for corruption by automating processes and publicizing the changes. The second has reduced congestion at the borders and made it possible for agencies to reduce the number of physical inspections, using risk-management practices, further speeding up border crossings and reducing the cost of trade.

Economic Freedom business and investment partners included PACRO, ZRA Value-Added Tax Department, Zambia Business Forum, Zambia Development Agency, and the Programme Coordination Unit of the Private Sector Development Reform Programme. The border management primary partners were ZRA Customs Division, the Department of Immigration, Plant Quarantine and Phytosanitary Service (PQPS), and the Zambia Bureau of Standards (ZABS).

STREAMLINING SERVICE DELIVERY

Redesigning business processes across a government agency can dramatically enhance agency performance, enabling it to deliver greater value to customers. Such a redesign also generates greater revenue and credibility for the government and increased satisfaction for employees. In the private sector, in virtually every industry, companies of all sizes have achieved extraordinary improvements in cost, quality, speed, profitability, and other key areas by focusing on, measuring, and redesigning their customer-facing and internal processes. The ZTP worked with the MDAs to achieve remarkable results through such reengineering, including:

- Streamlining the business registration process at PACRO
- Revising the VAT registration process at ZRA

- Reducing the lines of trucks waiting for customs clearance at key borders by working with ZRA
- Improving the collaborative process of developing and disseminating new standards for manufactured goods by ZABS
- Facilitating imports and exports by improving PQPS' capacity to identify pests and creating an online import application system at PQPS

To accomplish the reengineering, each agency participated in a working group to review its processes with a ZTP technical assistance team. Together, they mapped and analyzed processes, and then identified improvements that would eliminate redundant internal reviews. The agencies also developed Web sites to publicize regulations, forms, and costs; in some cases, they set performance standards.

TIME TO START A BUSINESS REDUCED ABOUT 75 PERCENT

Activity	Median Days Reported in 2006	Median Days Required in 2008
Name clearance at PACRO	2	**
Business registration at PACRO	9	3
Registration for VAT number at ZRA	21	3
Registration for taxpayer number at ZRA	1	***
Opening of a bank account	1*	1*
Registration with National Pension Scheme Authority	1*	1*
Total	35	8

* Not within the scope of the project.

** Name clearance and registration have been consolidated into one process.

*** Taxpayer number and VAT registration have been consolidated into one process.



ZAMBIA THRESHOLD PROJECT / GARETH BENTLEY

Adam Ndjovu (right) helps a customer at his electronics store in Lusaka. When he decided to register his business in 2008 to comply with law and to become eligible for loans, he expected to spend about a month away from his business. Instead, he completed registration in one day.

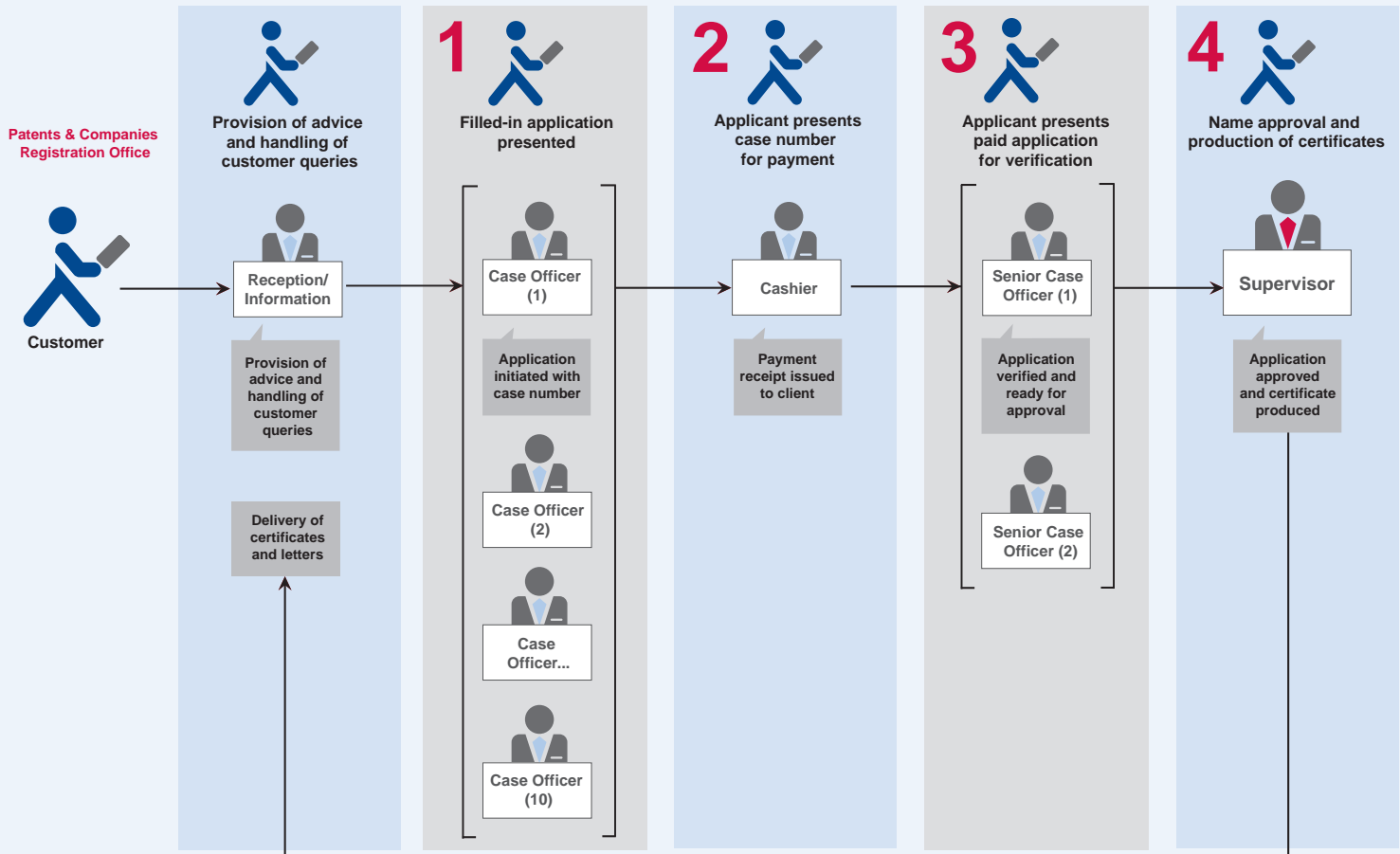
SIMPLIFYING BUSINESS START-UP

An entrepreneur with an idea for a new business in Zambia must complete several steps to start it. Before the project began, the entrepreneur would wait about 35 days for the steps to be completed.² The temptation was to offer 50 pin (about \$16) to expedite the process, which mostly occurred behind closed doors. Today, it takes about one-fourth of that time — only eight days — including two days for processes outside the scope of ZTP. Applicants submit forms and pay fees in a large customer service center, where the process begins and ends, and where others would see if extra money changed hands. As a result, more businesses are registering, and for the first time, PACRO returned a dividend to the government.

Two years ago at PACRO, customers had to wait in lines at several offices at the Lusaka headquarters to present forms and answer questions about their proposed businesses. The registration process consisted of 16 steps involving 10 people. PACRO had paper files on previous business registrations, many in a jumble of filing cabinets and some accessible only by ladder. It had a computerized database, but it did not include most businesses registered before 1980. It also did not have the ability to easily prepare reports on registered businesses by province or sector. The GRZ policy of stimulating business activity meant more businesses were registering, partially to formalize relationships with larger businesses, but PACRO was not equipped to deal effectively with the increase.

2. According to the *World Bank Doing Business 2006* report, using data from 2004.

How to Register a Business



The relevant forms will be issued by the Reception/Information desk or can be downloaded from <http://www.pacro.org.zm> and completed by the client.

To help guide new registrants, a flow chart illustrates the new PACRO process. The chart is clearly visible at all new PACRO offices.

In late 2006, ZTP began working with PACRO to transform the archive area into a customer service center, which was accomplished in only 45 days. The files were relocated to a new filing system in the main building. At the same time, a streamlined business registration process was developed. Customers now start at a

help desk, proceed to case officers when their applications are ready, and pay at the cashier — all in the same room. The center was so successful that it was expanded, doubling its original size.

Employees in the customer service center now use a computerized ePACRO system to speed

**“ PACRO Declares
K700m Bonus to
Government ”**

**DAILY MAIL
MARCH 27, 2008**

up processing of name clearances and business registration. Provincial offices in Livingstone and Ndola are connected to the ePACRO system, eliminating the need for customers to take lengthy trips to Lusaka. An office in Chipata was expected to open later in the year.

PACRO publicized its newly streamlined processes and accessible services, with tangible results. Registrations rose 30 percent, from 10,213 in 2006 to 13,566 in 2007. Most importantly, its customers noticed a difference. In late 2007, 60 percent of PACRO's customers who were asked reported high-quality service delivery for business registration. However, as business increased, PACRO faced challenges in continuing to provide timely and responsive service. It has solicited customer feedback to improve its services as customer expectations rise, and that will be an ongoing challenge for the agency.

Another benefit is monetary. Five years ago, the GRZ started reducing expenses and wanted all autonomous agencies to be self-sustaining. PACRO became the first to take a step in that direction, returning 700 million kwacha (about \$200,000) to the Ministry of Commerce, Trade and Industry in early 2008.

The objective at PACRO was to speed up the process, but the agency is doing much more than that. As companies move from the informal to formal economy, they pay taxes and hire people — all as legitimate businesses — spurring economic growth.

The most time-consuming step in opening a business in Zambia was registering for VAT and obtaining a taxpayer number at ZRA. The *World Bank Doing Business 2006* report, using data from 2004, put the ZRA steps at a median of 21 days. It now takes three days.

In November 2006, ZRA's VAT division began mapping the existing process and identifying the time required for each step. It improved data collection, eliminating redundancy of staff involvement and reducing the number of approvals required. Unlike at PACRO, at ZRA the improvements were achieved by only consolidating steps and eliminating redundant authorizations, not by automation. To highlight the changes and make the service more accessible, ZRA's customer service center was refurbished. Marking these achievements, the vice president relaunched it in November 2006.

ZRA is in the process of rolling out the improved registration process nationally. Its goal is to provide the same level of service, in the same amount of time, at any ZRA office in the country.

As another way to help entrepreneurs, the GRZ approved a law in 2006 to create a one-stop shop — the Zambia Development Agency — to support business, particularly investment. The law merged five agencies: Export Board of Zambia, Small Enterprise Development Board, Zambia Export Processing Zone Authority, Zambia Investment Centre, and Zambia Privatisa-

BORDER MANAGEMENT TASK FORCE

Environmental Council of
Zambia

Interpol

Ministry of Agriculture and
Cooperatives

- Department of Agribusiness and Marketing
- Department of Veterinary Services and Livestock Development
- Plant Quarantine and Phytosanitary Service*

Ministry of Commerce,
Trade, and Industry

- Zambia Bureau of Standards*

Ministry of Health

- Environmental Health Department

Ministry of Home Affairs

- Department of Immigration

Pharmaceutical Regulatory
Authority

- Department of Marketing and Cooperatives

Siavonga District Council

Zambia Revenue Authority

- Customs and Excise Division*

**Full-time representation*

tion Agency. Those five agencies closed at the end of 2006, but delays in GRZ executive decisions slowed progress. The ZTP helped assess agency assets and liabilities, and information technology resources; provided initial staffing configurations; assisted in advertising for the chief executive officer; reported on private sector criteria for Zambia Development Agency organization and focus; and launched a Web site. The government hired a chief executive officer in May 2008.

FACILITATING TRADE AND BORDER MANAGEMENT

Two years ago, Zambia had a porous border — cross-border traders could choose their entry point based on how “flexible” agents were in setting fees. The process was chaotic, with little cooperation among border agencies — each requiring its own forms and separate payment. Now, an upgraded and centralized computer system reduces the possibility of discretionary fees and allows the border agencies to monitor a shipment’s progress.

The ZTP worked with three of Zambia’s 30 border posts as pilot locations: Chirundu, Lusaka International Airport, and the Port of Lusaka. The project created a Border Management Task Force of key MDAs involved in border transactions. The most important members were ZRA-Customs, Plant Quarantine and Phytosanitary Service, Zambia Bureau of Standards, and the Department of Immigration because they have authority over the largest number of shipments. The ZTP

team worked to build the capacity of these key agencies, improve systems and processes, reduce processing time and operating costs, and eliminate integrity breaches. Specifically, BMTF worked to:

- Improve processes and introduce automation
- Integrate process and data flow among the agencies
- Reduce the number of inspections, using risk-management practices
- Reduce number of inspections at the border, with more physical inspections at the Port of Lusaka

The BMTF mapped 23 border operations, looking at regulations and processes for importing, exporting, and transiting Zambia’s borders. Next, it developed an integrated border process, which cut the time required for some steps. The task force also recommended speeding up the clearance process by modifying buildings being constructed to house most border agencies at Chirundu. The integrated process enables ZRA-Customs to collect fees on behalf of other border agencies and allows shipments to be pre-cleared before they reach the border.

To further clarify procedures for importers and exporters, the ZTP assisted in creating a Comprehensive Integrated Tariff System (CITS). The CITS provides all tax and customs rates and information on regulations

CORRUPTION OPPORTUNITIES DOWN AT THE BORDERS

The adoption of risk-management practices means that less than 20 percent of shipments at pilot locations along Zambia's borders are physically inspected, down from 80 percent two years ago. The physical inspections that are necessary may be conducted at bonded warehouses in Lusaka, rather than at the border.

and procedures of other border agencies in a single database, accessible via the Web. Customers can look up import tariffs and find which agencies have jurisdiction over which products. This information helps clarify requirements of border agencies, improve compliance, and increase government revenue. The CITS, which Zambia needs to meet World Customs Organization standards, should have a dramatic effect on integrity and revenue at the borders.

A major ZTP contribution to improvements at Zambia's borders was the introduction and acceptance of risk management as a way to reduce the number of physical inspections, based on the likelihood that a particular shipment will be illegal or unauthorized. The re-engineered and integrated processes, combined with an upgraded customs transaction engine — the Automated System for Customs Data or ASYCUDA++ — made this reduction possible. The project upgraded and centralized ASYCUDA++ so all border agencies can share information systematically and efficiently. The server allows Customs to process clearances more quickly and to produce accurate bond balances. Transit bonds are now balanced overnight, compared with several days previously, eliminating the opportunity for corrupt practices in processing. For the first time, PQPS and ZABS have direct access to ASYCUDA++ and can view the transactions they are dealing with.

Via their access to the new automated systems, border agencies share information and are better able to track shipments so that each knows what tasks have been completed. The border agencies have also updated the instructions — or profiles — in ASYCUDA++, indicating which shipments should be stopped and inspected based on country of origin, company, product, and other details. Zambia is now using the same version of ASYCUDA++ as Tanzania and Zimbabwe, which will facilitate regional trade.

To take risk management a step further, the ZTP introduced a program for high-volume importers who can show that their systems conform to best practices. To become a member of the program, a company must demonstrate that it has a history of honest dealings with the government and that it deals with an accredited clearing agent and transportation company. It is known as the Zambia Customs Accredited Client Program — Africa's first Authorized Economic Operator Program that meets World Customs Organization standards.

CFAO Zambia Ltd. (Nissan distributor), Konkola Copper Mines Plc, Mopani Copper Mines Plc, and Zambian Breweries were the first businesses to gain immediate benefits from membership. As a program participant, each company's shipments undergo fewer physical inspections. A dedicated post-entry auditor is assigned to the company as a client manager.

Inspectors for the Plant Quarantine and Phytosanitary Service ensure disease-free exports through Lusaka International Airport, easily accessing the latest pest lists via an intranet. With the GRZ's first full online transaction process, customers can also apply for permits via e-mail, and an electronic record is available to border inspectors.

ZAMBIA THRESHOLD PROJECT / GARETH BENTLEY



The companies can now count on quicker shipment times and improve service to their clients.

Zambian Breweries imports equipment and items from South Africa. Previously, its employees had to add two days at the border to the length of any import trip, according to Finance Director Roy Cornish. Now, the border process takes a maximum of two hours, meaning that a truck with only Zambian Breweries items can travel roundtrip between Johannesburg and Lusaka in about a week. It is now faster to ship by truck than by airfreight, because it can take several days for space on an airplane to open. Mr. Cornish hopes the program will be expanded soon so that trucks carrying a combination of merchandise for accredited businesses — and for those that are not yet part of the system — can move as quickly.

The CACP, operational at Chirundu and Livingstone, not only helps larger importers and exporters, it also allows Customs to devote time to smaller traders because the larger transactions are smoother, faster, and more transparent. It reduces opportunities for corruption because truck drivers don't need to wait at the border with large amounts of cash.

The four initial CACP members represent 30 percent of the shipments through Chirundu. By reducing the clearance time for those shipments to hours from days, congestion at Chirundu has been greatly reduced. An additional 15 clients are being reviewed for membership in the program, and Customs is committed to expanding the program to the top 33 companies within two years. Those 33 companies are responsible for 60 percent of Customs revenue.

The project also refurbished the inland Port of Lusaka, so that it can process more clearances. Office space was provided for border agencies (other than Customs, which was already there), making it easier to conduct inspections at Lusaka. The refurbished port reduces border congestion by shifting inspection activity away from the border.

Another key border agency, the Zambia Bureau of Standards, is responsible for import and export quality monitoring, providing pre-import and pre-export clearance, establishing metrology and testing facilities, and other standardization and certification. Zambia imports most of its

clothing and textiles, vegetable oils, medicines, and electrical goods, and Zambia's strong currency makes it an attractive market. With the quality of critical imports like those at stake, ZABS must have standards supported by careful inspections.

The project's work with ZABS led to improved and streamlined border operations, new standards, and an automated pre-clearance and inspection application process. Today, customers can submit applications electronically, eliminating the need for a trip to ZABS' Lusaka headquarters. A new software system contains workflow functionality that automates the main



ZAMBIA THRESHOLD PROJECT / GARETH BENTLEY

Inspectors at the Zambia Bureau of Standards certify the quality of imports and exports through careful testing. Customers can submit applications electronically, and a new software system allows records to be managed in a format that is easier to access, store, and retrieve. "By June 2008, we will be the regional benchmark for a modern standards e-office," Mataa Mukebai, ZABS chief executive officer, said in May.

Cut flowers and vegetables are loaded for export at Lusaka International Airport. A 50 percent reduction in the time required to import and a nearly 80 percent cut in the time for export has particularly benefitted trade of perishable products, helping Zambian consumers and businesses alike.

ZAMBIA THRESHOLD PROJECT / GARETH BENTLEY



ZABS processes — inspections and product certification — so records can be managed in a format that is easier to access, store, and retrieve. ZTP signed a service level agreement with a local software firm to ensure that system becomes operational.

ZABS has been working to become the main certifier of standards in Zambia, and the project developed a roadmap for ZABS to obtain ISO-9000 certification. It will soon have the ability to certify others.

To reduce border congestion, ZABS wants all shipments pre-cleared, and the ZTP team worked with the European Union from the beginning of the project to facilitate this. In May, the European Union approved contracts for equipment for an independent pre-clearance testing

facility and adaptation of rooms to contain it.

Early in project implementation, ZABS identified communications as a vital part of the solution to many of its challenges. With ZTP support, it hired its first marketing and public relations manager and created a marketing plan. The plan helped ZABS focus on key groups who needed to know more about ZABS' services and whose feedback could help redefine and refocus ZABS' outreach to make it more relevant and more effective. Using its plan, ZABS defined new relationships with the manufacturing industry — the main user of ZABS' services — educating consumers about their right to have products that meet quality standards and the agency's role in ensuring consumers are offered such products.

ZABS' new Web site contains information on services, procedures, and fees, and the agency hopes to include downloadable forms later in the year.

Another agency with little public visibility, but important for encouraging exports and facilitating imports of agricultural products, is the Plant Quarantine and Phytosanitary Service. With ZTP help, PQPS has taken several steps required to meet international sanitary and phytosanitary standards for certain exports and has begun participating in regional and international plant protection and quarantine organizations.

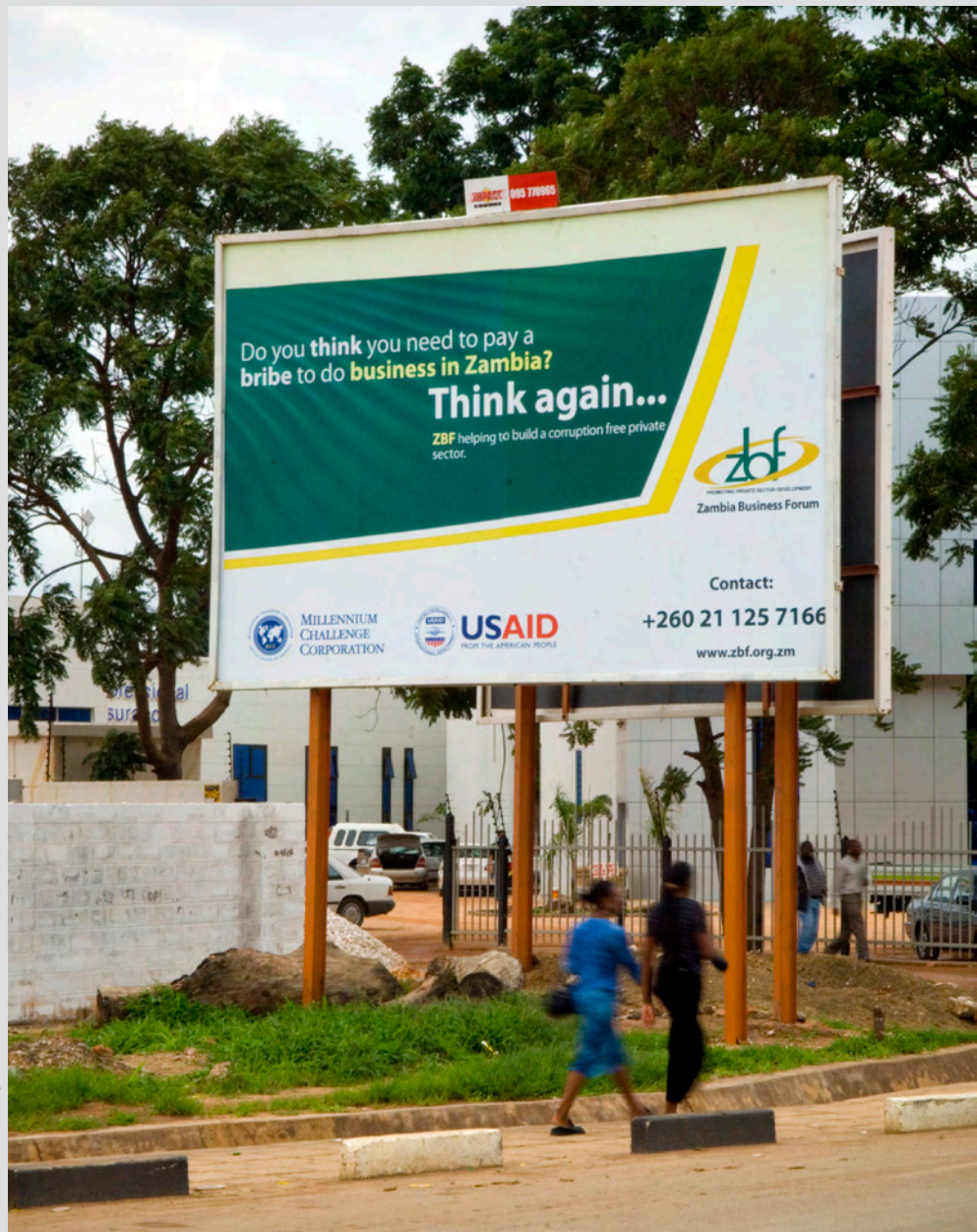
With ZTP assistance, PQPS revised its operations manual and produced a pest risk analysis manual to give inspectors up-to-date, clear information on which to base decisions. The ZTP also purchased pest reference material and refurbished the agency's resource center, so PQPS now has current, accurate, transparent, and accessible pest lists. Its inspectors have been trained in pest risk analysis, and new inspectors can be trained using materials developed with ZTP.

PQPS also reengineered its inspection and permit processes and incorporated them into the new integrated border process.

The revised processes improve the efficiency of inspections, and coordination with the other agencies contributes to reduced transit times at Zambia's borders.

With a new online application service — the GRZ's first full online transaction process — PQPS customers do not need to drive hours to Mt. Makulu, outside of Lusaka, to apply for a permit to import or export agricultural products. An intranet allows inspectors at the border to communicate electronically with headquarters and facilitates faster clearances. Permits can be e-mailed to customers, and an electronic record is available to border inspectors.

With ZTP assistance, PQPS developed and implemented a communications campaign using posters, brochures, and a Web site. The Web site is part of its efforts to improve the quality and accessibility of information and services to Zambian businesses. Through the Web site, importers can easily access information about prohibited exports, new pest alerts, and processes and regulations for bringing plant and animal products into Zambia. PQPS also developed, with project support, a series of border exit and entry notices for travelers and traders explaining how to comply with Zambian law.



ZAMBIA THRESHOLD PROJECT / GARETH BENTLEY

The Zambia Business Forum sponsored this sign near downtown Lusaka as part of its campaign to encourage businesses not to pay bribes. Through its new Web site, ZBF provides information on improved government services to the business community. It also informs business on how they can access corruption-free government services.

CHAPTER THREE

CHALLENGES

By all measures, the GRZ has achieved remarkable success in achieving its goals, but not without encountering challenges. The reasons for those successes and the hurdles that must be overcome can be instructive for future GRZ reform efforts.

Perhaps the most significant challenge was the short time period for ZTP implementation. The project's rapid pace meant work schedules often outpaced the partners' capacity to commit to and mobilize for reforms. In some cases, partners were hesitant to undertake sweeping reforms at such a blistering pace. This was particularly true in early stages of the project. By Year 2, however, many partners, having seen some project results, grew more confident and were able to accelerate their project work schedules.

The business process reengineering in particular would have benefited from more time, so agencies could be more self-critical of their existing processes. In some cases, it was too much to ask the MDAs to change their processes and become computerized at the same time. Now that the automation has been completed, MDAs are asking themselves: "Can we streamline even more?" As the partners find procedural changes that can still be made, they can apply what they learned during the ZTP as they proceed.

One of the biggest challenges was the level of support from the GRZ partners, some of whom were slow to understand how the changes could affect them, even given high-level government backing. Many partners had not previously received donor assistance, and so were not familiar with the extent of help they

An Anti-Corruption Commission public education officer provides material to youth in Ngombe Compound. As part of its new commitment to corruption prevention, the commission has increased its communications and outreach activities and is putting more effort into empowering citizens.

ZAMBIA THRESHOLD PROJECT / GARETH BENTLEY



would be given. The pilot nature of ZTP was an advantage, as it allowed project staff to focus on developing and testing individual systems and creating in-house capacity to support eventual rollout of the changes. At the end, the partners had adopted a vision of reform of the business-to-government interface, often widely shared by senior staff and middle managers. This changed mindset, expanded during 24 months to growing numbers of staff and customers, is one of the government's biggest achievements.

The Integrity Committees faced a hurdle in engaging their members and as a result, the committees' potential is still to be realized. The most successful committees had passionate members whose managers gave them the time and the support they needed to actively participate. The relatively high-level members of the Integrity Committees also

were challenged by the need to promote the committees' function to lower-level civil servants, who are often overworked, poorly paid, and with little prospect for advancement. Nevertheless, the ACC's strategy is to continue to expand and improve the Integrity Committees.

A key reason for the project's success was that the ZTP provided hands-on assistance, not just consultancy support, while the MDAs developed and implemented reforms. The project also provided equipment and financial support for refurbishment of facilities — important ingredients in improving customer satisfaction and employee morale. In addition, the project designed and implemented training for a wide range of staff members, using Zambian and international consultants. Project staff engaged in participatory methods to redesign customer service

and internal review processes. Those collaborative methods were also used to develop Web sites, partner communications, and new automated systems. The ZTP team was in essence, a one-stop-shop for reform assistance, prohibited only from constructing new buildings or providing additional staff or vehicles.

A final challenge was the sheer number of interventions planned for the short time frame. The

GRZ itself set the ambitious agenda, which included many activities that could have been projects by themselves. In accomplishing the varied goals, the project team provided cross-cutting support in important areas such as communications, monitoring and evaluation, and training. The ZTP approach to achieving that success may ultimately serve as the project's legacy.

ZAMBIA THRESHOLD PROJECT / GARETH BENTLEY



As a result of the Customs Accredited Client Program, key Zambian businesses are importing their goods up to 80 percent faster.

CHAPTER FOUR

IMPACT

PROJECT FIRSTS

First Customs Authorized Economic Operator Program in Africa

First Advocacy and Legal Advice Centre-Anti-Corruption Commission partnership in Africa

First dividend to the Zambian government from any MDA (PACRO)

First Zambian government agency online application process (PQPS)

First comprehensive customer service charter in Zambia

As this report demonstrates, the pilot Zambian government agencies surpassed every goal set by their president and the MCC for the country's two-year Threshold Program and implemented corresponding reforms that are changing the face of public-sector service delivery in Zambia. These immediate and tangible results are changing public perception and expectation of government services.

Measured corruption at the country's major border is down. Imports and exports cross the border more quickly. Business registrations are up. Transfers of property leases take less time. Overall, opportunities for administrative corruption at the pilot MDAs are fewer. The World Bank is likely to acknowledge some of these quantifiable results in its *Doing Business 2009* report. In early 2008, a GRZ-

hosted *World Bank Doing Business* advisory workshop included presentations on streamlined business registration, property registration, and days to import and export. All of these results should lead to improvements in Zambia's global ranking for ease of doing business.

On a broad level, ZTP activities and interventions have had an impact on all of Zambia's citizens and residents. For instance, reforms at ZRA are helping all taxpayers better understand and more easily navigate Zambia's tax system. ZTP's media focus has also ensured that Zambians across the spectrum are exposed to more media coverage of corruption and government efforts to tackle it. Through these activities, the Zambian public is more informed and more empowered to engage in productive dialogue with its government.

**“ Threshold Project
Improves Institutions’
Efficiency ”**

**DAILY MAIL
DECEMBER 20, 2007**

The impact of ZTP reforms and interventions on Zambia’s business community is also significant. The simplified business registration and VAT payment processes have had an immediate impact on Zambia’s business climate, as has the Customs Accredited Client Program. A more robust Zambia Business Forum is also helping private sector concerns find their way to the government’s reform agenda.

Behind those changes is two years’ of hard work by government employees committed to improving the effectiveness of their services. They examined their institutions’ processes, their own attitudes toward their customers, and the working relationships of the pilot MDAs with each other. They agreed on ways to simplify procedures for their customers. They promised those customers certain standards of service — publicizing procedures, fees, and time limits. And they realized that, working together, they can reach the common goal of making services faster, easier, transparent, and more accessible for their customers.

In achieving those changes, the MDAs have embraced the concept of customer service as a way to combat administrative corruption. The popular customer service centers illustrate this reality; other MDAs wanted to emulate the instant success of PACRO’s customer service center. This shift in the perception of government service delivery has altered customers’ views as well. Previously, customers generally had low

expectations, which reinforced continued poor service delivery. Now, expectations are rising, and customers are demanding even more improvements in services. This new challenge from customers should hold the institutions to their promises and stimulate further changes.

A key element in sustaining the anti-corruption measures is the stronger Anti-Corruption Commission, which will be able to use the Corruption Prevention Toolkit to expand the Integrity Initiative beyond the pilot MDAs. However, fighting corruption is no longer seen as a cross borne only by the ACC, as the private sector has taken on the issue and vocally supports partnership activities. The private sector, through the Zambia Business Forum, third parties like Transparency International — Zambia, and the media will also help keep the focus on preventing corruption.

The media are actively engaged in reporting on the government’s anti-corruption campaign, and MDAs have made communications an integral part of their organizational service plans. The project’s assistance in developing Web sites, holding public events, training journalists, creating signage, and printing brochures has greatly changed customer perceptions and satisfaction.

With new facilities at Chirundu now open, agencies — led by ZRA — are poised to enter a new integrated and transparent phase of border operations. Chirundu will be a critical model

**“ ZRA Records Decline
in Corruption at
Chirundu ”**

**THE POST
MAY 27, 2008**

for Zambia’s enhanced trade aspirations. It will also be an important nexus of ZTP interventions, with Immigration, PQPS, ZABS, and ZRA all operating under an integrated system and using their own new processes — now streamlined, automated, and connected to their respective headquarters. Chirundu is also the first border to run the Customs Accredited Client Program. This “green lane” — soon to be expanded to include more businesses — cuts down on costs, as storage at the border and extra time for drivers are no longer needed.

The pilot MDA managers are now focused on results — quantitatively measured and continuously monitored through new software systems — so productivity and bottlenecks are easily identified and can become the focus of management attention. For some, these results are measured in value of imports, total revenue collected, number of businesses registered, or time to register a property transaction. The systematic use of monitoring and evaluation is changing the nature of internal operations.

As a result of the project, there is a growing awareness in the GRZ that public-sector performance is independently evaluated, whether by the MCC, the World Bank, or Transparency International. This realization should encourage the GRZ to measure and monitor its own progress using these same metrics, where possible. This knowledge also has led to a more explicit GRZ commitment to communicate better performance to the evaluators and the public.

The GRZ is now part of a growing dialogue with the public and the business community — its customers — about the quality and transparency of government services. Its successes with pilot program in the MDAs have drawn a roadmap for expansion of the improvements to other government MDAs. As the process improvements solidify and develop and the government attitude toward corruption becomes known, Zambia will be well positioned as a leader in sub-Saharan Africa for private sector investment.

CD-ROM INDEX

ZAMBIA THRESHOLD PROJECT FINAL REPORT

ZAMBIA THRESHOLD ANNUAL REPORT (JULY 2006-JUNE 2007)

SUCCESS STORIES

BUSINESS REGISTRATION STEPS

ZAMBIA CORRUPTION PREVENTION TOOLKIT



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