

# POLITICAL ECONOMY DIAGNOSTIC EXERCISE- ZAMBIA

**Final Report**

**5<sup>th</sup> August 2011**

**Rachel Flanary, Denis Wood,  
Craig Mathieson and Diana  
Cammack**



Church & Court Barn, Church Lane  
Tickenham, Bristol, BS21 6SD  
United Kingdom  
Tel: +44 1275 811 345  
[info@theIDLgroup.com](mailto:info@theIDLgroup.com)  
[www.theIDLgroup.com](http://www.theIDLgroup.com)



# POLITICAL ECONOMY DIAGNOSTIC EXERCISE- ZAMBIA

## Final Report

5<sup>th</sup> August 2011



**The IDL Group Ltd  
Church and Court Barn  
Church Lane  
Tickenham  
Bristol  
BS21 6SD  
United Kingdom**

**Tel: +44 1275 811345  
Fax: +44 1275 811333  
Email: [info@theIDLgroup.com](mailto:info@theIDLgroup.com)  
Web: [www.theIDLgroup.com](http://www.theIDLgroup.com)**

Prepared by:	Rachel Flanary
Reviewed by:	Rachel Percy
Approved by:	

## **Acknowledgements**

The study team would like to thank USAID/Zambia and in particular Adam Jung for the support received and the assistance provided in setting up meetings and sending relevant document. Much of this work was carried out during a particularly busy period for USAID staff, as people were preparing for the new country strategy. We appreciate the extra effort that has been taken in meeting us for discussions, answering our many questions and sending through relevant documentation.

We interviewed stakeholders in Lusaka and in Eastern Province. We would like to thank the people who were generous with their time, who helped us in the field, and who organised meetings for us. Thanks to you all.

## Contents

<b>EXECUTIVE SUMMARY.....</b>	<b>(i)</b>
<b>1 INTRODUCTION.....</b>	<b>1</b>
1.1 OBJECTIVES.....	1
1.2 APPROACH.....	2
1.3 WHY UNDERTAKE POLITICAL ECONOMY ANALYSIS?.....	2
1.4 STRUCTURE OF THE FINAL REPORT.....	3
<b>2 METHODOLOGY.....</b>	<b>4</b>
2.1 INTRODUCTION.....	4
2.2 NATIONAL LEVEL ANALYSIS.....	5
2.3 SECTOR AND ‘PROBLEM’ LEVEL ANALYSIS.....	5
<b>3 NATIONAL LEVEL ANALYSIS.....</b>	<b>8</b>
3.1 INTRODUCTION.....	8
3.2 POLITICAL ENVIRONMENT.....	11
3.3 POLITICAL PROCESSES.....	12
3.4 POLICY AND DECISION-MAKING PROCESSES.....	13
3.5 STATE AND SOCIETY RELATIONS.....	16
3.5.1 <i>Civil Society Organisations</i> .....	16
3.5.2 <i>Faith Based Organisations</i> .....	17
3.5.3 <i>Trade Unions</i> .....	17
3.5.4 <i>Traditional Leaders</i> .....	17
3.5.5 <i>Media</i> .....	18
3.5.6 <i>Civil Society Creating Change</i> .....	19
3.6 GOVERNMENT AND COOPERATING PARTNER RELATIONS.....	19
3.7 THE FORTHCOMING ELECTIONS.....	20
3.7.1 <i>The Parties and Presidential Candidates</i> .....	21
3.7.2 <i>Possible Election Scenarios</i> .....	22
<b>4 SECTOR ANALYSIS.....</b>	<b>26</b>
4.1 GOVERNANCE.....	26
4.1.1 <i>Implications for USAID</i> .....	27
4.2 AGRICULTURE SECTOR.....	30
4.2.1 <i>Outline of the Sector</i> .....	30
4.2.2 <i>Recent performance of Sector</i> .....	33
4.2.3 <i>Political Economy Sector Constraints</i> .....	34
4.2.4 <i>Implications for USAID</i> .....	38
4.3 EDUCATION SECTOR.....	43
4.3.1 <i>Overview of Sector</i> .....	43
4.3.2 <i>Sector Stakeholders</i> .....	44
4.3.3 <i>Recent Performance</i> .....	45
4.3.4 <i>Implications for USAID</i> .....	45
4.4 HEALTH.....	51
4.4.1 <i>Outline of the Sector</i> .....	51
4.4.2 <i>Political Economy Sector Constraints</i> .....	52
4.4.3 <i>Implications for USAID</i> .....	53

<b>5</b>	<b>A REVIEW OF EASTERN PROVINCE .....</b>	<b>55</b>
5.1	INTRODUCTION .....	55
5.2	THE REGIONAL CONTEXT .....	55
5.2.1	<i>Socio-economic Profile of the Eastern Region.....</i>	<i>55</i>
5.3	GOVERNANCE .....	56
5.3.1	<i>Introduction.....</i>	<i>56</i>
5.3.2	<i>Issues for USAID Consideration .....</i>	<i>57</i>
5.4	AGRICULTURE .....	58
5.4.1	<i>Introduction.....</i>	<i>58</i>
5.4.2	<i>Agriculture in Eastern Province .....</i>	<i>59</i>
5.4.3	<i>Issues for USAID Consideration .....</i>	<i>61</i>
5.5	EDUCATION .....	61
5.5.1	<i>Introduction.....</i>	<i>61</i>
5.5.2	<i>Issues for USAID Consideration .....</i>	<i>63</i>
5.6	HEALTH .....	63
5.6.1	<i>Background .....</i>	<i>63</i>
5.6.2	<i>Issues for USAID Consideration .....</i>	<i>66</i>
<b>6</b>	<b>RECOMMENDATIONS.....</b>	<b>67</b>
6.1	INTRODUCTION .....	67
6.2	EXTERNAL RECOMMENDATIONS.....	68
6.2.1	<i>Understanding and Addressing Political Economy.....</i>	<i>68</i>
6.2.2	<i>Effective Dialogue.....</i>	<i>69</i>
6.2.3	<i>Policy Influencing.....</i>	<i>71</i>
6.3	INTERNAL RECOMMENDATIONS .....	72
6.4	GENERAL CONCLUSIONS .....	73

## Text Boxes, Figures, Tables, and Annexes

---

### List of Text Boxes

Box 3-1 Decentralisation in Zambia: A Stalled Process.....	15
Box 3-2 The NGO Act .....	18
Box 4-1 The Subsidisation of Fertiliser in Zambia .....	37
Box 4-2 Corruption in the MoH: The Global Fund Case.....	53
Box 5-1 Institutional Structure of Eastern Province .....	56
Box 5-2 Action for Positive Change.....	58
Box 5-3 Key Constraints – Eastern Province Health Office .....	65

---

### List of Figures

Figure 2-1: Methodological Process .....	7
Figure 4-1: Public Spending in Agriculture.....	35

---

### List of Tables

Table 3-1 Key Economic Indicators for the period 2003 to 2010 .....	8
Table 3-2 Total External Assistance 2006-2009, USD million .....	9
Table 3-3 Trends in National Results for Presidential Elections .....	23
Table 4-1: Land Management Rights, by category .....	32
Table 4-2: Contribution of the agricultural sector to overall real economic growth .....	33
Table 5-1: Size of Districts, Population, Density and Growth Rates 2000-2010.....	55
Table 5-2: Net Enrolment Rates by Province, Grade 10-12 .....	62
Table 5-3: Pupil Teacher Ratio by Province, Grade 1-12, 2008 .....	62
Table 5-4: Percentage HIV positive among women and men age 15-49 who were tested .....	64

---

### List of Annexes

Annex A: References .....	76
Annex B: List of Stakeholders Met.....	82
Annex C: USAID Country Development Cooperation Strategy (CDCS) .....	85
Annex D: Stakeholder Matrix.....	86

## **Acronyms and Abbreviations**

ACF	Agricultural Consultative Forum
ASIP	Agricultural Sector Investment Programme
BESSIP	Basic Education Sub Sector Investment Programme
CAADP	Comprehensive Africa Agriculture Development Programme
CAS	Country Assistance Strategy
CBD	Convention on Biological Diversity
CBO	Community Based Organisation
CDCS	Country Development Cooperation Strategy
CDF	Constituency Development Fund
CGA	Country Governance Assessment
CHAZ	Churches Health Association Zambia
COP	Chief of Party
CSO	Civil Society Organisations
CP	Cooperating Partners
DACO	District Agriculture and Cooperatives Officer
DEBS	District Education Board Secretary
DDCC	District Development Coordinating Committee
DFID	Department for International Development
DGA	Democracy and Governance Assessment
DO	Development Objective
DoC	Drivers of Change
ECZ	Electoral Commission of Zambia
EGMA	Early Grade Mathematics
EGR	Early Grade Reading
EQUIP2	Educational Quality Improvement Programme
EU	European Community
FAO	Food and Agriculture Organization of the United Nations
FIPC	Free and Informed Prior Consent
FISP	Farmer Input Support Programme
FNDP	Fifth National Development Plan
FRA	Food Reserve Agency
FRSP	Food Security Research Project
FSP	Fertiliser Support Programme
FTF	Food for the Future
GBS	General Budget Support
GDP	Gross Domestic Product
GIZ	Gesellschaft für Internationale Zusammenarbeit
GNI	Gross National Income
GRZ	Government of the Republic of Zambia
GMO	Genetically Modified Organism
HIP	Harmonization in Practice
HIPC	Highly Indebted Poor Countries
IHP	International Health Partnership
IMF	International Monetary Fund
IR	Immediate Result
JASZ	Joint Assistance Strategy for Zambia
JCTR	Jesuit Centre for Theological Reflection
KfW	Kreditanstalt für Wiederaufbau
MACO	Ministry of Agriculture and Cooperatives
MATEP	Market Access, Trade and Enabling Policies Project

MCDSS	Ministry of Community Development and Social Services
MDG	Millennium Development Goal
MFNP	Ministry of Finance and National Planning
MMD	Movement for Multiparty Democracy
MoE	Ministry of Education
MoFNP	Ministry of Finance and National Planning
MoH	Ministry of Health
MRV	Monitoring, Reporting and Verification
MTEF	Medium-Term Expenditure Framework
NACP	National Anti-Corruption Policy
NEAP	National Environmental Action Plan
NGO	Non Governmental Organisation
NORAD	Norwegian Agency for Development Cooperation
OAG	Office of the Auditor General
ODA	Official Development Assistance
OVC	Orphans and Vulnerable Children
PACA	Power and Change Analysis
PACO	Provincial Agriculture and Cooperatives Officer
PCAZ	Palliative Care Association Zambia
PDCC	Provincial Development Coordinating Committee
PDGPEA	Problem Driven Governance and Political Economy Analysis
PEDE	Political Economy Diagnostic Exercise
PEO	Provincial Education Officer
PF	Patriotic Front
PGPEA	Problem-Driven Governance and Political Economy
PROFIT	Production, Finance and Improved Technologies
PS	Permanent Secretary
PSD	Private Sector Development
RDA	Roads Development Agency
REDD	Reduced Emissions from Deforestation and Forest Degradation
ROADSIP	Road Sector Investment Programme
SACMEQ	The Southern and Eastern African Consortium for Monitoring Quality Education
SAG	Sector Advisory Group
SCCI	Seed Certification and Control Institute
SGACA	Strategic Governance and Corruption
SIDA	Swedish International Development Agency
SNDP	Sixth National Development Plan
SSME	Snapshot of School Management Effectiveness
SWAp	Sector Wide Approach
TALC	Treatment Advocacy and Literacy Campaign
TI	Transparency International
UNIP	United National Independence Party
UPND	United Party for National Development
USAID	United States Agency for International Development
USD	United States Dollar
ZANEC	Zambia National Education Coalition
ZFAP	Zambia Forestry Action Plan
ZNFU	Zambia National Farmers Union
ZNUT	Zambia National Union of Teachers
ZOCS	Zambia Open Community Schools

## Executive Summary

The purpose of this consultancy is to undertake a Political Economy Analysis related to the intended programme areas of USAID/Zambia. These areas are specifically: Agriculture, health, education and governance. The goal of the analysis is to, firstly, identify the underlying factors that explain governance issues at national and sector level and, with that knowledge, secondly, to identify the possible implications for programming for USAID. In this respect, the Study intends to help USAID better appreciate the formal and informal realities of their working environment in Zambia.

In the context of the above, the Study, firstly, identified the foundation factors that shape Zambia's political system. At this level, the following factors are noteworthy:

1. Copper accounts for around 75 percent of the country's exports and the rise in the global copper price have fuelled much of the Zambian economy's recent growth. This over-reliance on copper and lack of diversity within the economy makes Zambia vulnerable to external shocks, as has been demonstrated in the past.
2. There are formal rules in Zambia, some of them embedded in the Constitution and in the many pieces of legislation. There are also formalised offices with clear lines of responsibility.
3. With respect to the application of rules, formal or non-formal, the President has over the years remained the most powerful person in the country. This power is, in important respects, supported by the existing laws (including the Republican Constitution) and by operational guidelines.
4. Informal rules and informal institutions have continued to unduly influence policy making during the entire political history of Zambia. As a result of this, personal rule and executive discretion have been reinforced.
5. At the level of Government, institutionalisation of rules, procedures and behaviour is only partial. The Zambian political system is characterised by centralisation and is highly personalised. In this system, formal rules usually give way to personalised relations and informal power structures, thus, blurring the distinction between the private and the public spheres. The reliance on personal relations has eroded bureaucratic controls and has resulted in increased incidence of corruption and impunity.
6. These characteristics are indicative of a neopatrimonial style of governance.
7. In keeping with the neopatrimonial character of Zambia, political parties have often been organised on regional lines, personalities and patronage, rather than around particular programmes, mandates or issues. Indeed, there is a distinct absence of ideology in the discourse and practice of Zambia's political parties, which is not uncommon in a neopatrimonial system.
8. Decentralisation has been put across by Government as preferred policy approach to governance. However, there is an evident absence of sufficient political will to go ahead and operationalise this stated preference, indicative of the policy dualism prevalent in Zambia. Thus,

power sharing with lower-level organs of the State through decentralisation remains a pipedream.

9. Civil society in Zambia has the potential to bring about pro-poor change. In particular, Zambia's private media has matured as an institution and can now provide an informed critical voice to large numbers of the population (the Post's readership is double that of the two state-owned newspapers (Brown, Wood and McCullough 2010); the Catholic Church has maintained a steady position taking a stance on public issues when necessary; and while CSOs have stagnated recently, organisations and individuals exist with the capacity and experience to play a fundamental role holding the state to account.
10. Donor assistance to Zambia has been quite significant over the years and external actors' influence has varied, starting with the period of structural adjustment when policy influence from donors was quite thorough to the present day when efforts are being made to allow for local ownership of the country's development Agenda through the likes of the FNDP, JASZ and Aid Policy and Strategy.

In terms of the 'here and now', it has been observed that:

1. In 2010, Zambia posted an economic growth rate of 6.6 percent, outperforming the rest of sub-Saharan Africa.
2. The positive economic gains have failed to translate into improvements in social conditions for the majority of the population. The latest World Development Report (2011) indicates that 68 percent of the population are living below the national poverty line (using survey figures from 2004). Little of this growth has reached rural areas; 80 percent of rural Zambians still live in extreme poverty and Zambia remains one of the least developed countries in the world, ranking 150 out of 180 on the Human Development Index.
3. Zambia is heading towards what is thought to be one of the most closely contended elections in Zambia's political history. The main runners are MMD, led by the incumbent Rupiah Banda, and PF, led by Michael Sata. Since the 2006 presidential polls, the MMD has been losing ground in the urban and peri-urban centres and has increasingly become a rural party with strongholds in the Eastern, North-Western, Western and parts of the Central Province. In 2001, the PF won a mere 3 percent of the Presidential vote, which increased to 29 percent in 2006. In 2006, PF MPs won every urban parliamentary seat and controlled a majority of the country's urban municipal councils. During the 2008 Presidential by-elections, the PF made further in-roads in the political arena and won 38.1 percent of the Presidential vote.

In terms of the key issues that arose at sector level, the following observations can be made.

**DO1: Governance:**

1. Improving the governance environment is generally seen as having two relatively distinct aspects. On the one hand, improvements to government systems to enable them to comply more closely with 'modern' administrative practices and manage services more effectively,

thereby encouraging a shift towards less patrimonial governance. On the other hand, supporting bottom-up pressures for accountability and better performance of government whereby both voters and service users gain more 'voice'. These are often referred to as the 'supply side' and the 'demand side' of governance respectively.

2. After significant investment on the supply side, with little tangible results (particularly in terms of public service reform) many CPs are turning increasing attention to the demand side. In terms of DO1, USAID will fund interventions in both supply and demand sides.
3. One of the strategies that USAID will adopt to achieve increased citizen demand is to strengthen CSOs at the grassroots so they are able more effectively demand services from the Government. This will be done through using politically engaged advocacy NGOs to support the rural and predominantly service-delivery focused CSOs. There are a number of potential problems with this approach. Firstly, it is likely to politicise local-level CSOs that have to date only been engaged in the more benign task of service provision. In light of the NGO Act and the political climate giving rise to it, CSOs may be putting themselves at risk of censure, which may ultimately threaten their ability to fulfil their service provision role. Furthermore, the point should be made that while supporting civil society can strengthen democracy, it is unrealistic to think that broad-based citizen demand for services will occur on the basis of this support. It is necessary to recognise that civil society organisations as well as citizens themselves are inherently part of the system of governance and not necessarily separate from it.
4. It is necessary to also recognise the limitations of CSOs in influencing and changing policy. This is relevant across USAID's sector work, which consistently features elements of policy change and the importance of ensuring CSOs are part of that process.

#### **DO2: Agriculture**

1. Policy influence/change will continue to be a big part of USAID's strategy as part of addressing the 'enabling environment' for agricultural development. However, the underlying political economy in Zambia and in particular the agriculture sector – centralised discretion, a preference for the status quo and elite self-interest – are all potential obstacles to sectoral reform. Given that politics and vested interests play such an important role in influencing decision-making, careful consideration should be given to influencing strategies that CPs and programme-level staff employ.
2. A number of infrastructure components are fundamental to Zambia's agricultural economy, including feeder roads. Indeed, one of the critical assumptions in the CDCS under DO2 is that EU and World Bank will complete their planned investments in complementary infrastructure. Indications are that the donors currently supporting the roads sector (primarily World Bank, EU and KfW at present) will continue to do so.
3. As elsewhere in Africa, road investments are invariably popular in Zambia. Like other investments in physical infrastructure, such as schools, clinics or hospitals, building roads is a good vote winner. This logic also leads to a bias in favour of new / upgraded roads over maintenance of existing ones. Although bringing the roads up to a good standard in the first place is

understandably a concern of the government, maintenance should be given equal attention. The experience of seeing the road network virtually collapse for lack of maintenance during the 1980s and 1990s raises doubts as to the sustainability of the current network, let alone an expanded one. The major problem is that the funds available for road maintenance are barely 50% of what is needed for the current core network (which is only 40,000 km out of nearly 70,000 km total). The prospects of raising significant additional funding for maintenance are not particularly good.

4. Another element to this assumption is that once a road has been improved, transport services will automatically commence. In reality, in an uncompetitive environment with low traded volumes, as is the situation in most of Zambia's rural areas, private sector provision of transport services is not always seen as cost effective. It will be important for USAID to carefully monitor this situation, to keep abreast of CP discussions on funding to feeder roads and supporting infrastructure, and to assess whether the necessary transport services are in place to meet the needs of the small-holder farmers.
5. One of the core elements of the FTF strategy is diversification of selected staple value chains, namely maize, legumes and oilseeds, vegetables and fruits. Maize has been selected by USAID as it is considered vital to food security and is an important crop in Eastern Province. However, strategies to encourage small-holder crop diversification need to take account of the political economy of the agriculture sector, particularly the market distortions caused by fertiliser subsidies and maize pricing, and to understand what incentivises farmers to grow certain crops. This decision may be subject to regional, cultural or location-specific variations and may depend in part on farmers past experiences in experimenting with alternative value chains.
6. At present, the market for maize is heavily distorted, since farmers are confident that by growing this low value, high input staple, they will at least have a secure market, even though the returns on investment are generally quite poor. For the new value chains that USAID hopes to promote through the FTF, it is vital to ensure that any structural barriers in commodity marketing, transport, extension support or any other steps along the value chain are addressed.
7. USAID aims to fund some interventions in natural resources. This is a highly technical area and largely beyond the knowledge of the team. It is a sector prone to illegal logging and corruption, the drivers of which include the international demand for timber, shortfalls in legislation regulating illegally sourced forest products and the emphasis on forests as a component of economic development rather than conservation. Corruption poses risks to REDD, which will mean that Monitoring, Reporting and Verification (MRV) are likely to be important components. MRV offers an opportunity to monitor other aspects of the carbon initiative including benefit sharing, community engagement and other key points.
8. The support to REDD also includes support to civil society participation in the REDD+ strategy. However, it is important to consider the capacity of civil society to participate in this process. One concern is that engaging CSOs requires considerable time and effort and national REDD

developments are moving ahead rapidly at a forced pace to generate more funding, or to keep up with funds already allocated.

### DO 3: Human Capital:

#### IR3.1: Education-

1. Many of the sub-IRs under this IR assume a shift away from quantity towards quality. However, despite the SNDP pledging to focus on quality as well as access, government's funding allocations to infrastructure development continue to increase without corresponding increased funding of staff training, teachers' salaries, curriculum development etc. There is no indication that the motivating incentives undermining quality education are about to change.
2. Donor support to the sector as a proportion of MoE funding is decreasing, which will reduce outsiders' influence. The shift to quality will be undermined further as the state budget is stretched to include 3000 community schools (ZOCS 2010). While this will increase access to basic education, it will come at a huge cost which will likely reduce the amount of funding available to improve quality.
3. While the focus has been on access and improved enrolment rates, improvements in learning outcomes have lagged behind those of neighbouring countries. Zambia regularly ranks among the lowest performers in terms of reading and math in the Southern and Eastern Africa Consortium for Monitoring Educational Quality (SACMEQ).
4. Studies have shown that poor learning outcomes are linked to teacher performance and teacher motivation. However, the incentive structures for staff – including improved housing, pay, benefits, and career prospects – are important contributing factors to performance, and linked to human resource issues. It is not clear to what extent the new interventions under IR3.1 will address these issues, in addition to training and professional development.
5. Recognising that it is not in the interests of many stakeholders in the education sector, particularly those in decision-making positions, to shift their focus to quality as opposed to quantity, USAID needs to find innovative ways of facilitating this shift rather than assuming it will happen. This will require understanding the constraints teachers face in performing effectively and looking for incentives that will motivate teachers to improve.
6. There are structural drivers of unequal access that discriminate against children in certain under-served areas. Poor service is driven by several factors: patronage around infrastructure development and resource allocation, a paucity of incentives for teachers to work in rural areas, and a weak system of enforcement which allows informal connections to over-rule technical decisions on teacher deployment. This has implications for USAID programming, specifically IR 1.3: equitable access to education increased.
7. Problems such as overcrowding of teachers in urban areas and understaffing in rural areas, along with non-meritocratic staff promotion and recruitment are all prevalent in the MoE and largely driven by informal networks of patronage, clientelism and nepotism. The persistence of informal systems can be seen in the MoE in the methods used for teacher recruitment and promotion; the high number of ghost

teachers; delayed or premature completion of rural service; and non-meritocratic selection around geography and duration of placements.

8. MoE systems have improved through extensive support from CPs. However, technical changes are not enough to reform the civil service and informal systems remain strong. Non-meritocratic appointments benefit not just those who receive appointments but those who do the appointing, as individuals seek to repay the favour, or ensure that they will retain the post in future. Thus, there are strong incentives to maintain the status quo.

#### IR3.2 Health:

1. Although concern has arisen over the Ministry of Health's reduced efficiency and dependability, there has been little or no attempt to address the cause of the problem, namely recruitment within the system based on patronage networks instead of merit. This can result in technical staff being recruited with insufficient knowledge and skills.
2. Increasing centralisation of power within the MoH is another factor of importance, and is reflected in the way decentralisation remains on the agenda for discussion in public institutions, whilst provincial and district structures remain under funded and understaffed.
3. Keeping in mind the political logic underpinning these practices, USAID could support government to address progressive reforms to recruitment and promotion, with an eye to reversing the perverse incentives that dominate the human resource system at present.
4. The Global Fund scandal and the way government has addressed it demonstrates a need for reform at a national level to address the public service culture more generally. Government has shown some initiative here, although reforms have yet to translate into changes in practice.
5. CSOs have traditionally provided service delivery rather than advocacy services in Zambia. Recently however this has started to change. CSOs are now represented in the Sector Advisory Group and the technical working groups. Recently, these organisations have become recognised as having a role to play in health sector aid processes. The fact that there are a growing group of health advocacy organisations does, however, present an opportunity to tackle the institutional weakness that failed to address weak financial systems in the MoH and the consequent corruption. CSOs undertaking budget tracking could be supported in ensuring that MoH system reforms are adhered to. Additionally, CSOs have the potential to perform basic checks and balances on human resource reforms that attempt to tackle the issues outlined in the previous section.
6. Coordination between CPs and GRZ has been identified as a blockage to more effective health services yet offers a large degree of scope to reform. Despite recent developments over corruption scandals which saw certain CPs hold back funds, it can not be said that GRZ-CP collaboration has been unproductive. MoH has strong ownerships of programmes. This has been enhanced through approaches such as the 'district basket' which increases the amount of resources, and autonomy provided to the district health administration. Developments such as this are critical to increasing country ownership at sub-national level.

### Eastern Province

1. The Eastern Province is a predominantly rural province and is home to the current president, Mr. Rupiah Bwezani Banda.
2. Pressure from chiefs on the elite in the districts and at the provincial level to be more accountable for community development has been increasing. Most chiefs in the Eastern Province have been known to use their traditional authority and some have even been known to summon an MP or a minister or even the Permanent Secretary to their kraal to demand that they account for delivery on promises made to the people.
3. The Permanent Secretary (PS) in the Eastern Province is the principal controlling officer for government. The Eastern Province PS has close familial linkages with the President and has been known to draw on this to support her decisions at the PDCC and other fora.
4. Civil society organisations are relatively prominent in Eastern Province. In 2008 there were 244 NGOs and Community Based Organisations (CBOs) working on poverty-related issues. This number was only surpassed by Lusaka and Copperbelt. Also, active is the Catholic Church, with the Bishop being one of the most prominent and outspoken critics of President Banda and the serving government.
5. In terms of agriculture, there are strong disincentives that make crop diversification difficult in practice: a gap between research and extension; weak extension services; strong incentives towards maize production; and lack of post-harvest and market infrastructures for other value chains.
6. Apparently, farmers in Eastern Province have proven in the past that they are very responsive to the market if they have confidence in it. The provision of seed and the availability of credit and other necessary inputs are also critical factors that affect farmers' confidence to diversify to other crops. If these conditions are not there, then farmers will not take the risk of adopting new ideas.
7. In terms of education, a lack of teachers in rural areas was identified by GRZ staff in Eastern province as a fundamental driver of poor quality education provision. The living conditions and social practices in Eastern Province's rural areas were highlighted as key reasons for this. Importantly however, the general pattern of the strength that informal systems have over formal ones in the allocation of teachers, is visible in Eastern Province.
8. Informal systems heavily influence teacher allocations in Eastern Province, where rural schools are understaffed and urban and peri-urban schools are reportedly over congested.
9. A primary cause of sub-standard health care provision in Eastern Province is the gap between the number of staff required and the number available, which discriminates against rural areas. In Eastern Province the overall variance between staff establishment (employed) and total establishment (staff necessary) was reduced from 62 percent in 2009 to 26 percent in 2010 as 140 new staff were recruited. However, the staff establishment in the rural districts is still low.

### Recommendations

A number of 'external' and 'internal' recommendations can be made. These are outlined below.

## External recommendations:

1. Focus on more incremental ways of reaching short and medium term goals rather than tackling difficult or potentially sensitive issues head-on.
2. Recognise that personal relationships can contribute to progressive outcomes, facilitating the transition to more inclusive, rules-based governance. Formal participatory mechanisms may be less important as channels of influence than informal networks and relationships.
3. Focus engagement narrowly and try to target very specific interventions where development goals are aligned with the interests of Zambia elites.
4. Identify and harness 'islands' of effectiveness in the different agencies and departments you are dealing with. Use them as platforms to support better governance. This is perhaps only possible where rule-boundedness does not challenge political management.
5. Build on local coalitions for change, organised around very specific interventions. Support for change is dependent upon credible, mutual commitment among sub-groups of the elite to take reciprocal actions.
6. Effective dialogue is a crucial component of not only policy influencing but also general engagement, interaction and relationship-building between CPs and GRZ (as well as other key stakeholders outside of Government). Improving the quality of dialogue is necessary and will require attention to be paid to both the substance and the process of the dialogue. Substance in terms of what issues are being discussed; the political dimensions of these issues; the evidence that informs the discussion and how have they been generated etc. Process will include, the key actors engaged in the dialogue; how the issues for discussion are raised and phrased; and the language used and how inclusive it is.

## Internal Recommendations

There are a number of ways that USAID can work towards addressing political economy issues within their programming and project cycle management. These could include:

1. Ensuring that all new and existing staff have a basic understanding of the political economy environment in which they are operating and the importance of this information for planning, implementation and follow-up.
2. Creating a forum to enable lesson learning, information and experience sharing about the country and its 'logic'; how this may be affecting programme performance; and discuss possible ways of overcoming challenges.
3. It could be beneficial to develop some kind of guidance note that provides information and ideas that prompt USAID staff to think about political economy issues at different stages of the programme and project cycle.
4. A further step to a stand alone guidance note would be to incorporate political economy into existing project cycle procedures.

## 1 INTRODUCTION

---

The objective of this diagnostic is to deepen USAID's understanding of the governance and political economy challenges that underlie the four Country Development Cooperation Strategy (CDCS) programme areas: Education, Health, Agriculture and Governance. Whilst Governance is treated as a separate sector in the CDCS, governance impacts development generally and cuts across all sectors. The section on the Governance DO relates, then, to specific programmes USAID will support and the more general discussion on Governance is incorporated into the national-level analysis. The Final Political Economy Diagnostic Report is intended as an input into discussions with the country teams and builds on findings outlined in *theIDLgroup's* Interim Report (April 2011) and a Debrief Note linked to the presentation made on the 27th May 2011. As well as presenting the research team's findings, the Final report describes the process and methodology applied, specifically the types of analytical questions used at national, sector and specific 'problem' levels.

This Political Economy Diagnostic Exercise (PEDE) identifies fundamental political economy bottlenecks in each of the CDCS programme areas, providing a practical analysis that can inform USAID decisions about how best to deliver aid. However, this analysis does not provide all the answers to development objective (DO) problems, nor does it provide prescriptive guidance on USAID's development activities. Rather, it supplies:

- A broad understanding of the role of structures, institutions and agents relevant to USAID programmes at sector level;
- An in-depth analysis of specific PE blockages that relate to USAID programme areas; and
- Suggestions on how to use sector and problem-level analyses to address PE constraints.
- General recommendations about how USAID can address PE issues both in programme design and implementation.

This exercise should be seen as part of an on-going design process. PE analysis should be repeated regularly, and incorporated in USAID's design, monitoring, and evaluation processes. Further recommendations in this regard are included in the concluding section of this report.

### 1.1 OBJECTIVES

---

This exercise utilises and builds on existing work including recent political economy analyses by other CPs, policy documents and national development plans, academic articles and reports, highlighting issues at both national and sectoral level. We have interrogated the data in so far as it helps us to understand how things work in a political economy context at national and sector levels and in relation to the areas of USAID's focus. In order to plug any gaps, update our knowledge to take account of the "here and now" and flesh out some of the outstanding issues of relevance to USAID programming, we have carried out interviews with key informants in Lusaka both within and outside of USAID, and in Eastern Province.

Previous PE analyses have been used to understand national historical/foundational issues, and the structural relationships between institutions and actors. Much of this analysis was undertaken at a national level and was used for understanding large-scale and long-term PE trends. There are fewer examples where the analytical framework focused at sector or sub-national levels, which is a necessary input to programme design. From this general understanding, the blockages pertinent to each of the USAID programme sectors are explored. Therefore, the PEDE explores USAID's 4 key sectors – health, education, agriculture and governance and a regional focus on Eastern Region.

## **1.2 APPROACH**

---

This exercise utilises and builds on existing work including recent political economy analyses by other CPs, policy documents and national development plans, academic articles and reports, highlighting issues at both national and sectoral level. We have interrogated the data in so far as it helps us to understand how things work in a political economy context at national and sector levels and in relation to the areas of USAID's focus. In order to plug any gaps, update our knowledge to take account of the "here and now" and flesh out some of the outstanding issues of relevance to USAID programming, we have carried out interviews with key informants in Lusaka both within and outside of USAID, and in Eastern Province.

Previous PE analyses have been used to understand national historical/foundational issues, and the structural relationships between institutions and actors. Much of this analysis was undertaken at a national level and was used for understanding large-scale and long-term PE trends. There are fewer examples where the analytical framework focused at sector or sub-national levels, which is a necessary input to programme design. From this general understanding, the blockages pertinent to each of the USAID programme sectors are explored. Therefore, the PEDE explores USAID's 4 key sectors – health, education, agriculture and governance and a regional focus on Eastern Region.

## **1.3 WHY UNDERTAKE POLITICAL ECONOMY ANALYSIS?**

---

Political economy (PE) analysis in general, as well as specific studies undertaken previously in Zambia (e.g. Brown, 2004; Erdmann & Simutanyi, 2003; NORAD, 2007; Saasa & Simutanyi, 2007; DFID, 2007) has demonstrated the fundamental role governance plays in the success or failure of the state achieving its development objectives. As the Norwegian evaluation of its decades-long programme (2007) highlights, political economy methods can help to explain why an aid policy or a set of projects may be made irrelevant, funds may not be used efficiently, and why a programme may prove ineffective, not sustainable or have low impact. Evaluations such as that undertaken by Norway have shown that there has been considerable waste of development resources as a consequence of inadequately understanding and addressing the underlying governance context that affects development outcomes.

Consequently Cooperating Partners (CPs) are increasingly incorporating political economy analysis into the design and evaluation of their programmes, looking beyond technical solutions to underdevelopment and at the role that politics, social factors, and especially formal and informal institutions play in creating or

undermining conditions conducive to using aid effectively. Political economy analysis is only one dimension of this process, but is important because it provides a foundation for ‘smarter’ engagement and more effective aid delivery. It can therefore point towards ways of engaging more effectively with government and other stakeholders.

#### **1.4 STRUCTURE OF THE FINAL REPORT**

---

The sections are organised as follows:

- Section 1 provides an introduction to the report
- Section 2 describes the methodological approach and tools used
- Section 3 is an overview of Zambia’s political economy
- Section 4 provides sector-level analysis of education, health, agriculture and governance, including a review of the sectors, political economy sector-level constraints and implications for USAID programming
- Section 5 includes a review and analysis of Eastern Province which covers each of the sector areas
- Section 6 offers recommendations/observations that may be of relevance to USAID as the agency completes the design process and moves towards strategy implementation

## 2 METHODOLOGY

---

### 2.1 INTRODUCTION

---

The section below briefly describes the methodology used to identify the broad national political economy blockages. Following this is an outline of the methodology used to analyse blockages at sector and problem levels. This methodology differs to that outlined in the Inception Report primarily because the needs of this project, which became apparent only after submission of the Inception Report, warranted more of a sector- and problem-focused approach rather than the more generic national-level.

During an initial two-week visit to Lusaka between March 28<sup>th</sup> and April 8<sup>th</sup> 2011, the consultancy team interviewed a number of key USAID staff to develop an understanding of USAID's activities in Zambia. This visit helped to understand the national political economy context and to start identifying the basic political economy blockages in the relevant sectors.

To supplement these interviews, questionnaires were distributed to Chiefs of Party (COPS) and USAID Programme Officers to develop a broad view of the political economy blockages and opportunities faced within each of the CDCS sectors. In particular, the questionnaires sought to identify informal institutions that posed problems and opportunities when engaging with government, and to identify the logic of all these systems as well as the possible reasons for the failure of the formal institutions. Additionally, questionnaires allowed an assessment of the weight of governance problems in relation to other challenges and enabled us to understand the extent to which COP and Programme Officers had thought about these issues.

Following on from the questionnaires were further interviews with selected USAID in-house and project staff that focused on the most pertinent issues during a second visit to Zambia between 15<sup>th</sup> and 28<sup>th</sup> May 2011. This information informed the problem-level analysis. It is hoped that the process also helped USAID staff develop a greater understanding of political economy issues and to foster a sense of ownership of the PEDE process and report.

During this second visit, a selection of political economy blockages within each sector were explored further and a short field trip to Eastern Province allowed the team to look in some depth at the specific PE issues at local level. This enabled a better integration of the sector-, national- and problem-level analyses.

The PEDE methodology borrows from a number of political economy tools. It draws conceptually upon the more national-oriented Netherlands' Strategic Governance and Corruption Assessment (SGACA) and DFID's Drivers of Change methodology. A discussion of these methods is provided in the Inception Report and will not be repeated here. The PEDE methodology also borrows from the European Union's sector-specific guidelines 'Analysing and Assessing Governance in Sector Operations' and the World Bank's 'Problem Driven Governance and Political Economy Analysis' (PDGPEA). These, as their titles indicate, are more useful for sector- and problem-level study.

## 2.2 NATIONAL LEVEL ANALYSIS

Sitting at the heart of our PE approach is an awareness of the need to understand the formal and informal institutions and networks of actors, and the incentives and interests that drive behaviour at national level.

The analysis explores issues in three broad areas:

- I. The **Foundational Factors** which fundamentally shape the major characteristics of the political economy system are analysed. These include Zambia's history of state formation, sources of revenue, and its embedded socio-economic and political structures. Many will have very long-term origins, and will tend to change slowly.
- II. The **Rules of the Game** in which the factors that shape state-society interactions and institutions (both formal rules and informal rules and norms) are analysed. This work focuses on Zambia's formal and informal systems, structures and norms of power and how they influence action by various stakeholders; how rents are raised and distributed; and how these all affect policy making and implementation and can potentially limit or undermine the impact of development efforts.
- III. The **Here and Now** is an analysis of how important recent events demonstrate how actors (including Cooperating Partners) inter-relate within the existing context. Some of the points arising here include the failed constitutional-reform process, which demonstrates the power of the ruling elite and the weakness of the reformist middle class, and sets the stage for more years of neopatrimonial politics. Also included here are issues surrounding the upcoming election campaign, the implementation of the NGO Act, and trends in CP engagement (with some bilateral organisations cutting development aid to Zambia).

This framework is used to identify the national-level governance and political economy logics that affect policy-making and implementation within the four CDCS sectors.

**Context-** How national governance trends are reflected in each of the sectors;  
**Actors-** Key stakeholders and their organisations/networks within the sector, their respective powers and authority, their interests/incentives for maintaining the status quo or for inducing change;  
**Institutions-** formal and informal norms/rules that guide decision-making and policy implementation, and explain why things are done by the key actors in particular ways

## 2.3 SECTOR AND 'PROBLEM' LEVEL ANALYSIS

The aim of sector and problem-level analysis is to explore a selection of key challenges to aid effectiveness in each of CDCS's four areas.

### Sector Level Analysis

1. **Defining the Sector:** This sub-analysis helps us to define the boundaries of the sector, and to map the players in the sector and the nature of the relationship between them. For example, in agriculture, this would include the Ministry of Agriculture (MACO) at the various levels (central, provincial, and district); Camp Extension Officers; agricultural research organisations (e.g., the Zambia Agricultural Research Institute); farmers groups such as the Zambia National Farmers Union; other industry associations such as Croplife; and suppliers of agricultural inputs. Also included would be the licensing authorities such as the Seed Certification and Control Institute (SCCI) and various crop boards; and small-holder and commercial farmers.
2. **Assessing Sectoral Implementation Capacity:** What political and social factors influence capacity and the potential to build new capacity? e.g. non-meritocratic hiring and firing of staff.
3. **Explore the types of corruption that appear to be most prevalent in each sector and where they occur in the sectoral value chain.** E.g., predation, petty/administrative corruption, corruption in public procurement, corruption in management of human and financial resources, political corruption (e.g., unfair elections or use of state resources for campaigning). Who benefits and why? Which of these forms of corruption are less harmful than others to the national development strategy? Are there ways that rents might be extracted and used in line with the national development vision instead of undermining it? Where in the sector value chain is corruption most evident?

To draw together an understanding of the above a combination of interviews with key sector-level stakeholders supplemented by existing literature has been used. No set questionnaire was used during the interviews, rather a broad list of issues to explore along the lines of the three key areas above, was drawn up for each interview. This enabled us to build a picture of the context, actors and institutions operating within each of the sectors and the relationships between them.

### Problem-Level Analysis

Problem-level analysis relates very closely to the sector-level approach and draws heavily on the World Bank's Problem Driven Governance and Political Economy Framework (PDGPE). It focuses on specific challenges rather than on a general or sectoral overview. This is intended to generate **operationally** relevant findings and implications. Importantly, 'problem-driven' does not mean focusing exclusively on areas of difficulty or 'problems', rather on 'issues' that are important to outcomes. For example, in some cases much can be learned from studying how islands of excellence emerged.

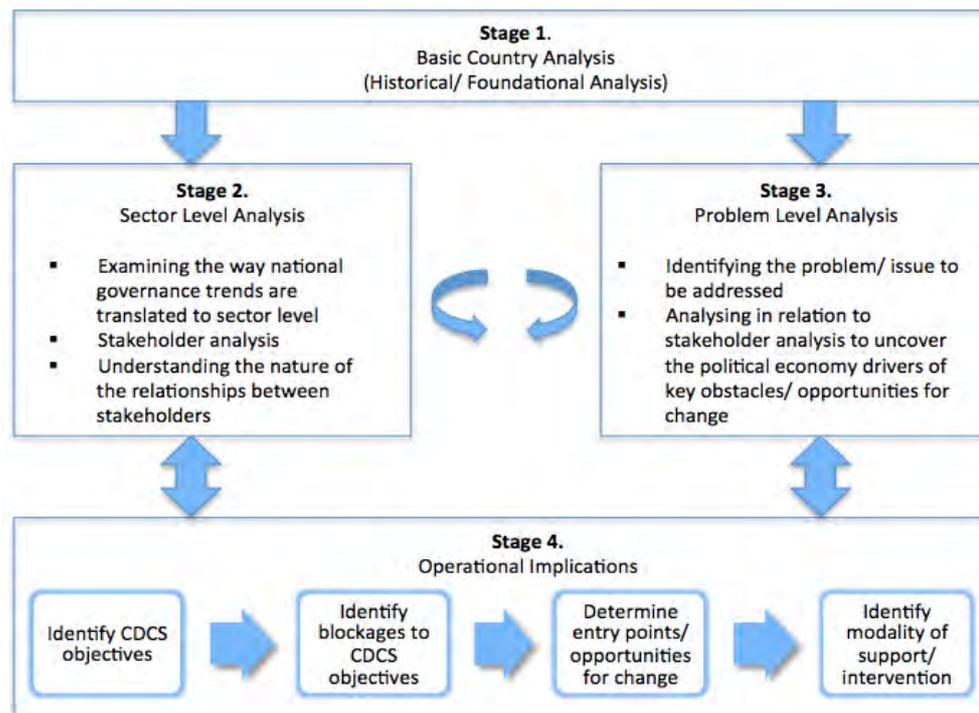
The approach works on three broad, but interconnected levels:

1. Identifying the problem, issue or vulnerability to be addressed,
2. Mapping out the institutional and governance arrangements and weaknesses that impact on it, and

3. Drilling down to the political economy drivers, both in terms of identifying obstacles to progressive change, and in terms of understanding where a potential 'driver' of positive change could be emerging.

As the diagram below demonstrates, when using a problem-level analysis it is necessary to tie this to the issues raised during the sectoral and national analysis. In this case, which issues within the CDCS programmes are likely to determine the success of the programme, and how do these relate to larger national or sectoral PE issues? This cannot cover the full gamut of problems or issues that may be encountered during the life of the programme and is limited by the amount of information that is available publicly. However, it highlights a number of issues that appear to be the most critical. These are used to inform opportunities for development activities (Stage 4 in Figure 2-1). This is perhaps the most challenging part of the process. This report attempts, as far as possible, to point towards possible entry points or opportunities for programme activities. However, further discussions may be needed with USAID staff to try to identify these entry points.

**Figure 2-1: Methodological Process**



### 3 NATIONAL LEVEL ANALYSIS

#### 3.1 INTRODUCTION

A brief survey of Zambia's macro-economic and social indicators demonstrates a mixed picture. In terms of GNI per capita, Zambia is very close to becoming a middle income country. Zambia's economy has grown strongly during the past decade. Between 2000 and 2009 real Gross Domestic Product grew at an average of 5.4 percent per annum. (World Development Report, 2011). Table 3-1 summarises Zambia's economic indicators for the period 2003 to 2010.

**Table 3-1 Key Economic Indicators for the period 2003 to 2010**

Economic Indicator	2003	2004	2005	2006	2007	2008	2009	2010
Real GDP growth (percent per annum)	5.1	5.4	5.2	6.2	5.7	6.5	5	6.6
Consumer Price Index (end of period)	17.2	17.5	15.9	8.2	8.9	16.6	5	5
Exports (US\$ million)	1,090	1,847	2,221	3,819	4,258	4,406	4,043	3,694
GDP (US\$ million)	416	514	881	999	1,010	1,047	1,055	1,051

*Source: World Bank Zambia Country Assistance Strategy Paper, 2008-2011*

In 2010, Zambia posted an economic growth rate of 6.6 percent, outperforming the rest of sub-Saharan Africa. This strong economic growth rate prompted the Minister of Finance and National Planning Dr. Situmbeko Musokotwane to say that Zambians should not worry about cuts in aid but rather they should see that as a sign that donors believe Zambia can sustain itself. Musokotwane remarked that:

*"We have a lot to thank the donor community for, because without them Zambia would not be where it is today. (...) [But] at the pace that the economy is growing, Zambia will be able to move away from donor aid."* (Zambia Daily Mail 30/5/11).

This perhaps overoptimistic assessment stands in contrast to figures on ODA as a percentage of government resources and the underlying socio-economic picture. The positive economic gains have failed to translate into improvements in social conditions for the majority of the population. The latest World Development Report (2011) indicates that 68 percent of the population are living below the national poverty line (using survey figures from 2004). Little of this growth has reached rural areas; 80 percent of rural Zambians still live in extreme poverty and Zambia remains one of the least developed countries in the world, ranking 150 out of 180 on the Human Development Index (UNDP, HDI 2010 Rankings).

In terms of meeting the Millennium Development Goals (MDGs), Zambia still has some way to go. For example, in terms of child (under-5) hunger, prevalence is currently at 14.9 percent; the maternal mortality rate per 100,000 live births is

470; HIV prevalence stands at 15.2 percent. Only in education are results promising, with 93 percent primary school completion and a 95 percent ratio of girls to boys enrolments in primary and secondary school (WDR, 2011).

Overseas Development Assistance (ODA) has been an important source of unearned revenue for the government since independence and is likely to continue as long as social services remain under resourced by the Government and social conditions remain poor. While the relative importance of ODA has declined as a proportion of GNI in recent years, ODA continues to provide between 20 and 30 percent of government revenues and currently contributes \$86 per capita per annum (WDR, 2011). The United States alone contributed USD 141 million (17 percent) and USD 255 million (28 percent) of total disbursements of aid in 2008 and 2009 respectively. The ratio of aid to GDP increased from 5.5 percent in 2006 to 7 percent in 2009, while that of aid to central government expenditure increased from 23.7 percent to 30.8 percent. Aid per capita increased from USD 50 to USD 71 over the same period.

ODA to Zambia is comprised of: (i) budget support; (ii) pooled funding, including SWAp arrangements; (iii) project aid; and (iv) other forms, including humanitarian, emergency and commodity aid. Table 3-2 gives a breakdown of total assistance between 2006 and 2009. It also distinguishes between grants and loans.

**Table 3-2 Total External Assistance 2006-2009, USD million**

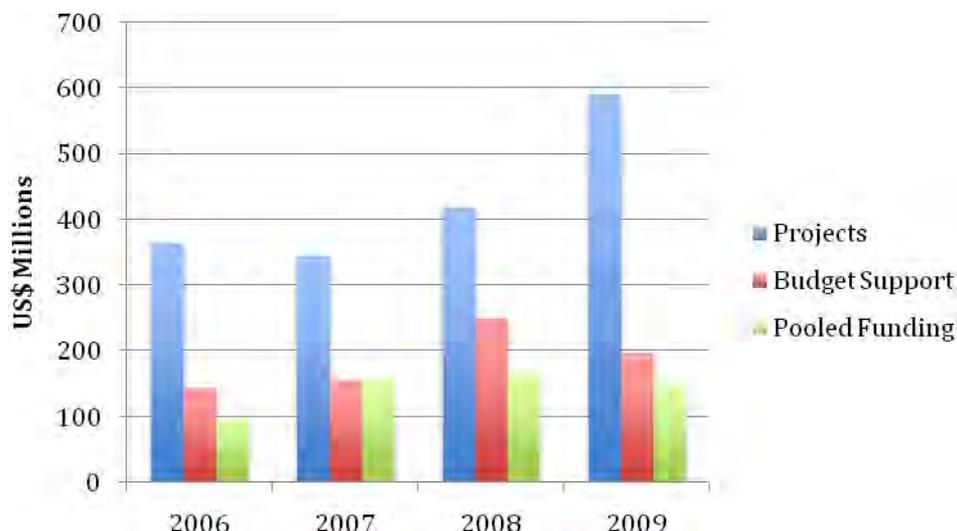
Type of Assistance	2006		2007		2008		2009	
	Actual	Percent	Actual	Percent	Actual	Percent	Actual	Percent
Budget Support	139.95	23.4	152.15	23.5	250.73	29.6	196.22	21.4
Grants	139.95		152.15		218.93		163.66	
Loans	0		0.00		31.80		32.56	
SWAps – All Grants	81.89	13.6	137.08	21.2	145.39	17.2	125.37	13.6
Other Pooled Funding – All Grants	14.99	2.5	14.40	2.2	18.41	2.2	17.62	1.9
Projects	360	60.5	344	53.1	432	51	579	63
Grants	265.88		227.36		335		513	
Loans	94.5		116.8		97		65.9	
Total	596.2	100	647.4	100	846.7	100	918.6	100

Source: Ministry of Finance and National Planning 2011

Most aid over the period came in the form of project aid. On average, over 60 percent of total disbursements were for projects, including both grants and loans. Project grant disbursements increased by over 90 percent between 2006 and 2009, while there was no discernible pattern for loans. Budget support (including funds earmarked for specific sectors such as Roads and Health) accounted for 25 percent of total assistance over the period. It increased by 80 percent between 2006 and 2008 before declining by 22 percent in 2009, largely because of the suspension of European Commission sector budget support to the Roads and Health sectors following corruption scandals in both sectors. Pooled or basket funding, comprising mainly the Education and Health SWAps, accounted for 43 percent of total assistance. It also expanded between 2006 and 2008, before declining in 2009.

Figure 3-3 shows how external assistance was distributed between the three main aid modalities. While project aid increased throughout the period (mainly due to the United States), budget support and pooled funding increased initially before declining in 2009.

**Figure 3-3 Disbursement by Aid Modality – USD million**



*Source: Ministry of Finance and National Planning 2011*

In more recent years, Zambia has received increasing investment from South Africa and the BRIC countries (Brazil, India, Russia, and China). In particular China is providing substantial loans and investment, although it is not yet part of coordinated sector support. The Zambian government is also increasingly looking to borrow on regional and international financial markets.

Zambia's economy and government revenue rest on a narrow base and are still heavily reliant on copper earnings. Copper accounts for around 75 percent of the country's exports and the rise in the global copper price has fuelled much of the Zambian economy's recent growth. This over-reliance on copper and lack of diversity within the economy makes Zambia vulnerable to external shocks, as has been demonstrated in the past. Zambia displays many of the symptoms of a mineral-based staple trap; its economic fortunes and to some extent the character of its politics, have historically been shaped by its reliance on copper mining. This has meant that government revenues are linked to the boom and bust cycles of world commodity prices. In 1975, Zambia's economic fortunes plummeted with the world decline in the price of copper; the next 15 years saw negligible GDP growth, high rates of joblessness and the increasing inability of the state to finance basic health, sanitation and education services to its citizens. This period of economic decline also destroyed the middle class, which had a huge political impact (Duncan, Macmillan and Simutanyi, 2003). A similar copper crisis in 1991 also resulted in a period of economic decline and the deterioration of government services, including in health and education.

### 3.2 POLITICAL ENVIRONMENT

At the heart of understanding the political environment and how the state operates is the question of why the elite behave in ways that undermine pro-poor development. To understand this, we have taken a cue from political scientists writing about Zambia (e.g. Braathen, 2002; Eberlei, c. 2005; Erdmann, 2003; Rakner, 2003). Many of them label Zambia a ‘neopatrimonial’ or ‘hybrid’<sup>1</sup> state (along the lines outlined in Bratton and van deWalle, 1997; Chabal and Daloz, 1999; and Cammack, 2007). Briefly, neopatrimonial states show a tendency towards the centralisation of power in the hands of a president and small group of elite. This group are considered ‘big men’ and each has his own clientelist or patron-client networks (dyads) that can reach as far down as the villages, which are dependent on him and his access to state resources. Moreover, the distinction between public and private is weak, to the extent that the state can become a source of personalised wealth. Vertical ties, such as ethnic, regional and/or tribal links, unite people, and are generally stronger than horizontal, interest-based links, such as class or shared professions.

The Government’s reliance on revenues from copper mining and ODA has limited its need to ‘earn’ revenues through taxation and to bargain with citizens over the provision of public goods and services. From independence until the mid-1970s, the government and the then ruling United National Independence Party (UNIP) relied on the state-run copper mining company, Zambia Consolidated Copper Mines (ZCCM), as a source of revenue to finance public projects and patronage. As copper prices fell over the following two decades, Zambia’s political elites exploited ZCCM by using funds to support consumption and patronage (OECD, 2011 forthcoming).

Democracy has introduced a periodic need for election resources and voters’ support, and so state funds, appointments and rents are used to increase the power of the ruling party. Chiefs still retain power over their ‘subjects’ at local levels to some degree, despite the revision of the Chiefs Act, which gives power to the President to remove Chiefs, although this varies considerably across the country (see Duncan, Macmillan and Simutanyi, 2003). Institutions not under the direct influence of the Executive, e.g., elements of the media, NGOs, churches etc., are deemed ‘non-representative’ of the public by government, and seen by the Government to be opposition politicians. Businesses that ally with powerful political actors tend to be rewarded with state contracts (key informant interview, 1<sup>st</sup> April, 2011) and insider information that allows them to prosper.

In keeping with the neopatrimonial character of Zambia, political parties have often been organised on regional lines, personalities and patronage, rather than around particular programmes, mandates or issues. Indeed, there is a distinct absence of ideology in the discourse and practice of Zambia’s political parties, which is not uncommon in a neopatrimonial system. Leaders of political parties

---

<sup>1</sup>The term hybrid is often used since it captures the idea that informal patrimonial interests and processes operate alongside and in spite of the formal elements of de facto democratic structures. Such countries display the outward signs of a modern, democratic state – i.e., they hold elections and have democratic-style institutions, but in reality operate according to a very different ‘logic’ (Cammack, 2007).

and their dependent elites generally do not enter the political arena for developmental reasons. Their strategic focus is primarily to get into power so that they can control government resources and ensure that they have the influence and wealth to enrich themselves and their extended networks of patronage. Characteristic of Zambian political competition is that no one political party is based on a single regional group or is capable of dominating national politics and winning an election. Political coalitions within one party or across political parties are therefore common. In the neopatrimonial environment this means some political leaders, who represent a regional group and can deliver voters, are part of a wider coalition in return for the benefits/advantages the coalition can deliver. If the coalition wins the national election, it can then access state resources to pay back supporters. Such opportunistic party alliances are often short-lived.

Stakeholder positions with regards to development are influenced by the nature of these electoral alliances as well as by other incentives, which can include 'nationalism' and 'patriotism', formal laws, patriarchy, donor funding and priorities, religious beliefs, profit-making, tribalism and regionalism, etc. Which of these incentives is likely to dominate and drive stakeholders' actions must be considered when designing the USAID programme, as new incentives may be required to ensure actors behave in a manner that is more developmental. This is discussed in relation to the upcoming 2011 elections 3.7 below.

It should be noted that, although good formal rules generally exist there is weak compliance. Zambia has in place many of the laws, structures and systems considered necessary for 'good governance', but they often under perform against expectations. This is because these formal institutions are not embedded in the political and public service cultures. These are influenced instead by more informal norms emerging from self-serving, party-political, regional and other interests. This is an important point to make, particularly given that the overwhelming majority of CP funds are utilised to create, support and maintain these institutions.

However, it should be noted, as some commentators have observed, that the relative peace and stability over forty years in Zambia is in part due to these patron:client relationships symptomatic of a neopatrimonial system (Duncan, Macmillan and Simutanyi, 2003). Whilst these networks may have provided some of the glue that has held the society together, there have also been costs in terms of economic growth, pro-poor change and the functioning of key public and private institutions.

### **3.3 POLITICAL PROCESSES**

Political dominance has generally been achieved through a combination of co-opting potential competitors (by rewarding ethno-regional groups and key individuals) or by using state power to weaken political opponents (for example by exploiting instruments such as the Public Order Act). Both President Rupiah Banda and his predecessor President Mwanawasa came to power in spite of relatively weak electoral mandates and narrow support within their own parties. President Mwanawasa won with only 29 percent of the vote, while Banda took power in 2008 through a narrow margin following Mwanawasa's death. As a result, significant investment in both cases was required to shore up their authority. For Mwanawasa this included drawing opposition figures into his

cabinet and launching an anti-corruption campaign (a move which bolstered his domestic standing and served to discredit his predecessor, President Chiluba).

These strategies contributed to Mwanawasa's election victory in 2006 with a much improved 43 percent of the vote (OECD, 2011 forthcoming). Rupiah Banda was Vice President at the time of Mwanawasa's death and was able to manoeuvre to secure the ruling MMD party's leadership and a narrow and contentious victory in the 2008 by-election. Although President Banda has continued to rely on a coalition to govern, he has recently faced challenges to his authority from within his own party and from some of the opposition leaders who have backed him in the past. Opposition parties have also made gains in recent by-elections. This means that competition will be fierce during the 2011 tripartite elections to be held towards the end of this year (as discussed in Section 3.7). Notwithstanding the enduring power of the Executive relative to the legislature, it is important to take note of the emerging influence of parliament. It increasingly has the capacity to curb the excesses of the Executive. Box 1 gives a background to the constitutional debate in Zambia. The past 20 years have revealed that the successful holding of "free and fair" elections does not, on its own, guarantee democracy in a state where the patterns of neopatrimonial rule, including personal rule and state-based clientelism, remain intact.

Overall, election campaigns in Zambia require significant material resources. The ruling elite face strong incentives to secure money to finance their electoral fights, particularly in the run up to a hotly contested election. Now, for instance, the President and his ministerial allies are using state resources from pork-barrel projects (particularly in the construction of schools and hospitals) as a means of winning over voters (OECD, 2011 forthcoming). The insecurity surrounding the current regime also fosters a short-term approach within government as politicians seek to secure gains while they are still in office, at the expense of longer-term developmental objectives.

### **3.4 POLICY AND DECISION-MAKING PROCESSES**

Within the neopatrimonial state, institutions responsible for providing checks and balances on political power are generally weak in the face of presidential power. Zambia is no exception in this regard. Articles 43-59 of the Zambian Constitution confers far-reaching decision-making authority on the president, including making all the key public appointments in the Zambian state; veto powers over decisions by parliament, the judiciary and local authorities; and a firm hand in the running of public companies and awarding government contracts. The president is the ultimate dispenser of resources and rents to key supporters, which distorts formal decision-making and undermines a meritocratic means of appointing, promoting or firing appointees.

Even where public servants possess good and requisite qualifications to perform their role effectively, and have the necessary technical capacity, they operate in an environment where the president's veto power renders their skills irrelevant. A number of technocrats in the Ministries with whom we spoke were remarkably candid about their lack of autonomy to make decisions and their need to refer even insignificant issues for decisions by higher authorities. This has been confirmed by stakeholders from the Ministries of Education, Health and

Agriculture. This centralisation of power has a major impact on the implementation of donor programmes, as one questionnaire respondent reveals:

*'There is a lot of political interference in technical activities. Currently Ministers also work like the PS. This leads to delays in getting responses from the Ministries on issues that are really technical and not political. The fact that a technical intervention needs a political blessing means that some interventions will not be implemented in full until such blessing is sought'. (Questionnaire respondent).*

The centralisation of power and decision-making has a big impact on human resource management and how effectively civil servants are able to perform their functions. Personal interests and patronage play a vital role in human resource decision-making. It is also important to underline the importance of fear in this process, which came up repeatedly in stakeholder interviews. If someone does not perform a 'favour', such as delaying a new system or process in order to protect patronage networks, their prospect for promotion could well be diminished; they might even lose their job. As one questionnaire respondent highlights:

*'There is so much fear of the politicians that even when the technocrats know it is not right, they work quietly and flow with the status quo of things in fear of their own jobs'. (Questionnaire respondent).*

This fear results in excessive deference, passivity and a reluctance to take initiative, all of which have developmental consequences.

The assumption is often made that civil servants are apolitical. However, this is rarely the case in Zambia. As one respondent reveals:

*'any individuals who are perceived to support the opposition generally do not last long in the civil service e.g. civil servants who plan to run for political office on the opposition ticket are asked to resign while those who run on the ruling party's ticket generally maintain their positions until after the elections. Furthermore, civil servants who are also active members of the ruling party tend to rise faster'. (Questionnaire respondent).*

This politicisation of appointments and human resource management has a major impact on the implementation and effectiveness of donor programmes. Many of the questionnaire respondents complained about the 'frequent transfers of staff' the lack of separation in the powers of the Permanent Secretary and the Minister, and the centralisation of decision-making, which generally results in 'delays in programming'.

*'It usually takes a long time for government officials/actors to buy into policy dialogue because of the many actors that Government has to contact and/or satisfy before getting fully engaged'. (Questionnaire respondent).*

This is intrinsically linked to the way the state bureaucracy works and the logics operating within it and impacts the government's ability to develop effective and sustainable policy. It also undermines the state's organisational capacity to order

its priorities and goals in a way that amounts to a meaningful strategic and longer-term vision.

The absence of strong institutions of democratic representation (civil society, parliament etc.) and the weakness within the state machinery supports the dominance of the president and his ministers in the provision and articulation of policy direction at state, sector and regional levels. The pervasive influence of politics and political process on the performance of public sector institutions and on the interface between public and private also has a distortionary impact on the policy process (Farrington & Saasa, 2002). As a result, important decisions about policy and the use of resources reflect the will of the president and a small group of advisors, not necessarily the people or their needs. This assertion was supported by a number of interviewees and questionnaire respondents.

This contributes to policy dualism in Zambia, where there exist a substantial difference between policy statements and implementation. This is largely rooted in the limited commitment by government to the formal policy in the first place, which tends to result in a lot of reluctance and inaction when it comes to implementation. The reforms that have made least progress are those that most threaten the ability of the elite to maintain patron:client relationships. For instance, the privatisation of the mines during the second Chiluba term was severely delayed; the slow progress of civil service reform and the continuing slow progress in implementing the decentralisation policy (see Box 3-1). This raises questions about: Who the main policy-making agents in Zambia are, the role that donors can really play in influencing policy, whether civil society and other stakeholders are able to influence government policy, and the importance that should be placed on policy statements compared to implementation. The lack of capacity and resources - both of which can be rooted in neopatrimonial logics - further undermines implementation.

**Box 3-1 Decentralisation in Zambia: A Stalled Process.**

One enduring example of the primacy of politics over the policy-making process is the slow pace of implementation of the Decentralisation Policy. Decentralisation is still largely stalled despite significant donor assistance (most notably from GIZ, UNDP and others). Successive governments since independence have undertaken measures nominally aimed at decentralising power, resources and personnel to local level, and it remains a priority measure in the Sixth National Development Plan (SNDP). However, much of these measures have demonstrated little success because central government has been reluctant to devolve decision-making powers and resources to the local authorities, or to promote civic activism. This links back to the structure of governance during the colonial era, where local government was designed to control activities at the local level, not to encourage citizens to take responsibility for their affairs. Local authorities were subordinated to central control and dependent on central government for their funds.

The 1980 Local Administration Act emphasised this control further by introducing a prefecture system, where a District Governor, a personal representative of the President was made responsible for coordinating council and government functions at district level. Slow and inadequate funds from the central government seriously affected council operations rendering most local authorities unable to deliver public services or meet their wages bills for long periods of time, sometimes ranging from six months to more than a year.

The advent of multipartyism and the introduction of the Local Administration Act in 1992 did not change the structure of local governance or alter the centrality of the Ministry of Local Government vis-à-vis the councils and the role of central government. The President has overall power to veto or reverse council by-laws. For example, in 2005 President Mwanawasa reversed a Chipata Municipal Council by-law that empowered the council to impose a levy on bicycles given the large number of bikes in the district. The measure, which had been in force for more than two years, deprived the council of much-needed revenue and affected its ability to meet its wage bill (NORAD, 2007).

Despite the adoption of the National Decentralisation Policy in 2002 (which was 'launched' in 2004) and establishment of the Decentralisation Secretariat there has been no progress in recent years, despite significant support from a number of CPs. The Decentralisation Implementation Plan (DIP- which was finalised in 2006), which aims at devolving functions currently performed at central level to the district has only recently been approved by Cabinet.

District commissioners, answering to the President, have retained power at local level, and district councils have insufficient funds and their reach is limited. One analyst concluded in 2002 that in Zambia there is an 'evident lack of political will' to 'meaningfully and decisively put an enabling decentralisation policy and legislative framework in place' (Saasa with Carlsson, 2002:120). Since then a National Decentralisation Policy, which presents a 'vision for the future', has been articulated, but fails to present a 'programme of changes' to devolve 'service provision to an elected local government' (GRZ 2002; NORAD, 2007). To this day, centralisation has remained an enduring feature of the Zambian political environment. This comes as little surprise considering the depth of the incentive structures maintained by the current institutional relationships that are characteristic of a neopatrimonial state. When power is highly centralised and this is the logic of the system, donor support and adoption of formal plans are unlikely to result in meaningful change.

### 3.5 STATE AND SOCIETY RELATIONS

The leverage of organisation society over the state has fluctuated since independence. Under Kaunda the UNIP framework allowed little space for civic associations and critics. Civil society was an important part of the movement that eventually forced Kaunda from power in 1991. Similarly, civil society (with support from donors) and media led a successful campaign against Chiluba's unconstitutional third-term (ibid). Recently, government's relationship with civil society has been described as ambivalent (Key Informant Interview, 7<sup>th</sup> April 2011) and is neither productive nor antagonistic. CSOs can perform the crucial function of helping to maintain checks and balances on the state, if they have funding and if they are supported by an incensed public (e.g., against one party rule and a third term big). They retain the potential to bring about fundamental change. For this reason it is worth understanding the composition of organised Zambian civil society:

#### 3.5.1 Civil Society Organisations

CSOs have a history in Zambia of concentrating on service delivery, although this is changing as more organisations become involved in policy engagement, advocacy and lobbying. There now exists a core of established CSOs that engage regularly with government on issues relating to pro-poor change. These include Women for Change, the NGO Coordinating Committee – NGOCC, Civil Society for Poverty Reduction – CSPR. CSOs currently feel dissatisfied with the reduction in donor support; they feel let-down by donors, who would not support their more recent decentralisation and

constitutional and parliamentary-reform campaigns. This, they argue, makes them less effective than during the transition to democracy and the fight against the third-term.

Despite civil society having a voice, government has only sometimes been responsive. Besides lacking resources and having weak organisational skills, this is also a result of there being a general lack of consistency in terms of NGO policy engagement. Although CSOs are listened to during processes such as the formulation of the Sixth National Development Plan (SNDP), they feel their input does not really inform the plan in any meaningful way (Key informant interview, civil society representative, 29<sup>th</sup> April 2011). This is largely a result of the social contract between state and society being weak, so that government need not be accountable to civil society generally, and not to any NGO that tells it what it does not want to hear. In those cases it says the NGO is unrepresentative or a donor front. History tells us that to increase the impact of CSOs and NGOs on policy, then; consistency and strengthening through long-term core funding and organisational capacity-building are required.

### 3.5.2 Faith Based Organisations

Faith-based organisations continue to play a central role in state-society relations. Over the past 20 years, churches have been active members of civil protest. They attract a larger membership than trade unions, cooperatives and women's clubs and serve as 'protected space within civil society for citizens to associate freely and for opposition political leaders to articulate a critique of the old regime' (Bratton 1999). Some of the most influential and well respected faith-based Organisations in Zambia include the Jesuit Centre for Theological Research (JCTR) and CARITAS, which are well known for producing credible evidence-based research and doing more than simply criticising government.

Additionally, due to their huge constituencies, religious groups, particularly the Catholic Church, hold considerable power vis-à-vis government. Church groups also have a history of being involved in political dialogue in Zambia and were instrumental in stopping Chiluba's third-term bid. Faith-based groups, then, are a potent force generally reflecting the public's interest.

### 3.5.3 Trade Unions

Trade Unions have a long history in Zambia going back to Kaunda's time when they were relatively powerful. They applied pressure which led Kaunda to abandon IMF and World Bank supported Structural Adjustment Programmes (SAP) in 1987 (Saasa and Simutanyi 2007). During this period Union members comprised 70 – 80 percent of formal sector employment. However by 2001 this had dropped to below 50 percent (ZCTU 2001). Privatisation was particularly hostile to Unions, as companies encouraged part-time, casual and temporary employment. Further, the power of trade unions decreased under Chiluba despite that had been a major trade union leader. He fought them throughout his term (Saasa and Simutanyi 2007 pp. 22). Further Mwanawasa and Banda have done the same, which has weakened the power of Trade Unions vis-à-vis the state.

### 3.5.4 Traditional Leaders

Traditional leaders command considerable power and respect, especially in rural areas, and for local people they are often the most important form of 'governance'. They retain the power to distribute land and settle local conflicts, and they play a role at election time by encouraging people to vote for a candidate, allowing candidates to

hold meetings in their areas. While Chiefs are still answerable to their subjects, by politicising chieftaincy through creating a House of Chiefs and supplying fertiliser through them, they are increasingly being co-opted by government.

### 3.5.5 Media

Although the media environment has generally improved since 1991, the state of media freedom continues to be a source of great concern to media practitioners. While a majority share of the media (one television channel, two daily newspapers, and three radio stations) is made up of biased pro-government publications, independent media, particularly The Post newspaper can be seen as extremely influential. The Post has provided citizens with a daily dose of essential political and economic information and analysis that has encouraged informed dialogue between policy makers and citizens. The Post has also demanded accountability from political structures and the ruling elite by reporting on cases of corruption and other scandals that involve the ruling elite and top government bureaucrats. Both the Post and several independent radio stations have withstood significant intimidation from politicians.

Radio is the chief source of news for the majority of the population in Zambia. Although the largest radio stations are state-owned and their programming is heavily influenced by government and the ruling party, there are an increasing number of independent private and community FM radio stations. These are relatively free to broadcast independent radio programmes, though their reach is limited. Private radio stations are generally confined by legal and financial restrictions and subject to intimidation by powerful political elite. Most private radio stations have to obtain their broadcasting licenses from government, which may try to prevent them from broadcasting. Despite these drawbacks, private radio stations offer an independent voice to some Zambia citizens.

#### Box 3-2 The NGO Act

The NGO Bill, passed in 2009, requires NGOs to re-register every five years and submit information on who donates, the amount provided and how much money the organisations holds. The Bill also makes requests for information on the personal wealth of NGO officials.

While the Act claims to address legitimate issues of NGO accountability, coordination and geographical focus, it also gives government the power to stop organisations that are particularly critical to the government from functioning. Although the NGO Act has not been used to this end to date, government has a history of harassing and taking legal action against NGOs who create problems for the state. Attempts were made recently to use the Act to de-register SACCORD (The Post 2010), CARITAS and other vocal organisation critical of government. Other organisations such as Women for Change, Transparency International, the National Women's Lobby Group and more recently, the Non Governmental Organisation Coordinating Committee, have a long history of government intimidation against their staff.

As one interviewee indicated "the NGO Act was passed very quickly at a time when civil society attention was elsewhere. Although the Ministry is facing challenges in implementing it and it so far hasn't affected our operations, it could potentially be used to silence us in the run up to elections" (Key informant interview, 31st March 2011). Crucially however, the act has not yet been implemented by government despite the powers it would give government to quiet NGOs before the forthcoming election.

Overall, the press is generally more liberalised than either radio or television. Government largely allows the independent print media the space to operate 'freely'. During the 2008 presidential by-elections, The Post newspaper publicly backed opposition Patriotic Front leader Michel Sata against incumbent Rupiah Banda. Legislation (such as The Public Order Act, criminal libel and defamation suits) are occasionally, though not widely used to control critical voices.

### 3.5.6 Civil Society Creating Change

An enabling environment that ensures civil society can hold the state to account is generally not a feature of a neopatrimonial state where power is centralised and accountability limited. However, civil society in Zambia has the potential to bring about pro-poor change. In particular, Zambia's private media has matured as an institution and can now provide an informed critical voice to large numbers of the population (the Post's readership is double that of the two state-owned newspapers (Brown, Wood and McCullough 2010); the Catholic Church has maintained a steady position taking a stance on public issues when necessary; and while CSOs have stagnated recently, organisations and individuals exist with the capacity and experience to play a fundamental role holding the state to account.

## 3.6 GOVERNMENT AND COOPERATING PARTNER RELATIONS

Donors, or cooperating partners (CPs), have significant influence over government in Zambia. As well as using assistance to push for economic reform, donors attempt to react to and address corruption through conditionality – by providing and withholding support. While corruption continues to present a huge challenge, on the whole the Government is responsive (Saasa and Simutanyi, 2007). After a recent corruption scandal in the Ministry of Health (MoH) around support from the Global Fund, Government took action – a National Anti-Corruption Policy (NACP) has been put in place (August 2009), an anti-corruption act was amended (November 2010) to making it a legal responsibility for public institutions to tackle corruption (Section 6 (1) (a) (iv)), and a Whistleblowing Act is currently moving through Parliament. However, given the disconnect between formal rules and informal practice, it remains to be seen whether this will lead to meaningful change.

The relationship between the state and Cooperating Partners should be considered in view of the Paris Declaration and the Joint Assistance Strategy for Zambia (JASZ). In Paris, 2005, Zambia joined more than 50 aid-recipient countries and 22 development partners to endorse the Paris Declaration on Aid Effectiveness. This agreement supports the 2001 Aid Effectiveness agenda in Zambia. A significant step was the Harmonization in Practice (HIP) programme undertaken in 2002 and expanded in 2004 to create the Wider Harmonization in Practice (WHIP) group. This structure was based on a Memorandum of Understanding between the Government (GRZ) and the principle CPs. It recommended the development of a GRZ Aid Policy and Strategy and a database on donor assistance. The Strategy was developed during 2005 and adopted by GRZ in 2007. It remained incomplete as a result of a failure to reach agreement with CPs about the coordination framework and implementation process.

In keeping with the Paris agreement principles and the Fifth National Development Plan, in 2007 CPs developed the first Joint Assistance Strategy Zambia (JASZ) (2007-2010) to manage their development cooperation. In a recent

evaluation of JASZ (2010) a number of important issues were raised in relation to the implementation and effectiveness of the Strategy. Firstly, it appears that JASZ lacks many of the key elements of a strategy in that it contains no specific targets nor does it define indicators against which progress can be measured. Although a work plan was developed in late 2007 and some elements of this have been implemented, there have been no subsequent work plans and no systematic process of follow up.

Secondly, and crucially, is the issue of Government ownership: GRZ is not a signatory to the JASZ or to the work plan, despite the fact that the success of the JASZ fundamentally depends on government actions. Linked to this, GRZ, and in particular the Ministry of Finance and National Planning (MoFNP), shows institutional weaknesses in its approach to aid management, which has created difficulties for CPs. The architecture for dialogue between donors and government, which emerged in response to MoFNP weaknesses, rarely respects GRZ processes and is largely driven by CP arrangements not by Zambians.

Thirdly, the evaluation highlighted that robust information on resource flows from CPs is difficult to come by, and GRZ efforts to develop a database have not yet been effective. Crucially for USAID, processes developed in Zambia have been inclusive of CPs who are unable or reluctant to give budget support. The Division of Labour (DoL) has been a major instrument of the JASZ for rationalising sector-level engagement by donors. Zambia has progressed further than most of its neighbours in agreeing and implementing a DoL. However, this came only after prolonged discussion between government and donors. The end product reflects the preferences of donors rather than of the Government.

Underpinning GRZ–CP relations is the issue of power. As Hyden (2008) observes, understanding better the role that power plays in the aid relationship is critical to the implementation of the Paris Declaration. In Zambia, the links between aid dependence and domestic politics are very strong. Power is not only manifest in the policymaking process when donor representatives, through the troika, meet with GRZ representatives. It is also latent or evident in the way the CPs stick to their global agenda, which has the effect of prioritising certain issues at the expense of others (Amin, 2009). Although the Paris agenda provides an opportunity for GRZ to be more assertive in taking leadership and negotiating aid, the continuing aid dependence, despite economic gains in the country, dictates a more subservient role for the government in relation to CPs. General budget support (GBS), as the most prominent aspect of the new aid partnership, can strengthen the influence of GRZ if it leads to an improvement in service delivery. However, GBS is under threat as a result of a number of high profile corruption cases. The recent revelations of abuse of funds in the health sector, resulting in some donors withholding GBS, and some pulling out of GBS completely, are indicative of this. However, the emergence of new donors such as China, which do not stress the governance issues, is complicating the power relations between traditional CPs and GRZ.

### **3.7 THE FORTHCOMING ELECTIONS**

---

Over the past ten years, CPs have traditionally supported the technical aspects of Zambia's elections and electoral processes. These have included assistance to drafting legislation and electoral regulations; the provision of logistical support

(ballots, ballot boxes etc.); voter education; and the setting up of administrative and management institutions such as the Electoral Commission of Zambia (ECZ). In addition, CPs have funded local and international observer groups. The rationale for this support is to ensure that the institutions, principles, values and processes of democracy function effectively. One of the major requirements of the USAID Statement of Work was to ascertain the extent to which the outcomes of the forthcoming parliamentary and presidential elections will affect the strategic outcomes envisaged by the USAID/Zambia CDCS.

As previously mentioned, political parties in Zambia are generally not issue based and elections are not contested around specific mandates as there are rarely any issues dividing the parties or the candidates (Cheeseman, 2010). An assessment of the party manifestos suggests that there are striking similarities among all the three main parties: the MMD, UPND and the PF. All promise a strong focus on economic growth and the reduction of poverty; on gender equality; on improved education, health and other social services and infrastructure; on encouraging foreign direct investment and on the empowerment of Zambians. Both the PF and UPND would apparently, if elected to office, introduce free secondary education and continue with the fertiliser support programme.

Election campaigns are centred on personalities i.e. the individuals and their historic and tribal connections primarily because traditionally, the winning candidate is expected to share the spoils with his constituents. How the ballot is cast largely depends on how generous the candidate has been in the past, how well connected the candidate is to those with access to resources and ultimately to the “big man”, and what voters think they can get or “harvest” from the winning candidate. The fact that the state is unable to provide basic services through the formal system makes it easier for voters to decide to remain locked into a patronage system that benefits them and those that they elect to higher office.

### **3.7.1 The Parties and Presidential Candidates**

There are three main political parties that have the potential to successfully contest the forthcoming elections. These are, the ruling Movement for Multi-party Democracy (MMD), the United Party for National Development (UPND) and the Patriotic Front (PF). There are several other smaller political parties such as the Heritage Party (HP) and the United National Independence Party (UNIP) who have representation in parliament. Some of these parties have been formed by the MMD as a deliberate strategy to divide opposition voters. A brief description of each individual leader is given below.

The MMD will be led by the incumbent 74-year-old president Rupiah Banda. Banda has long experience in government, the diplomatic services and in business. Since being elected to office in 2008, Banda has skilfully and successfully removed his critics in the party hierarchy and surrounded himself with his supporters some of whose credentials are questionable. This has caused some disenchantment within MMD and those who have been pushed aside describe Banda as being manipulative, untruthful, undemocratic and a hard core tribalist.

Despite this, Banda’s propaganda team has developed a communication strategy that effectively uses state-owned and state controlled media to sell Banda as “the

President for all Zambians.” State-owned television is used to promote Banda and the ruling party’s interests. For example, the evening news consists of a stream of reports about the ceremonies attended and speeches given by Banda and other ruling-party politicians and sympathisers. Over the past four months, the state-owned media has benefited from unbudgeted resources to follow the president and ruling party candidates and report on their rallies. This, coupled with the building of new schools, new hospitals and the upgrading of township roads in the urban and per-urban centres, is likely to have a positive impact on Banda’s success.

The PF is led into the elections by 74-year-old Michael Sata who also has long experience in government and in Zambian politics. Whilst regarded by middle-class urban voters as an unelectable demagogue that has been closely associated with corruption and unpopular economic policies, Sata connects well with the unemployed youth, retrenched workers and sections of the working class in Lusaka and the Copperbelt. Over the years, Sata has remained the most formidable opposition to the MMD and built the PF into a significant political force drawing on support from the Copperbelt, Lusaka, Central, Luapula and Northern Provinces of Zambia. Since 2001, Sata has successfully managed to bring many MMD activists into the PF structures. His use of common and even crude language during his campaigns has set him apart from other politicians. Sata has been quick to recognise the importance of popular discontent with MMD policies and has been adept at maintaining a populist campaign after each election. However, Sata’s health is suspect and his party in parliament is split with some PF Members of Parliament feeling alienated. In addition, the PF has an uneasy relationship with civil society despite their ostensible shared opposition to various MMD policies.

During the 2006 tripartite elections and the 2008 presidential by-election, international financial observers feared that Sata would institute large-scale re-nationalisations. Also, his attack on Zambia’s new foreign investors, particularly those from China and his comments on China’s role on the African continent are a major subject of interest to CPs and the international community.

At 49 years-of-age, Hakainde Hichilema is the youngest of the presidential candidates and leads the UPND party. He is well educated, has the most business experience of the three candidates and his health is very robust. Hakainde is very articulate and speaks with obvious commitment and knowledge. Despite these attributes, Hakainde has the least political experience. He leads a party that is in decline and voters feel that a vote for him will be a wasted vote, given the dismal performance of the UPND in the 2006 tripartite elections and in the 2008 presidential by-elections. His inability to charm and appeal to people beyond his southern province power base makes it difficult for Hakainde to garner the much needed vote for him to be a serious contender in the 2011 elections.

### 3.7.2 Possible Election Scenarios

The 2011 electoral roll saw a significant increase in the number of registered voters from 3,944,135 in 2008 to 5,223,316. The Copperbelt Province has the highest number of voters with 853, 816 registered voters. Lusaka Province has the second highest with a total of 777,818 voters. The North Western Province recorded the least number of voters.

**Table 3-3 Trends in National Results for Presidential Elections**

Political Party	2001 Presidential Results	2006 Presidential Results	2008 Presidential Results	2011 Presidential Results Comments
MMD	29.0%	42.9%	40.1%	The MMD has been losing ground since the 2006 elections. There is a strong likelihood that the party will garner the rural vote.
UNIP	10.0%	-	-	UNIP is a political dinosaur.
UDA/UPND	27.0%	25.3%	19.7%	UPND's support has dwindled and is likely to revert to being a regional party with Southern Province being its major base.
FDD	13.0%		-	Not a major force unless they form a coalition with other smaller parties.
HP	8.0%	1.5%	70.0%	HP lacks presence throughout the country.
PF	3.0%	29.3%	38.1%	PF remains the most formidable opposition to the MMD. The party has grown in strength since 2001. With more young voters on voters roll, the 2011 elections could be won by the PF, albeit by a significant margin.
APC	-	0.7%	-	Following the demise of its leader, the party is likely to be defunct.
<b>Summary Statistics</b>				
No. of Constituencies	150	150	150	150
No. of Registered Voters		3,941,229	3,944,135	5,223,316
Total Votes Cast		2,789,114	1,791,806	
Rejected Votes		48,936	23,596	
Voter Turnout %		70.7%	45.4%	

An analysis of the presidential polls since 2001 shows some important trends (see Table 3-3 above). First, the MMD's retention of power continues to be significant. However, since the 2006 presidential polls, the MMD has been losing ground in the urban and peri-urban centres and has increasingly become a rural party with strongholds in the Eastern, North-Western, Western and parts of the Central Province. These four provinces account for 1.8 million voters on the new voters roll. Assuming a voter turnout of 50 percent, the MMD should, in theory, win 900,000 votes. However, with the Barotseland issue<sup>2</sup> unresolved, and given the imposition of "unpopular" candidates on several constituencies in the North-

<sup>2</sup> The basis of this issue is that the provisions agreed in the Barotseland Agreement of 1964, an agreement that took place between Kaunda, the then Prime Minister of Northern Rhodesia, the Litunga of Barotseland, and Duncan Sandys, Her Majesty's Principal Secretary of State for commonwealth relations, have never been fully applied since the birth of Zambia. The Agreement has provisions relating to the powers of the Litunga, land issues and administration of justice. This issue has more recently flared up during the Constitutional review.

Western Province, this figure is likely to be reduced significantly. Furthermore, the death of former second republican President Frederick Chiluba (who was not only the MMD's political consultant but also the brain behind the MMD) and the dismissal of the MMD's chief strategist, Vernon Mwaanga from the campaign team coupled with internal wrangling within the party are likely to diminish the much needed political leadership that was critical to the MMD's survival in the run-up to the 2011 tripartite elections.

Another significant trend is the rapid and largely unanticipated emergence of PF as the leading opposition party. In 2001, the PF won a mere 3 percent of the Presidential vote, which increased to 29 percent in 2006. In 2006, PF MPs won every urban parliamentary seat and controlled a majority of the country's urban municipal councils. During the 2008 Presidential by-elections, the PF made further in-roads in the political arena and won 38.1 percent of the Presidential vote. The PFs popularity has been achieved through the articulation of a distinct and sustained populist agenda which reflects urban Zambians concerns. The PF is a predominantly urban party with strongholds on the Copperbelt and Lusaka. The PF is also popular in the Luapula and Northern Provinces. These provinces account for 2.7 million voters on the voters roll. Assuming a 50 percent voter turnout rate in these provinces, the PF could, in theory, win some 1.3 million votes. Internal wrangling within the party and the need to replace renegade MPs could reduce the number of votes, albeit by a small margin.

Depending on which party wins, there are three likely scenarios for governance in Zambia in both the short term (five year plan) and in the longer term (10 years). These are summarised as follows:

**Scenario One:** Reforming and revitalised governance;

**Scenario Two:** Continuity without change and;

**Scenario Three:** Political impasse and decline.

Scenario one: Reforming and revitalised governance, which is likely to be played out if the PF and Michael Sata are voted into office. The key characteristics of this scenario are likely to be:

- Some level of energised and reformist leadership in government
- Patrimonial politics and management remain, but possibly more complementary to formal systems of governance
- Improvements in formal governance institutions (including oversight institutions)
- Some public sector reforms within government implemented, bringing some improvement to public sector management
- Greater push for integrity including political and financial backing for integrity systems and fight against corruption
- Improved commitment to poverty reduction focused policies and implementation, including increased allocation of resources to basic services
- Some improvements to human rights, rule of law and democratic processes

Scenario two: Continuity without change, which is likely to be played out if the MMD and Rupiah Banda are voted back to office. This scenario is characterised by the following:

- Political leadership insufficient to push significant reforms
- Continued patrimonial politics and management
- Avoiding difficult decisions on public sector reforms with current reform processes delivering only marginal improvements to public sector management
- Continued modest improvements in formal governance institutions (including oversight institutions)
- Half hearted efforts to tackle corruption: impunity & corruption are partially checked, but scandals continue
- Basic service provision makes modest improvements

Scenario three: Political impasse and decline, which is likely to be played out if the MMD forms a weak majority government. The key characteristics of this scenario are:

- Political stalemate or weak majority government
- Short-term political survival dominates ruling elite strategy
- Impunity and corruption rise at both grand & petty level
- Use of state instruments and resources to intimidate opposition and civil society and media
- Increased incidents of human rights abuses, rule of law weakened
- Increased disregard for democratic principles and processes
- Quality of services declines as management deteriorates and resources are diverted
- Increased party-based violence
- Pro-poor dialogue breaks down
- No political or policy focus on poverty reduction

## 4 SECTOR ANALYSIS

---

The subsections below provide an outline, review of performance and analysis of the political economy constraints faced in each of the sectors that fall within the remit of USAID's CDCS. Following this background, a number of 'implications for USAID' are outlined. We tackle Governance at the outset, since much of the relevant background to the sector has been previously discussed in Section 2. The Development Objective Framework for USAID's new Country Development Cooperation Strategy is provided in Annex C.

### 4.1 GOVERNANCE

---

As outlined in Section 3, Zambia's political culture and neopatrimonial system provides important challenges for pro-poor change. The fact that inequality and poor social conditions remain the reality for a large proportion of the population, in the face of apparent economic growth, is symptomatic of this challenge. Alternative paradigms do exist for how states can operate, notably one based on a separation of powers, a professional bureaucracy that is autonomous within defined rules, a clearly-defined public sphere, market forces determining most decisions, and the role of the state being defined in terms of the provision of public goods and safety nets.

Improving the governance environment is generally seen as having two relatively distinct aspects. On the one hand, improvements to government systems to enable them to comply more closely with 'modern' administrative practices and manage services more effectively, thereby encouraging a shift towards less patrimonial governance. On the other hand, supporting bottom-up pressures for accountability and better performance of government whereby both voters and service users gain more 'voice'. These are often referred to as the 'supply side' and the 'demand side' of governance respectively.

After significant investment on the supply side, with little tangible results (particularly in terms of public service reform) many CPs are turning increasing attention to the demand side. In the face of the evident resilience of neopatrimonial politics and of the difficulty of reforming public service management, this is perhaps an understandable approach. This growing interest in the 'demand side' generally includes the mobilisation of voters and service users, and their proxies in 'civil society' to generate bottom-up performance pressures, directly or indirectly, on providers.

Under a number of the other DO's there are interventions aimed at shifting the paradigm towards more rules-based systems of governance, which will be tackled under the specific sector sections. This section will focus on the planned interventions in the governance sector under USAID's DO 1. The Development Objective is: 'Enabling governance environment improved'. This will be achieved by increasing citizen demand for transparent accountable service delivery (IR 1.1) and improving transparency and accountability in government service delivery (IR 1.2). Citizen demand is to be increased by supporting CSOs, Parent Teacher Associations and neighbourhood committees. Additional transparency and accountability goals will be achieved through programmes within Ministries of Education and Health to improve human resources and logistical systems

(computerised systems, capacity building etc.). This presents a shift from previous USAID support to governance, which focussed primarily on tackling corruption.

#### 4.1.1 Implications for USAID

Broad goals such as these raise some fundamental political economy issues. This section highlights and elaborates on two key issues: the potential problems with the notion of demand side accountability, and; the potential for CSOs to influence policy.

##### *Demand Side Accountability*

Facilitating citizen demand for public goods underpins USAID Zambia's IR 1.1 (increasing citizen demand for accountable, transparent service delivery through supporting CSOs). The objective of this action is to build the capacity of service delivery CSOs to be able to take on advocacy issues and encourage people to be more proactive in demanding services from the government. One of the strategies that USAID will adopt to achieve this is to strengthen CSOs at the grassroots so they are able more effectively demand services from the Government. However, as already identified by USAID, the majority of the advocacy CSOs are based in Lusaka or the larger urban areas. Those with capacity to engage effectively with government are not generally found in rural areas (Key Informant Interview, 7<sup>th</sup> April, 2011). The majority of rural CSOs engage in basic service provision and not advocacy. To overcome this problem, USAID intends to work with CSOs that are already engaged in advocacy work. These CSOs will then work at the grassroots level and sensitise local CSOs on civic rights and democratic principles in order to foster greater demand-side pressure for accountability.

However, a number of problems may arise from this approach. This is likely to politicise local-level CSOs that have to date only been engaged in the more benign task of service provision. In light of the NGO Act discussed above and the political climate giving rise to it, CSOs may be putting themselves at risk of censure, which may ultimately threaten their ability to fulfil their service provision role.

Secondly, it needs to be recognised that championing change at the grassroots level is very different from delivering basic services and requires a different set of skills: working and networking with other groups, the media and public employees; presenting speeches and writing briefs; lobbying politicians and other groups, etc. The majority of small-scale locally based CSOs are not staffed by professionals who have the training or experience to undertake these roles. Considerable time, effort and support will therefore be needed to build the requisite skills.

Thirdly, the point should be made that while supporting civil society can strengthen democracy, it is unrealistic to think that broad-based citizen demand for services will occur on the basis of this support. It is necessary to recognise that civil society organisations as well as citizens themselves are inherently part of the system of governance and not necessarily separate from it. The notion that CSOs are more democratic and function in a manner that is more representative of the needs of the people can also be questionable. CSOs generally have their own governance arrangements (and thus scope for use and abuse of power) and funding needs (and thus a host of accounting and reporting problems as well as a propensity to bend to the needs of those providing funding). This creates new

forms of inequality, increases materialistic motivations and quite often promotes corruption and clientelism among leaders of CSOs. This situation also tends to privilege those who have the education and other skills needed to comply with the funder's requirements, which can divert them from addressing people's real problems (pulled instead into the donor business of 'finding problems for solutions'), and often end up weakening the capacity for collective action, rather than strengthening it.

A final point to make is that, in Zambia and other states where clientelism is the norm, citizens are accustomed to harnessing informal networks to access services. This is understandable given that this is, in many areas of Zambia, the only way to access services due to the inadequacy of formal state provision. This is especially the case where the state is weak, as in the majority of rural areas, and where traditional mechanisms of support are extant. While citizens have shown voice can be effective in governing community schools, this has not been demonstrated for government services, where citizens have less of a stake and where the accountability route is more complicated (electoral cycles, lobbying MPs).

#### **Key Points for USAID Programming:**

- USAID expectations of the potential grassroots impact of supporting advocacy CSOs as a means of generating demand for civic rights and government services should be more realistic.
- Goals should perhaps focus on bringing about incremental change rather than long-term rules-based governance. Building on existing mechanisms of governance, even ones rooted in tradition, should be explored as well.
- CSOs should be supported to influence and change specific policies rather than wholesale institutional norms. This should be done by recognising that improving citizen voice is a political action, even if it is used solely to demand better public goods delivery.
- More realistic than making citizens throughout society active citizens, is to build local coalitions for change, focused around targeted issues that are likely to have greater traction and can be supported by sub-groups of the elite.

#### ***Building CSO Capacity for Policy Influencing***

It is necessary to also recognise the limitations of CSOs in influencing and changing policy. This is relevant across USAID's sector work, which consistently features elements of policy change and the importance of ensuring CSOs are part of that process. Generally speaking, supporting selective CSOs with the aim of policy engagement and policy change is possible though it is important to consider the most appropriate strategy given the stakeholders and their interests. However, while CSOs in Zambia have been effective in creating 'noise' (commonly reported in the press), few have successfully engaged with government to induce policy change. Some of the best known and most vocal CSOs are unable to describe any policy outcomes or credible theories of change arising from their work (Key Informant Interview, 12<sup>th</sup> May, 2011).

Where CSOs have influenced policy, lessons can be drawn from the strategies that have resulted in policy change. Firstly, rather than solely criticising government, a nuanced approach which includes providing government with informed alternatives has yielded results. Such a strategy is adopted by CSOs such as JCTR, and NGOCC. This strategy realises the value of supporting government by providing informed credible research and alternatives, and delivering these in a manner that allows government ownership and ‘saves face’. Any CSO working in areas that are potentially contentious must be aware that they may antagonise government officials, which may be counterproductive and yield little in the way of tangible results.

Not surprisingly in Zambia’s neopatrimonial society, utilising personal networks facilitates the influencing of policy. This requires individuals with high-level personal networks. Palliative Care Association Zambia (PCAZ), which receives support from USAID, was involved in supporting the development of a Strategic Plan on Palliative Care by assisting in drafting the policy document. PCAZ’s Chief National Coordinator used her connections to the Permanent Secretary in the Ministry of Health to ensure the inclusion of Palliative Care in health policy.

Lastly, there are characteristics of Zambia CSOs (as noted above) which are likely to limit their ability to influence government. Broadly, many have low capacity to absorb funds and engage in policy dialogue. Only those in Lusaka have experience in policy engagement. Supporting organisations other than those based in Lusaka would require significant resources and involve considerable transaction costs. Secondly, most CSOs in Zambia have a history of service provision but little of advocacy experience. There are more advocacy NGOs today, but their absorptive capacity is weak. For example, recently established multi-donor Zambia Governance Foundation was not able to distribute all the funds available, despite organisational incentives to do so (Key Informant Interview, 7<sup>th</sup> April, 2011).

#### **Key Points for USAID Programming:**

Supporting CSOs to change policy is possible when change does not challenge the political management outright, but is strategic and takes into consideration what really is blocking reform. This may mean:

- As attribution in the area of increases in voice and accountability is difficult to demonstrate, USAID needs to think about appropriate indicators for measuring changes in these areas. There is a growing body of literature around this issue and the difficulties of measuring problematic concepts such as ‘empowerment’ which can help in this process.
- CSOs should be given capacity building support to help them evaluate the interests of individual stakeholders in the policy reform process. CSOs should be aware of the consequences of challenging the various actors and their interests.
- Goals of policy change should be realistic and incremental rather than seeking the optimal solution immediately.

- When considering policy change, design should consider ‘islands of effectiveness’ and any potential champions of change, and what can be achieved by building on them.

## 4.2 AGRICULTURE SECTOR

---

### 4.2.1 Outline of the Sector

Topics of importance include land issues, agriculture and forestry.

#### *Land Issues*

Land tenure and land administration are critical issues for both the agriculture and forestry sub-sectors. The origins of Zambia’s complex system of land administration can be traced back to compromises between colonial and customary authority. The system formally vests all land in the President, who holds it on behalf of the Zambian people (although, it should be noted that even the President formally must seek a chief’s consent to convert customary land). Conversions from customary to state land are governed by the 1995 Land Act. That Act prohibits chiefs from reasserting authority over the land once it has been converted from customary to state land. The Commissioner of Lands, who is typically a lawyer and senior member of staff in the Lands Ministry, is delegated responsibility for allocation and disposition of land. However, over 90% of Zambia’s land is held under customary tenure (Campbell et al. 2010). These lands are communally held and typically farmed or otherwise utilised by peasant farmers. This form of tenure is thought to hinder the capacity of tenants to access loans or invest in the land because it cannot be used as collateral against loans (Farrington and Saasa, 2002).

Nominally, a system of checks and balances exists to prevent abuses surrounding conversion, or the transfer of property already considered part of state land. The first is the local chief, who confirms in writing the intent to reallocate any land. It is customary that a ‘token’ is given the chief in return for this transfer, although this is neither sanctioned as policy nor universally observed. The local government councils, designated to act as agents for the Commissioner of Lands, are a second check on fraudulent or illicit land transfers of land by chiefs (Levy & Palale, 2007).

The system of land administration offers opportunities for discretionary decision making. Although land is administered through a multi-tiered system as outlined above, the process provides chances to pursue personal rather than institutional interests (Levy & Palale, 2007). Approximately 29% of State land has been alienated and is held under leasehold agreement by private individuals. These 99-year renewable leases are held by foreign investors, local elites, politicians, and speculators. Some leases are tied to commercial joint ventures in forests and game management areas. There are examples where this method of developing land has provided needed investment in rural areas and created opportunities for local employment, contract farming, secondary businesses, development of infrastructure and social services, and transfer of know-how (USAID, 2010). However, this arrangement can also result in rent-seeking, corruption, evictions of local communities and a host of activities that undermine natural resource management (Campbell, 2010).

Efforts to pass a land policy following the enactment of the Lands Act have so far been unsuccessful. The Lands Act and subsequent proposed land policy focus on alienation of customary land and encouraged large-scale investment in land (Campbell, 2010). However, any alienation of customary land is likely to be strongly resisted by chiefs as it will, inevitably, undermine the root of their power (Farrington and Saasa, 2002).

### **Agriculture**

Thirty-four percent of Zambia's total land is agricultural, with about 3% of the agricultural land irrigated (USAID, 2010). More than 60 per cent of Zambia's population live in the rural areas and depend either directly or indirectly on agriculture for their livelihoods. Agriculture is the biggest employer of Zambia's labour force, accounting for 73 per cent of total employment in 2005 (CSO, 2007). Growth in the agriculture sector is therefore likely to be an important component in reducing poverty and has been identified as one of the 'growth sectors' in the Sixth National Development Plan. More than 1.10 million small-holder and medium-scale farm households provide the bulk of the outputs from the sector, although a small number of commercial farmers are responsible for producing much of the sugar and wheat crops. Maize is the principal crop (grown by 85 percent of farmers). It is the main staple food as well as being the most important cash crop for small-holder producers, in terms of revenue earned (Thurlow et al, 2008). The country has a huge agricultural potential, with 58 percent of the total land area being suitable for arable farming, while only 14 percent of this currently being cultivated. The sector contributes a significant share of Gross Domestic Product (GDP), as well as providing the raw materials for a number of agro-processing enterprises, which form the backbone of the manufacturing sector. Despite this, the majority of the rural population is classified as "poor".

Zambia demonstrates what has been described as "two agricultural economies": the first is composed of small-holder farmers, growing for subsistence, who are generally undercapitalised, have limited access to equipment and inputs, make up roughly 80 percent of the farming population (Thurlow et al 2008). The second are the large commercial farmers, who have relatively easy access to credit and other financial services, make regular use of inputs and machinery and have good access to markets (Fintrac, 2011). These two economies are distinguishable according to the country's geography whereby the "line of rail" indicates the corridor along which all the country's cities, good roads, commercial farming and milling are concentrated.

Agricultural development in Zambia is ostensibly directed by the National Agricultural Policy, which covers the period 2004-2015. One of the pillars of the National Agricultural Policy is to transform agriculture from a traditional into a modern, commercially driven sector. The 'vision' underpinning this is "to promote development of an efficient, competitive and sustainable agricultural sector, which assures food security and increased income". Under this vision, small-scale farmers will graduate towards the commercial sector and begin producing for the domestic and export markets. This vision is shared by the Sixth National Development Plan (SNDP), which calls for "an efficient, competitive, sustainable and export-led agriculture sector that assures food security and increased income by 2030". The number of farmers transforming from small-scale agriculture to medium-scale farming (emergent farmers) and, ultimately,

commercial farming could indicate progress in this area. However, there is currently no data to provide information on such trends to assess progress in this area. Also, this is a complex process which depends on many variables – e.g., extension services and resources being in place, input and markets being available, etc.

Of the GDP provided by the natural resources sector, crops contribute approximately 20 percent and forestry some 80 per cent. The relative proportions have changed only marginally over the past decade. Of total agricultural GDP, some two-thirds are contributed by the primary sector, with agro-processing and input production providing the balance (CSO, 2008). Deforestation and forest degradation are considered big problems in Zambia, particularly in peri-urban areas and along main roads due to people accessing the forest for fuel wood. Agricultural practices and pressure for additional agricultural land also plays an important role (FAO, 2001).

### Forestry

Forest resources are estimated to cover 60 percent of the total land area in Zambia (FAO, 2010). The forest growing stock is estimated at 3.5 billion cubic metres as merchantable standing volume and 2.2 billion cubic metres is considered as commercially valuable timber (FAO, 2001). The new National Forest Policy of 1998 and the Forest Act No. 7 of 1999 provide the policy/legal instruments that are meant to guide forest administration in the country. At the policy level, the Lands Act of 1995 recognises customary land as eligible for state registration and thus its citizens can acquire get leasehold title on customary land. In terms of management rights of public forests, the table 4-1 below indicates the distribution.

**Table 4-1: Land Management Rights, by category**

FRA 2010 Categories	Forest Area (1000 hectares)			
	1990	2000	2005	2010
Public Administration	n/a	12119	11921	11724
Individuals	n/a	3,682	3,622	3,562
Private Corporations and Institutions	n/a	1739	1710	1682
Communities	n/a	31,447	30,935	30,423
Other	n/a	2147	2113	2077
Total	52,800	51,134	50,301	49,468

Source: FAO, 2010

From this data, it appears that the majority of the forested areas are managed by the communities through customary land tenure systems. According to FAO (2001), the contribution of the forestry sector to the national economy has been grossly undervalued. This is partly due to the lack of statistics on forestry-based activities.

There are a wide range of stakeholders with an interest in utilising forest resources. Local people have always considered the forests as a free resource, from which they can take wood-fuel, materials for shelter and food. Forests also

protect soil and water and may be transformed into farmland. The State has viewed forests as a national property to supply society with wood and to generate revenue. Industrial entrepreneurs see it as a source of raw materials. For the hydroelectricity industry they serve as water catchment areas. Ecologists regard forests as biodiversity habitats, subject to welcome international pressures to control global warming and conserve biodiversity. Some of these interests are complementary but others are conflicting (FAO, 2001).

The current legal arrangements for licensing and charges relating to the forestry sector are spread across a number of different documents, including: The 1999 Forests Act; Statutory Instruments; licensing agreements; policy statements (e.g. the National Forestry Policy and the timber export regulations); and felling regulations. These documents present a disjointed mixture of instructions about the sort of licences required and what charges should be paid. There are inconsistencies in some places between documents and within the same document. In some respects they do not give any guidance at all (e.g. the definition of “personal use” of forest products). Harmonising the various policies and laws should be addressed. Where implementation of the law is left to the interpretation of forestry officials, there is the risk that the law will not be implemented consistently or as intended (Whiteman, FAO, no date).

#### 4.2.2 Recent performance of Sector

In the recent past, agricultural growth has been sluggish and the sector has not performed as well as the rest of the economy. Indeed, its contribution to overall national economic growth has been marginal, as can be seen in Table 4-2, while in the nine years to 2007 the contribution of primary agricultural production to total GDP fell, from 17.2 per cent to 12.2 per cent (Govere et al, 2009). This stagnation in the agricultural sector is out of line with the emphasis given it in the FNDP, which states that it is one of the principal engines of national economic growth and development.

**Table 4-2: Contribution of the agricultural sector to overall real economic growth**

Percent	2005	2006	2007	2008	2009
Agricultural Contribution	0	0	0	0	1
GDP Growth	5.8	6.4	6.2	5.7	6.3

*Source: Bank of Zambia. 2005 to 2009 Annual Reports.*

Not only has growth been sluggish but the sector’s growth rate has also fluctuated significantly from one year to the next, due principally to variability in annual rainfall. The recent bumper harvests, which could be interpreted as improved performance, are more a reflection of favourable rains than improved performance. In fact, of this harvest, only a small proportion of small-holders actually produced a surplus for sale: about 49,000 farmers, or 3.3% of the total smallholder population, accounted for 50% of sales (Nkonde, Mason et al 2011).

A number of factors are hindering growth, including the collapse of key marketing and rural finance institutions in the wake of the liberalisation of the sector. This created an institutional gap because the private sector emerged only very slowly

to play its vital role. Farmers were also hit by the liberalisation of agricultural prices in the context of high transaction costs (particularly given the poor roads in the rural areas), which led to a decline in farm-gate prices in the more remote areas. The rural population away from the line of rail has been disempowered by weak urban and industrial links, and by an institutional vacuum that has resulted from the virtual disappearance during the late 1960s and 1970s of trading networks, the closure during the early 1990s of most of the cooperatives, and the limitations of local government (Duncan, Macmillan and Simutanyi, 2003).

A decline in soil fertility due to inappropriate farming practices, labour constraints at the peak of the farming season, declining access to fertiliser and seeds, inadequate capital investment on the farms and the devastating effects of HIV, are some of the other constraints faced by the agricultural sector that have resulted in its poor performance.

In terms of the forestry sector, according to Zambia's Fourth National Report on implementation of the Convention on Biological Diversity (CBD), about 249 forest reserves (51%) are either encroached or depleted due to over-exploitation of wood products, settlement, and cultivation. This is due to inadequate natural resource governance. It has resulted in the loss of forest reserves: 17 forest reserves have been de-gazetted for other land use, representing about 3% of the total area of forest reserves. Particularly affected are local forests in Copperbelt, Eastern and Lusaka Provinces, where there is particularly high urbanisation leading to a demand for forest products. The land is also required for agriculture (Campbell, et al. 2010).

The government adopted the Zambia Forestry Action Plan (ZFAP) as part of the 1994 National Environmental Action Plan (NEAP). A chronic shortage of information about Zambia's forests – including inventories and ecological profiles – has been a limiting factor in the development of action plans. The last comprehensive forest-resources inventory was carried out in the 1960s (Chileshe, 2001). One outcome of the ZFAP was the adoption of a new National Forest Policy (1998), which recognises the role of traditional leaders and communities in the production, sustainable management, and utilisation of forest resources, and which emphasises the need to use traditional structures and the private sector in preparing management plans for Joint Forest Management Areas (USAID 2010). However, the Government has not yet established the Forestry Commission outlined in the 1999 Forest Act. The Forestry Department, which was established by older legislation, has no authority to implement the provisions of the 1999 Forest Act, the Zambia Forest Action Plan (1994), or the country's National Forest Policy (1998). Overall, sector management is weak, and donors have been reluctant to continue projects or engage in new activities until a new legal and institutional framework is in place (USAID, 2010).

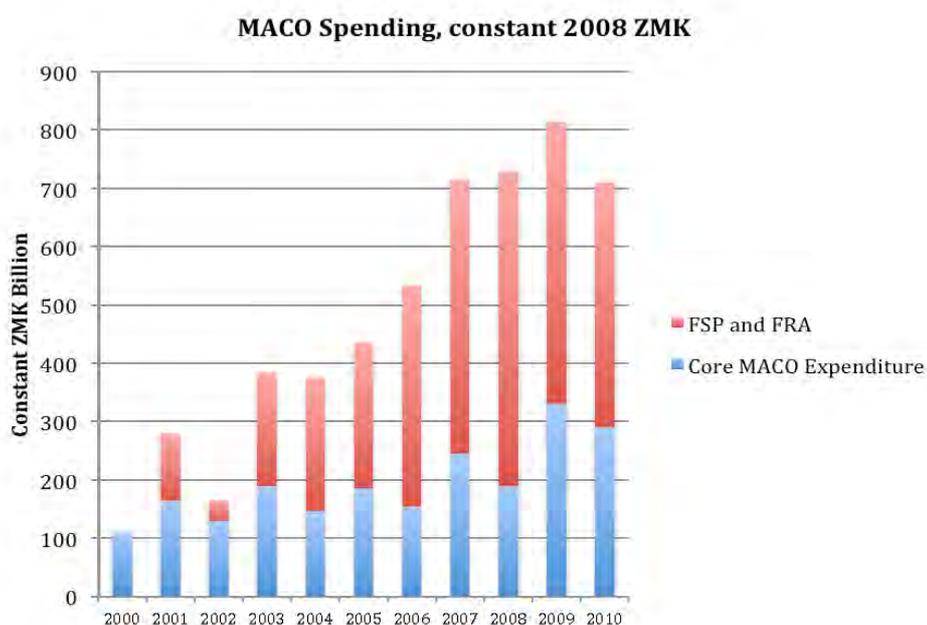
#### 4.2.3 Political Economy Sector Constraints

The principal constraint hindering the development of the sector is low agricultural productivity, which is partly attributed to the misalignment of public expenditure in the sector: mirroring Governments preference for private goods at the expense of public goods. This has meant that some important areas of service delivery such as research and extension (public goods) are sidelined in favour of the provision of input subsidies to only a small proportion of the total farming

community (private goods), under the Fertiliser Support Programme (FSP, now the Farmer Input Support Programme or FISP) and Food Reserve Agency (FRA) programmes (discussed below). This appeals to rural voters, where the majority of support for MMD comes from. These Government programmes, which basically subsidise the production of maize and were intended to improve food security for small-scale farmers following a serious drought, were supposed to be phased out after 3 years, but this has never happened. As one interviewee pointed out: “politicians saw that they were benefiting and so they have kept it going” (Key informant interview, 7<sup>th</sup> April, 2011).

This has skewed public expenditure, with critical areas of service delivery (agricultural research and extension, crop diversification and agricultural infrastructure in particular) being sidelined in favour of input subsidies, under the FSP/FISP and FRA programmes (see Figure 4-1 below). This concern has been raised by the Pelum Association in a recent Budget Research Paper on public expenditure in agriculture (2011). FISP appears to have affected productivity and disadvantaged the small-holder in favour of the relatively well-capitalised farmers (Nkonde, Mason et al. 2011). Because of this, a badly distorted and lop-sided agricultural sector has emerged, dominated by a single crop, maize, that has been encouraged even in agro-ecological areas that are not suited for its production.

**Figure 4-1: Public Spending in Agriculture**



Source: Zambia Public Expenditure Review, 2010

This distortion also contradicts the Government’s stated goal of encouraging a competitive agricultural sector. An environment that more proactively encourages competition would implement measures that foster a freer market for fertiliser and a more rational system of maize management. Many felt that the policies and expenditure patterns of the Ministry (particularly in relation to fertiliser and maize) do not make sense from a policy or technocratic point of view but rather reflect the vested interests of the political elite (keeping the rural farmers producing maize; ensuring adequate maize at affordable prices for the urban consumer; and, allegedly earning considerable kick-backs in the procurement

process for fertiliser). However, in this regard, one interviewee contended that even the Minister has limited room to influence this situation, which is driven by powerful vested interests. One interviewee cited the frequent changes in the Minister heading MACO since 1992 (12) as evidence of the ease with which people are removed if they fail to continue supporting these interests. He pointed out: *“people fear for their positions. If people are seen to tackle difficult issues, they get moved out”* (Key informant interview, 7<sup>th</sup> April, 2011).

As a result, a high proportion of policy decisions in agriculture appears not to be planned in the best interests of, for example, pro-poor growth, but are a reaction to particular “crises” (real or fabricated) or reflect rent-seeking opportunities (e.g. fertiliser policy - see Box 4-2 below - and maize subsidies). As a result, policy decisions are rarely based on evidence and research (even in cases where it exists). Underlying this situation is an environment of **policy dualism and budget unpredictability**, arbitrariness and lack of transparency in which important government actions take place (Fintrac, 2011), mirroring the general situation outlined in section 3.4.

For example, from the PRSP through to the latest National Development Plan the need to develop a private sector-led agricultural policy has been emphasised. The National Agricultural Policy also champions these goals. Despite these pronouncements, the Zambian government has remained a major player in the agricultural sector (most notably the grain and fertiliser markets) and continues to influence private trade decisions through import tariffs, export bans, marketing board operations, and input subsidies. Such policies have for a long time proved distortionary to the input and output markets in the sector (Haambulo, 2009). Most recently, the Government has announced that it will ‘buy every grain of maize’ following the next harvest which will obviously push the private sector out of the market and further skew farmer-cropping preferences towards maize and away from diversification.

The Agricultural Sector Investment Programme (ASIP) of the late 90s early 2000s is a classic example of this. Among other components, ASIP sought to strengthen policy analysis capacity within MACO to tackle sensitive policy issues (e.g. fertiliser subsidies, land reform, marketing, food security etc.). However, despite these efforts, some commentators say there was little indication that policy became more evidence-based as a result of this increased capacity (Farrington & Saasa, 2002). In fact, anecdotal evidence indicates that the programme actually undermined policy analysis capability by paying sitting allowances and excessively high salaries and benefits to those in charge of the programme (key informant interview, 6<sup>th</sup> April 2011). Furthermore, the key policy issues that ASIP tried to tackle remain largely unchanged, despite more recent attempts to provide evidence and influence change. As one interviewee contended, although the Food Security Research Programme (FRSP) has done a lot of good work, produces good data, and has resulted in greater understanding of the agricultural sector in Zambia, ‘we haven’t seen any big policy issue go through. Everything is static since state house has the veto to block change’ (key informant interview, 6<sup>th</sup> April 2011).

**Box 4-1 The Subsidisation of Fertiliser in Zambia**

Legislation concerning fertiliser in Zambia is enshrined in the Agriculture (Fertilisers and Feed) Act (Chapter 226) and dates back to 1966 (Act 51) although was modified in 1994 (Act 13). This Act is intended to provide for ‘the regulation and control of the manufacture, processing, importation and sale of agricultural fertilisers and farm feed; to provide for minimum standards of effectiveness and purity of such fertilisers and feed’.

However, despite this legislation, the fertiliser sector has been an area prone to corruption. The issue of subsidised fertiliser is a case in point in how elite interests can skew policy, defying economic logic and the findings of evidence-based research. The government’s policy on fertiliser and the manner in which this process has been manipulated in order to favour very narrow interests indicates how this sector has been used as a source of rent for certain politicians. It appears to be well-understood that the procurement process for government subsidised fertiliser has long been skewed in favour of two particular companies (often referred to as the “fertiliser mafia”). Even when the prices offered by competing bidders are considerably lower, the tender process is tailored to ensure that only these two companies are able to win the contract (Walker, 2010). The reasons given for excluding bidders are generally rather spurious: including clauses on the colour of the product, requesting tenderers’ to submit certificates of source of supply, insisting that tenderers demonstrate they had 50% of the tonnage they were bidding for in stock (which no commercial company would risk, unless they were certain of winning the bid) and so on. Although this has not pushed other fertiliser operators out of the game completely, since the timeliness and quantities of government subsidised fertiliser provides opportunities for other companies to distribute, it does skew the market. Although the new voucher scheme, which is yet to be implemented, aims to take the government out of the fertiliser equation and give the choice to farmers on where to source their inputs, this is likely to be strongly resisted by the ruling elite.

Furthermore, as one interviewee pointed out, the present situation ‘captures many staff at different levels of the system’. Fertiliser suppliers are obviously the big winners as are those within government who are likely to be taking big kick-backs to continue manipulating the procurement process; MACO HQ staff will be benefiting through allowances to travel around to monitor the process; Camp Extension Officers (smallest administration unit at the local level) are involved as they are required to recommend cooperatives as beneficiaries. Throughout the system from top to bottom, there are many with a vested interest in maintaining the status quo (Key informant interview, 6<sup>th</sup> April, 2011). This perhaps explains the endurance of this system, despite the research and evidence contradicting the logic of this. An earlier paper by the FSRP (Govereh et al, 2002) clearly outlines this issue. This issue is unlikely to go away and policy recommendations are unlikely to succeed so long as the elite feel that they are likely to be the net loser from any change.

There is a general lack of transparency and policy unpredictability in Zambia’s trade regime. Trade bans, quotas and tariffs are generally made behind closed doors, with little public consultation and often no public notice. These decisions have a profound impact on the perceived risk in the sector. The vast majority (83%) of tariff lines are unbound, meaning that they can be changed without

discussion with trade partners (Fintrac, 2011). Furthermore, regional trade relations are consistently weakened through non-tariff barriers and lack of formal free trade arrangements.

Another important issue that raises challenges for USAID and other CPs in fulfilling the objectives of their country strategies, are the frequent changes of staff and non-meritocratic hiring, promotion and transfer of staff. This has been dealt with in more detail in section 4.2.3 and will not be repeated here.

#### 4.2.4 Implications for USAID

USAID has a long history of supporting the agricultural sector in Zambia with an important component of this being in the area of evidence-based policy influence. In recent years this has been through a number of vehicles: FSRP seeks to build capacity among agricultural sector planners to achieve improved policy making through applied agricultural research, policy analysis, outreach and dialogue; USAID's Market Access, Trade and Enabling Policies (MATEP) project focuses on increasing the level of Zambian agriculture and natural resource exports into regional and international markets through overcoming policy, tariff, non-tariff barriers to trade and forging linkages. Linked to these initiatives, USAID has supported the Agricultural Consultative Forum (ACF), which was established in 1998 as a platform for stakeholder consultation, information sharing, networking, and institutional capacity strengthening within the agricultural sector. In addition to these programmes, USAID has also funded activities aimed at improving productivity (PROFIT) and dairy development (Land O'Lakes).

From the interviews we have had with USAID staff and reading available documentation, our understanding is that the strategy for the coming programme centres largely around the US Government's Feed the Future (FTF) Programme and seeks to address the MDG goal of halving the proportion of people living in extreme poverty and suffering from hunger by 2015. The main aims are to increase small-holder agricultural productivity, expand markets and trade, improve the resilience of vulnerable households and improve natural resource management. MATEP will not continue in its previous form in the new country strategy but will be merged with PROFIT in a larger PROFIT+ programme that couples improved productivity with market access. In terms of natural resource management, which appears to be a new area of USAID support and one that is linked to USG's programmes on Climate Change, options have been explored within USAID's 'Sustainable Landscapes' framework.

Given the preceding discussion on the underlying political economy of the agriculture sector, a number of critical 'problem' areas warrant special attention in terms of their potential implications for USAID's new country strategy:

#### ***Policy Influencing***

Policy influence/change will continue to be a big part of USAID's strategy as part of addressing the 'enabling environment' for agricultural development. However, the above discussion of the underlying political economy in Zambia and in particular the agriculture sector – centralised discretion, a preference for the status quo and elite self-interest – are all potential obstacles to sectoral reform. This attempt to maintain the status quo is evident in the decisions made within the Ministry, particularly in relation to maize subsidies, which has become an

enduring feature of the sector. Given that politics and vested interests play such an important role in influencing decision-making, careful consideration should be given to influencing strategies that CPs and programme-level staff employ. We learned from discussing this issue with a number of USAID staff that USAID programmes have been involved in influencing policy. A number of interesting points can be highlighted in this regard. These points are considered in greater depth in Section 6 on Recommendations but are summarised below.

1. USAID Programme staff are already using a range of tools and strategies for understanding and engaging with the Government. They note the importance of “knowing who to talk to in the Ministry” and building a rapport with them.
2. Policy options may need careful packaging in order to make them more ‘politically palatable’ and demonstrate that where they threaten elite interests other avenues for productive wealth-creation are being opened. Knowing who the potential winners and losers from any technocratic reform option, and the implications of this for elite interests, is an important part of this process. Demonstrating the fiscal costs is part of this. From this understanding, it will be necessary to develop a compelling narrative to show that alternatives are also politically advantageous.
3. Policy change requires systemic change, which takes time. Ensuring a policy is adopted is only part of the story. The real challenge is making sure the policy is properly implemented. However, this appears to be where the least attention is paid.
4. USAID could consider working through alternative ‘drivers of change’ as a channel for reform in particular areas. It will be necessary to try and identify potential positive forces for change. Possible sources could be: urban consumers; educating rural voters to understand the benefits of public over private goods approaches to service provision; parliamentarians, who approve the budget and allocations to FRA and FISP; ZNFU and farmer associations; private sector operators in alternative value chains such as tobacco or cotton, or their relevant Boards, who currently do not benefit from Government spending; existing frustration within MACO; regional pressures through CAADP to influence trade policy decisions. It will be necessary to understand the interests and incentives of these various players and how they could be nurtured as potential drivers of change.

### ***Supporting Road Infrastructure for Agricultural Development***

As the Fintrac (2011) report indicates, a number of infrastructure components are fundamental to Zambia’s agricultural economy, including feeder roads. Indeed, one of the critical assumptions in the CDCS under DO2 is that EU and World Bank will complete their planned investments in complementary infrastructure. Indications are that the donors currently supporting the roads sector (primarily World Bank, EU and KfW at present) will continue to do so. Several donors suspended funding of ROADSIP II following the discovery that the Roads Development Agency (RDA) had signed contracts committing itself to expenditure of more than double the USD 180 million approved in the 2008 GRZ Budget. A major audit was undertaken by the Auditor General and considered by the Public Accounts Committee of Parliament. A number of Parliament’s recommendations

were being implemented in late 2010 and donor funding is likely to rebound to previous levels in 2011<sup>3</sup>.

As elsewhere in Africa, road investments are invariably popular in Zambia. Road projects are one of the most visible ways for government to demonstrate they are 'doing something' and generally features in election campaigning. Like other investments in physical infrastructure, such as schools, clinics or hospitals, building roads is a good vote winner. This logic also leads to a bias in favour of new / upgraded roads over maintenance of existing ones. Because politics plays an important role in the allocation of resources in the road sector, technical and economic considerations underpinning the prioritisation of funds, which would focus on those roads and regions with the heaviest traffic, may be undermined by political considerations. This may be legitimate to a certain extent in the sense that the government needs to balance regions. However, since donors have generally provided the bulk of funding to the road sector, they have managed to influence this process and have ensured that funds are allocated in line with economic priorities. This has generally meant prioritising roads carrying the most traffic, i.e. trunk and main roads. Funding allocations for secondary / rural roads are usually a function of three things: (i) regional network length; (ii) the most urgent needs; and (iii) political goals. With no strategic planning, departments in charge of rural roads act when there is an emergency or when political pressure becomes excessive. This may not fully align with USAID's pro-poor focus and its support of small-holders, which are relatively dispersed and often living away from the main road network.

Although bringing the roads up to a good standard in the first place is understandably a concern of the government, maintenance should be given equal attention (although as mentioned before, there is often less political mileage in maintaining roads compared to building new ones). The experience of seeing the road network virtually collapse for lack of maintenance during the 1980s and 1990s raises doubts as to the sustainability of the current network, let alone an expanded one. The major problem is that the funds available for road maintenance are barely 50% of what is needed for the current core network (which is only 40,000 km out of nearly 70,000 km total). The prospects of raising significant additional funding for maintenance are not particularly good.

Another element to this assumption is that once a road has been improved, transport services will automatically commence. In reality, in an uncompetitive environment with low traded volumes, as is the situation in most of Zambia's rural areas, private sector provision of transport services is not always seen as cost effective. It will be important for USAID to carefully monitor this situation, to keep abreast of CP discussions on funding to feeder roads and supporting infrastructure, and to assess whether the necessary transport services are in place to meet the needs of the small-holder farmers.

### ***Crop Diversification***

One of the core elements of the FTF strategy is diversification of selected staple value chains, namely maize, legumes and oilseeds, vegetables and fruits. Maize

---

<sup>3</sup> Sector budget support from the European Union alone is worth approximately € 18 million a year.

has been selected by USAID as it is considered vital to food security and is an important crop in Eastern Province. Legumes and oilseeds have been selected because of their high nutritional value, potential for value addition and trade and because women are prominent within these value chains. Horticulture was selected because it has high income potential, particularly for land-constrained peri-urban farmers and women. There is also high urban demand for fruit and vegetables and they contribute significantly to dietary diversity.

Strategies to encourage small-holder crop diversification need to take account of the political economy of the agriculture sector, particularly the market distortions caused by fertiliser subsidies and maize pricing, and to understand what incentivises farmers to grow certain crops. This decision may be subject to regional, cultural or location-specific variations and may depend in part on farmers past experiences in experimenting with alternative value chains. This is discussed further in relation to Eastern Province in Section 5.6.

At present, the market for maize is heavily distorted, since farmers are confident that by growing this low value, high input staple, they will at least have a secure market, even though the returns on investment are generally quite poor. In Eastern Province, farmers' confidence in the market appears to be critical in influencing what they grow, along with transport, roads and storage sheds. Even in the case of maize, lack of transport has left those farmers who do not have access to purchasing points, vulnerable to middle-men who buy their maize at a low price and take advantage of the higher FRA price. According to one interviewee in Eastern Province, access to the maize market was a problem for those in the more remote rural areas. Because of this, middlemen go and buy from them at maybe K25-30,000 and sell to the FRA at the higher price of K65,000 (Key Informant Interview 23<sup>rd</sup> 11). For the new value chains that USAID hopes to promote through the FTF, it is vital to ensure that any structural barriers in commodity marketing, transport, extension support or any other steps along the value chain are addressed.

### **Natural Resource Interventions**

USAID's support to natural resource management through 'Sustainable Landscapes' refers to support for civil society participation in the REDD+ strategy.<sup>4</sup> Implementation is deemed the main priority action. This is a highly technical area and largely beyond the knowledge of the team. However, a number of comments can be made about the potential issues that need to be considered by USAID, which will require further investigation:

- Around the world the forestry sector is prone to illegal logging and corruption, the drivers of which include the international demand for timber, shortfalls in legislation regulating illegally sourced forest

---

<sup>4</sup> REDD – Reducing Emissions from Deforestation and Forest Degradation – is a mechanism to offer financial incentives for developing countries to reduce forest-related emissions.

products and the emphasis on forests as a component of economic development rather than conservation (TI, 2011<sup>5</sup>).

- This corruption is so prevalent in part because in the majority of cases the forests are ultimately owned and controlled by the government. The majority of the world's tropical forests are classified as public land, and is therefore controlled by the political elite, who are in a position to wield great discretionary power over forestry use in return for bribes or the collection of rents
- Corruption poses risks to REDD, as illustrated when an Interpol official noted: 'Organised crime syndicates are eyeing the nascent forest carbon market. I will report to the [World Bank] that [REDD] schemes are open to wide abuse... [REDD] fraud could include claiming credits for forests that do not exist or were not protected... It starts with bribery or intimidation of officials, then there's threats and violence against those people.' (Guardian (UK), 5 October 2009).
- Given these risks, Monitoring, Reporting and Verification (MRV) are important components of REDD support. With regards to MRV, it is necessary to review international criticisms (mainly from community-focused INGOs) of MRV processes to date, which claim that the process is too narrowly fixated on monitoring and reporting carbon emissions. While it is of course essential that carbon emissions are tracked and verified in a national programme, MRV offers an opportunity to monitor other aspects of the carbon initiative including benefit sharing, community engagement and other key points. The narrow focus only on carbon emissions and using MRV as the main "monitoring tool" to track the impact of the national programme run the risk of not measuring and tracking other outcomes that are as critical.
- In terms of supporting civil society participation in the REDD+ strategy, USAID Zambia need to consider:
  - a. Proposed guidelines by UN REDD for FIPC (free and informed prior consent), which are in development now. FIPC in REDD will draw on experiences in other sectors to engage communities and indigenous people in strategy and decision making processes from the early stages, gaining their support for decisions. It appears that FIPC is not being widely adopted in REDD at present and that there are some disagreements around it. However, this needs to be followed closely to take into account how it could be brought into the strategy of engaging civil society;
  - b. The capacity of civil society to participate in this process (see discussions on CSOs on section 4.4 below). Furthermore, this area could reveal underlying motives on the part of GRZ to keep CSOs out of the discussions on national REDD strategies and benefit sharing. As the Options Paper on Sustainable

---

<sup>5</sup>This is a very recently published report, the latest TI Global Corruption Report, which focuses on Climate Change. It can be accessed online at: [http://www.transparency.org/publications/gcr/gcr\\_climate\\_change2#individual](http://www.transparency.org/publications/gcr/gcr_climate_change2#individual)

- Landscapes points out, this has already been raised as a concern.
- c. One concern is that engaging CSOs requires considerable time and effort and national REDD developments are moving ahead rapidly at a forced pace to generate more funding, or to keep up with funds already allocated. The need to spend funds (bilateral or multilateral) which have been directed at national REDD development can encourage governments to move forward too quickly and cut corners on strategy developments for fear of losing the funds.
  - d. It is also important to consider where decisions made at national level will influence the whole structure of REDD into the future, so it is important that this step is not rushed or legislation developed which favours private sector or government over CSOs and indigenous people.

### 4.3 EDUCATION SECTOR

---

#### 4.3.1 Overview of Sector

In the late 1980s the education sector was near to collapse (Gillies 2010). A combination of the copper crisis, a heavy debt burden, poor economic growth, increased population and high rates of primary enrolment (increased by 54% to 1.3 m in decade after copper crisis) resulted in reduced educational quality (measured at Primary 7 leaving examinations) (ibid).

In 1991, Frederick Chiluba and the MMD were elected, signalling a shift in Zambia's political and economic policies from central planning to a liberalised market economy characterised by decentralisation, privatisation and economic liberalisation. In the education sector liberalism translated to the introduction of non-state community schools. These and Education for All – (EFA- free primary education) were at the centre of the 1996 education policy, 'Educating Our Future'.

This document over-turned a previous GRZ policy (1972) that prohibited non-state education providers, and created space for cost-sharing measures and for community, private and CSO run schools. Decentralisation in the education sector meant that powers were given to districts to distribute teachers, procure goods etc. Marking a large shift in education policies, this new policy was the basis of the three subsequent sector investment programmes. However, these changes did not result in increased GRZ spending on education. In 1998, per capita expenditure for pupils at the primary school level was only USD 17, half the amount spent in 1985 (de Kemp 2008 pp. 34). Nor did 'Educating Our Future' bring about the anticipated improvements in performance. In 2001, 75 percent of children who left primary school were illiterate (World Bank 2001, p. 70). This indicates that, whilst access increased, quality did not. Funding prioritised infrastructure and a poorly performing system continued to perform poorly as factors leading to increased quality such as curriculum development, teacher training, teacher supply, were not addressed.

### 4.3.2 Sector Stakeholders

CSOs have increased their role and stake in the education sector since the 1980s. In 2004 there were estimated to be 120 NGOs and church organisations operating in the sector (NORAD 2004 pp. 14). However, CSOs have not been particularly influential though they have been involved in high-level planning processes, such as EFA and the PRSP (ibid). CSOs have not played a strong advocacy role in the sector either. For instance, a prominent CSO in the sector, Zambia National Union of Teachers (ZNUT) has been criticised for not driving policy formulation or acting as a watchdog on management practices and programme implementation (Mulenga and Simonsen, Undated).

But this trend is gradually changing. Zambia Community Schools Secretariat (ZCSS) and Zambia Open Community Schools (ZOCS) have recently been instrumental in government taking administrative and financial responsibility for community schools in the 2011 Education Bill. Furthermore, Zambia National Education Coalition (ZANEC) played an important role in the government withdrawing the proposed 2011 Education bill, which would have allowed government to sell or lease public schools (Key Informant Interview, 7<sup>th</sup> April, 2011).

Unlike CSOs, donors have a considerable amount of influence in the education sector. Between 1975-90 government education expenditure decreased while external aid more than doubled (Equip2 2010 pp. 124). More recently, government spending in education has increased with economic growth: the percentage of MoE funding coming from government has risen from 68 percent in 2005 to 84 percent in 2007 (de Kemp, 2008 pp. 46).

With the introduction of BESSIP (Basic Education Sub Sector Investment Programme) government ownership increased and donor support to the education sector became more coordinated. BESSIP followed the sector wide approach (SWAp) and although some aid agencies were initially concerned about the MoE's inability to account for funds (de Kemp, 2008 pp. 41) by the end of the programme fourteen development agencies were involved. It should be noted, however, that BESSIP was only a partially pooled fund, with several agencies supporting it on a project basis through separate bank accounts. Donor's strong influence was evident in BESSIP, which has been described as 'small, hierarchical and richly coupled among the most centrally placed actors e.g. the donors' (Forss et al pp.22). So although government ownership increased, government decision making was still constrained by donors' central position.

On many issues, decision-making is dictated by political interests. In the education sector, this is primarily expressed through the dominance of the Minister of Education, who is also ruling party spokesperson and very close to President Banda, over the two education Permanent Secretaries. Interviews suggest that this relationship is the cause of political considerations trumping technical ones in the MoE decision making process (Key Informant Interview, 7<sup>th</sup> April, 2011). An example of this described in more detail in the following section, is the recent allocation of schools which privileged Eastern Province, home constituency of Minister of Education and President Banda, over all others. While this is part of a larger trend towards the politicisation of the civil administration in Zambia, it is accentuated in the MoE due to the political connections of the Minister and the relatively meek Permanent Secretaries.

### 4.3.3 Recent Performance

In recent years the education sector has had mixed performance. Some positive developments are noticeable; primary school enrolment rates increased by 67 percent between 2000 and 2007, from 1.6 million to 2.7 million pupils (de Kemp, 2008 pp.13). Similarly, completion rates improved from 67% to 82% in 2005 and gender parity has almost been achieved at lower basic level (ibid). Furthermore, increased enrolment has not meant *decreased* results. While the total number of pupils who sat the grade 7 exam increased by 62% between 2000 and 2006, average test and exam results did not deteriorate (de Kemp, 2008 pp. 14). This is despite the fact that many of the children who gained access to education were from vulnerable backgrounds and that increased enrolment led to higher pupil:teacher ratios.

However, some areas of the education sector are not improving. Compared to neighbouring countries, Zambia performs poorly in test and examination results. Moreover, 70 percent of grade 5 pupils did not achieve the minimum grade in English in 2008(ibid).Rural and poor areas have fewer teachers in community schools and higher pupil:teacher ratios. The Education Public Expenditure Review of 2006 concluded that Zambia has a low cost, low-quality education system, especially at the basic school level (World Bank, 2006, p. 18-19). Although access is being addressed, learning outcomes remain poor.

### 4.3.4 Implications for USAID

USAID has invested in the education sector in Zambia for the past 12 years, with much of this support being in the area of systems strengthening: for example, data management, ICT and software development. USAID has provided more than \$70m to the Ministry of Education over nine years. Currently, USAID is funding four (4) separate education initiatives in Zambia: a water sanitation and hygiene education programme “School WASH”, a programme to improve reading – Early Grade Reading (EGR), an effort to improve mathematics amongst those starting school – Early Grade Mathematics (EGMA), and a Snapshot of School Management Effectiveness (SSME) assessments to target leadership and management systems in schools. Additionally, USAID Zambia expects to being four new programmes shortly, focussing on: system strengthening in collaboration with the Ministry of Education, orphans and vulnerable children within the Community School System, a collaborative effort with the Zambian Public School system and another Water and Sanitation and Hygiene Education program entitled “WASH PLUS”.

Education falls under DO 3. Improving Human Capital and has the stated objective of ‘advancing sustained and inclusive economic and social development in partner countries through improved learning outcomes’. The education strategy aims to leverage the MoE’s organisational, human and financial resources, engage the private sector and local universities and to evaluate interventions in terms of education quality and improved learning outcomes. The main thrust of the education strategy is to provide catalytic support to the MoE to stimulate educational reform, through enhanced accountability, from the school- to the central Ministry-levels. This is likely to mean continuing and building on the teacher training, institutional and systems support provided under previous USAID programmes. Additionally, the Global Strategy for Education for USAID is improving reading skills for over 100 million children in primary grades by 2015.

USAID Zambia's new education programmes will align with this strategy and focus on achieving improved reading skills for primary age children.

At results level, USAID aims to support MoE in strengthening education systems (IR 3.1.1.), improving public and community school performance (IR 3.1.2.), increasing equitable access to education (IR 3.1.3.) and mitigating the impact HIV/AIDS has on education (IR 3.1.4.). This is done through the programmes outlined above.

Three constraints have been identified that may affect implementation of the education programme. These are:

- Whether a shift away from quantity to quality aligns to the interests of GRZ's leadership?;
- Whether structural drivers and incentives promote unequal access to education?; and
- Whether incentive systems throughout the Ministry of Education inhibit the reform of MoE human resource system?

Analysis of these issues shows that with each of these there are potential opportunities that could be taken advantage of to achieve the stated Immediate Results.

### ***Promoting quality education***

Here we highlight how incentives within the MoE prioritise the construction of infrastructure and the provision of access to basic education. This contradicts a stated assumption of USAID Zambia's education sector IRs: that GRZ investment in infrastructure (access/quantity of pupils) will change and the GRZ will focus on learning outcomes (quality).

Since building schools is basic to improving access to education, GRZ has prioritised infrastructure in a bid to support their aim of providing access to all. The 2011 GRZ budget allocates K444.2 billion to completing 68 schools in 2011 (PWC 2011). Furthermore, announcements from the Minister of Education, Dora Siliya consistently articulate pledges and priorities to expand infrastructure with little mention of addressing quality (AllAfrica 2010). Despite the SNDP pledging to focus on quality as well as access, government's funding allocations to infrastructure development continue to increase without corresponding increased funding of staff training, teachers' salaries, curriculum development etc. This is accentuated in the Education sector due to the Minister's position within the President's inner circle and as an MMD spokesperson. This means political considerations carry weight in MoE decision-making. An example of the politicising of infrastructure development is seen in the allocation of schools by Dora Siliya to Eastern Province (discussed in more detail in Section 5).

There is no indication that these motivating incentives undermining quality education are about to change, despite assurances in planning documents such as the SNDP that government will move to address quality as well as access. Donor support to the sector as a proportion of MoE funding is decreasing, which will reduce outsiders' influence. The shift to quality will be undermined further as the state budget is stretched to include 3000 community schools (ZOCS 2010). While

this will increase access to basic education, it will come at a huge cost which will likely reduce the amount of funding available to improve quality.

While the focus has been on access and improved enrolment rates, improvements in learning outcomes have lagged behind those of neighbouring countries. Zambia regularly ranks among the lowest performers in terms of reading and math in the Southern and Eastern Africa Consortium for Monitoring Educational Quality<sup>6</sup> (SACMEQ) (de Kemp, 2008 pp. 163). In test and examination results Zambia does poorly; in 2008 70 percent of grade 5 pupils do not attain the minimum scores in English (ibid p. 14). Although access is a serious problem, learning outcomes need to be addressed.

Studies have shown that poor learning outcomes are linked to teacher performance and teacher motivation (de Kemp 2008 pp. 138). This may point to a need for management and leadership training, which have been demonstrated as effective and cost efficient (this is also a large part of the EQUIP2 programme) (ibid). However, the incentive structures for staff – including improved housing, pay, benefits, and career prospects – are important contributing factors to performance, and linked to human resource issues. It is not clear to what extent the new interventions under DO 1 will address these issues, in addition to training and professional development.

#### **Key Points for USAID Programming:**

CPs as well as government have invested in schools, classrooms, books and teachers, without addressing capacity building. EQUIP2 is now starting to address this by supporting management and leadership training of head teachers and MoE officials. This should be extended as research has shown the impact of such interventions on learning outcomes (ibid pp. 143).

Recognising that it is not in the interests of many stakeholders in the education sector, particularly those in decision-making positions, to shift their focus to quality as opposed to quantity, USAID needs to find innovative ways of facilitating this shift rather than assuming it will happen. This will require understanding the constraints teachers face in performing effectively and looking for incentives that will motivate teachers to improve.

Importantly however, incentives must be created to encourage teachers to locate in rural areas. There are currently efforts by GRZ to improve teacher accommodation. GRZ should be supported to extend these efforts, while creating systemic incentives for rural posts, such as salary benefits, promotions or other improvements in welfare or status.

Increasing the quality of education will require large amounts of resources and will take time to build. Until recently GRZ's contribution to the MoE budget has been low compared to other countries' educational expenditures (until recently averaging around 2 percent of GDP, compared with an average of 4-5 percent for Southern Africa (de Kemp 2008 pp 35)). This has started to change as

---

<sup>6</sup>(SACMEQ) consists of 15 Ministries of Education in Southern and Eastern Africa: Botswana, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Uganda, Zambia, Zanzibar and Zimbabwe.

government's contribution has increased; this must continue. Further, large CP contributions were needed to meet the targets of Free Basic Education and universal primary education. Now the challenge of increasing educational quality requires a similar donor commitment.

### ***Equitable Access to Education***

There are structural drivers of unequal access that discriminate against children in certain under-served areas. Poor service is driven by several factors: patronage around infrastructure development and resource allocation, a paucity of incentives for teachers to work in rural areas, and a weak system of enforcement which allows informal connections to over-rule technical decisions on teacher deployment. This has implications for USAID programming, specifically sub-IR 3.1.3: equitable access to education increased. The intention is that this IR will be achieved through school water and sanitation projects; OVC scholarship support; gender equity research and policy development; private sector outreach; and school based guidance and counselling. But such activities address social drivers of unequal access without addressing the drivers within the government system itself.

The current education system demonstrates inequality on a number of levels. Firstly in terms of regional disparities in education provision: teacher deployment and infrastructure development and teacher-pupil ratios are unequal across Provinces. In 2004 Northern and Eastern Provinces both had around 3700 teachers, despite the fact that Eastern Province had 43,000 fewer pupils (Ogawa, K. 2004). Furthermore, Luapula and Western Provinces both had around 110,000 pupils but Western had 3000 teachers and Luapula only had 2500 (ibid). In Western and Copperbelt Provinces student ratios were 37 and 41 to 1, compared to 54 and 52, in Northern and North Western Provinces (ibid). Copperbelt, Lusaka and Western Province seem to be the best endowed in terms of teachers with 12 for every 400 students, compared to Northern, North Western and Central with approximately 8 teachers for the same number of pupils (ibid). Further, there is also inequity between schools within Provinces. In many urban schools there is teacher congestion, while rural areas experience understaffing (AllAfrica 2011).

The three Provinces with traditionally the lowest pupil-teacher ratios (Northern, Eastern and Luapula Province) (Ogawa 2004 pp. 139), are three of the poorest performers in Grade 12 Completion rates in 2009 with (2009 MoE pp. 13) 13.52%, 12.66% and 16.55% respectively. This is compared to Copperbelt, Lusaka and North Western on 31.99%, 23.56% and 22.58%, significantly better performing (ibid).

Secondly, it appears the process through which the budget is prepared currently allows some Provinces to receive more teachers than others (ibid). The varying inconsistency in the allocation of teachers within individual schools within different Provinces indicates poor but varying degrees of adherence to formal rules. This is likely due to differences in the degree to which Provincial and District Administrations are engaged in informal teacher appointment practices. The poor performance of most Provinces in this regard would indicate that formal systems of appointments and transfers are not functioning across the country. These informal processes are described further in section 5.4.

**Key Points for USAID Programming:**

USAID Zambia addresses inequity by supporting programmes around Orphan and Vulnerable Children (OVC) support, gender research, water/sanitation projects – to provide facilities for teenage girls, private outreach and school-based guidance. While these efforts will all have positive effects on social drivers of inequity, the structural drivers of uneven distribution of teachers that exist within government also need to be addressed.

- GRZ should be supported to ensure that the process through which the education budget is allocated responds to the different needs of each Province.
- CSOs such as ZANEC should be supported to monitor this process, distribute findings and advocate for relevant change. While budget monitoring is already being undertaken by organisations such as ZANEC, further capacity building support would enable the process to be conducted with more depth and to launch targeted advocacy campaigns.
- GRZ should be supported to reform the systems that allocate teachers to rural areas, taking into account the strong incentives for teachers and officials to maintain the status quo. This should happen alongside support to GRZ to incentivise teachers to locate to rural areas.
- GRZ should be supported to reform the system so local government officials such as the PEO have incentives to improve the number of teachers in rural schools. This could be part of performance targets within the management system.

**Improved Human Resource Management Systems**

Problems such as overcrowding of teachers in urban areas and understaffing in rural areas, along with non-meritocratic staff promotion and recruitment are all prevalent in the MoE and largely driven by informal networks of patronage, clientelism and nepotism. The persistence of informal systems can be seen in the MoE in the methods used for teacher recruitment and promotion; the high number of ghost teachers; delayed or premature completion of rural service; and non-meritocratic selection around geography and duration of placements (Key Informant Interview, 4<sup>th</sup> April, 2011).

Currently, for a teacher to be promoted the teacher must be recommended by a superior within the same school, the recommendation should then be cleared by both the district and provincial administrations before going through the central ministry to be approved by the Teacher Service Commission under the Cabinet Office. This prolonged process makes the applicant dependent on clientelist networks and intermediary stakeholders who take the opportunity to extort rents in return for passing the application upward. This means ‘If you’re not extremely pushy or know someone inside, you will be waiting in the bush a long time before you go somewhere’ (Key Informant Interview, 6<sup>th</sup> April, 2011). On the other hand, as one interviewee put it, it is common for individuals to be ‘pulled up’ through the system from the central ministry for promotion/recruitment (Key Informant Interview, 7<sup>th</sup> April, 2011). In either case, merit has little to do with advancement. Teachers are able to manipulate the system to avoid teaching in rural areas.

Evidence gathered from government officials indicates that teachers rely on clientelism and nepotism to influence the decision of the Provincial Education Officer (PEO) and District Education Board Secretary (DEBS) to ensure they are placed in urban areas or are moved from rural areas after very short periods of time (Key Informant Interview, 10<sup>th</sup> May, 2011).

MoE systems have improved through extensive support from CPs. For example, improvements have been made with the introduction of DEBS which creates an available avenue for teachers and schools to raise issues with government, and the decentralisation of the payroll system. Both reforms were extremely popular with teachers. However, technical changes are not enough to reform the civil service and informal systems remain strong. Interviews and desk studies highlight the low capacity of officers who are appointed on informal rather than meritocratic grounds (Key Informant Interview, 9<sup>th</sup> May, 2011 and Mwangala 2010). Further, non-meritocratic promotions undermine other teachers' motivation, and promotions that are delayed for years have negative effects on teachers' performance. Both result in poor learning outcomes. These systems stem from the politicisation of the civil service, which has been facilitated by a weak sanctions system. There is no punishment for failure to adhere to rules-based systems or for collusion between government officers (Mwangala 2010, pp. 1). Surprisingly, such problems got worse after the introduction of performance contracts, (from 2003 Permanent Secretaries were awarded three year contracts). This can be explained by the fact that staff are generally more pre-occupied with performing favours for their superior who put them in the position, or so they can stay in post, rather than job security (Ibid and Key Informant Interview, 10<sup>th</sup> May, 2011). Furthermore, non-meritocratic appointments benefit not just those who receive appointments but those who do the appointing, as individuals seek to repay the favour, or ensure that they will retain the post in future. Thus, there are strong incentives to maintain the status quo.

**Key Points for USAID Programming:**

This situation has direct implications for the potential impact of activities under sub-IR 3.1.1, Ministry of Education systems strengthened. This IR will be achieved by installing human resource management systems, financial systems, reporting procedures, and school/district data management systems. While these reforms may facilitate improvements in the system, the drivers of the inefficiency will remain as long as informal norms influence practice. Such practices are driven by informal networks that reflect the political interests of the Minister and clientelist relations. Government officials are aware that an efficient, meritocratic system is needed for the MoE to operate more effectively. But systems of patronage are found at various levels within the MoE and reform is not in the interests of those who benefit from it. This is not necessarily an inefficient system but rather an efficient system operating to a different logic and for different ends. Interventions must take this logic and the interests of stakeholders into account. Reforms to human resource systems should start by evaluating the interests of various actors before designing new policies. For instance, teachers should be incentivised to locate to rural schools while Provincial Education Officers (PEO) should be given performance targets linked to teacher allocation to rural schools. Such technical changes are more likely to take into account the structure of incentives.

This means realising that reforms can not be made in isolation, but must address stakeholder interests, and that reforms may take longer than anticipated. For example, before the design of an activity to improve human resource systems such as computerising a records system, a stakeholder analysis must be undertaken which focuses on the problems with the current system, who it may benefit and why, as well as any actors who may be spoilers of reform. By using the findings to inform plans targets are more likely to be realised.

## 4.4 HEALTH

### 4.4.1 Outline of the Sector

The low ranking of Zambia in the HDI (153) is predominantly due to Zambia's low life expectancy – the second lowest in the world (Action for Global Health, 2009). Malaria, respiratory infections, diarrhoea, malnutrition, anaemia and HIV and AIDS are the primary causes of high mortality and morbidity rates. Malaria is the leading cause of mortality and morbidity in Zambia, with over 4 million cases of malaria reported annually. Malnutrition in Zambia is severe with 45.8 percent of children stunted (2008) and 14.9 percent underweight. About 141 out of 1000 children born do not live past their fifth birthday, while 86 per 1000 die before they reach their first birthday (WHO 2009 figures). The AIDS epidemic continues to be a serious threat to Zambia's development agenda, with 14.3 percent of the adult population (15-49) infected.

Health care has, however, gradually improved since the early 2000s when facilities had deteriorated and the population's health reflected this (Duncan, Macmillan & Simutanyi, 2003). According to the Ministry of Health, between 2006 and 2010 the health sector recorded significant progress in key health performance indicators. The incidence of malaria has dropped from 383 cases per 1,000 population in 2005 to 246 case per 1,000 population in 2010 (MoH MIS). The Maternal Mortality Ratio (MMR) reduced from 729 deaths per 100,000 live births in 2002 to 591 deaths per 100,000 live births in 2007. The Under-Five Mortality Rate (U5MR) reduced from 168 per 1,000 live births in 2002 to 119 in 2007 whilst the Infant Mortality Rate reduced from 95 per 1,000 live births in 2002 to 70 in 2007. During the same period the HIV prevalence rate in adults aged 15 to 49 years decreased from 16.1 percent in 2002 to 14.3 percent in 2007. There have also been improvements in immunisation coverage, exclusive breast feeding; and measles treatment.

Despite the improvement in the key health performance indicators, life expectancy stands at 41.2 years, the second shortest in the world (Action for Global Health 2009). Government expenditure on health accounts for 60 percent of total public health sector funds. This figure represents 10.7 percent of the central government's discretionary budget or 8.5 percent of the total national budget, which is way below the Abuja target of 15 percent. The US\$28.00 per capita expenditure on health is still below the regional average (see WHO health profile for more details). These figures are likely to affect remote rural areas more, particularly given the pattern of resource allocation. As a recent World Bank (Picazo & Zhao, 2009) report revealed, district health budget allocations appear to be largely oriented to higher levels of care within the districts. In terms of geographic allocation, the poorest, most remote and least urbanised areas receive

the lowest per capita MoH release. This is despite the relatively good track record (compared to other sectors) of decentralisation as seen in Box 4 above.

#### 4.4.2 Political Economy Sector Constraints

The health sector in Zambia has faced a number of serious reputational challenges in recent years fuelled largely by the corruption scandals, notably the highly publicised Global Fund case (see Box 4-1 below). Although the health sector is not alone in this regard, and the case is most certainly symptomatic of a wider malaise in the public sector, it serves to highlight some of the weaknesses in the sector.

The need is great for professionally trained medical and administrative personnel to buttress the massively understaffed Ministry of Health. According to one informant in the MoH headquarters:

*“Zambia is facing a serious human resource crisis both in the numbers and in the skills mix. The critical shortage of skilled manpower continues to be a major obstacle to the provision of quality healthcare services and to the achievement of national health objectives and the Millennium Development Goals. During the FNDP period (2005 to 2010), the total number of staff in the health sector increased from 23,176 in 2005 to 29,533 in 2009, representing a mere 57 percent of the total approved establishment of 51,414 staff required to manage the health sector.” (Key Informant Interview, 9<sup>th</sup> May, 2011)*

Besides facing staff shortages, the health sector has been politicised, particularly in terms of human resources management. As one key informant in the Eastern Province lamented;

*“Top civil servants in the Ministry of Health can no longer be certain that they can count on a career in the civil service, while those below them wonder whether proved political loyalty will be a more important criterion for promotion than administrative or technical efficiency. In the circumstances it is not surprising that many junior civil servants are constantly fighting to get their Masters or Ph.D qualifications whilst they are still in government in anticipation of being kicked out by our political masters.” (Questionnaire Respondent)*

Although concern has arisen over the Ministry’s reduced efficiency and dependability, there has been little or no attempt to address the cause of the problem, namely recruitment within the system based on patronage networks instead of merit. This trend reaches to the top of the technical staff within the Ministry, leading to accusations that the Permanent Secretary at the Ministry Headquarters and the Provincial Medical Officer are effectively political appointees. More broadly, civil servants who are members of the ruling party reportedly rise faster and civil servants with opposition affiliations can be asked to resign (Questionnaire respondent).

This can result in technical staff being recruited with insufficient knowledge and skills. Also, an environment has been created where technocrats’ fear of politicians leads to decisions which staff know are not developmental (questionnaire respondent). In sum, systems of patronage have proliferated

throughout the Ministry allowing political interests to dominate the decision making process. An assessment of the various stakeholders and their interests is provided in Annex D.

#### **Box 4-2 Corruption in the MoH: The Global Fund Case**

The Global Fund's decision to suspend grants was triggered by the findings of a forensic audit by the Zambian Auditor General, after a tip-off from a Zambian whistleblower (The Lancet, August 2010). The audit identified at least one irregularity related to a Global Fund grant. The funding freeze by the Global Fund in 2009 was meant to be temporary, but over the course of 2010, the Global Fund became impatient with the slow progress being made by the Zambian Government (Lancet, 2010).

This case appears to be yet another example of institutional weakness within the MoH. In 2007 former Ministry of Health Permanent Secretary (PS), Dr Kashiwa Bulaya was jailed for five years for abuse of authority and corruption (Lusaka Times). In 2001 as PS he broke tendering regulations and accepted payments for awarding contracts. While this shows there is a history of disregarding formal rules from the top within the MoH, the global fund case appears to have been committed by fairly lowly staff, who arranged workshops that did not happen. That MoH's financial and accounting procedures allowed this to happen, demonstrates systematic weakness. While the reaction of GRZ to these problems has not included wide-spread reform of financial and accounting procedures, several recent developments are encouraging.

In June 2011 GRZ repaid USD 1.9 million to Global Fund, after which Global Fund resumed support to Zambia (Africa Review 2011). This has created a more optimistic view amongst CPs and Global Fund staff.

The National Anti-Corruption Policy (NACP) was started in March 2010, the Anti-Corruption Act was amended in November 2010 making it a legal responsibility for public institutions to tackle corruption (Section 6 (1) (a) (iv)), and a whistle-blowing act is moving through parliament. Thus, corruption was not caused by a lack of political will, in the case of the global fund scandal, a lack of institutional leadership appears to have facilitated the misappropriation of funds. This has resulted in weak MoH systems, and enforcement of what systems exist.

Increasing centralisation of power within the MoH is another factor of importance, and is reflected in the way decentralisation remains on the agenda for discussion in public institutions, whilst provincial and district structures remain under funded and understaffed (Questionnaire respondent). Similarly, there is centralisation of decision making around the Permanent Secretary, who, since the Global Fund scandal, has assumed greater oversight responsibilities.

#### **4.4.3 Implications for USAID**

The MoH is severely understaffed in places, and technical staff with low capacity are recruited and promoted due to informal rather than meritocratic practices, as is the general norm. Keeping in mind the political logic underpinning these practices, USAID could support government to address progressive reforms to recruitment and promotion, with an eye to reversing the perverse incentives that dominate the human resource system at present. This is unlikely to result in a

Weberian bureaucracy but sustained incremental change is likely to improve the system.

The Global Fund scandal and the way government has addressed it demonstrates a need for reform at a national level to address the public service culture more generally. Government has shown some initiative here. For example, the Anti-Corruption Act was amended in November 2010, giving Public Institutions the legal responsibility to tackle corruption (Section 6 (1) (a) (iv)). Further, a Whistle Blowing Act is moving through Parliament. These reforms have yet to translate into changes in practice but may indicate positive direction.

As mentioned in previous sections CSOs have traditionally provided service delivery rather than advocacy services in Zambia. Recently however this has started to change. Now alongside long established organisations such as Churches Health Association Zambia (CHAZ), local organisations such as the Treatment Advocacy and Literacy Campaign (TALC), and international organisations such as Oxfam GB and the International HIV/AIDS Alliance, have began engaging in political processes. CSOs are now represented in the Sector Advisory Group and the technical working groups.

Recently, these organisations have become recognised as having a role to play in health sector aid processes. This started during the negotiations to the International Health Partnership (IHP+) Compact when GRZ requested CSO representation, asking CHAZ and Oxfam GB to coordinate a group of CSOs, the Civil Society Health Forum (Pereira, 2009). However, this group has had difficulties finding consensus and CSOs are divided into two groups with service delivery organisations around CHAZ, on one side and advocacy based organisations around Oxfam GB on the other. This is largely representative of health CSOs in general and the failure to project one voice that is a consequence. Thus, while the health forum has been seen as a significant development, this is currently limited by a fractured group of CSOs.

The fact that there are a growing group of health advocacy organisations does, however, present an opportunity to tackle the institutional weakness that failed to address weak financial systems in the MoH and the consequent corruption. CSOs undertaking budget tracking could be supported in ensuring that MoH system reforms are adhered to. Additionally, CSOs have the potential to perform basic checks and balances on human resource reforms that attempt to tackle the issues outlined in the previous section.

Coordination between CPs and GRZ has been identified as a blockage to more effective health services yet offers a large degree of scope to reform. The MoH annual report from 2006 lists erratic supply of drugs and inadequate logistics for health services delivery as two of the key challenges to the health system (Yadav 2007). Despite recent developments over corruption scandals which saw certain CPs hold back funds, it can not be said that GRZ-CP collaboration has been unproductive. MoH has strong ownerships of programmes. This has been enhanced through approaches such as the 'district basket' which increases the amount of resources, and autonomy provided to the district health administration. Developments such as this are critical to increasing country ownership at sub-national level.

## 5 A REVIEW OF EASTERN PROVINCE

### 5.1 INTRODUCTION

This section contains sector and problem-level analysis for Eastern Province, where USAID will increasingly focus their development assistance. This analysis draws on a number of interviews conducted with USAID task team leaders, key informants in government, civil society and the private sector in the Eastern Province. These interviews, together with a review of key literature from the Ministries of Agriculture, Education and Health, provided the starting point for this analysis.

### 5.2 THE REGIONAL CONTEXT

#### 5.2.1 Socio-economic Profile of the Eastern Region

The Eastern Province is a predominantly rural province and is home to the current president, Mr. Rupiah Bwezani Banda. The Province is 69,106 square kilometres and is located some 590 kilometres east of Lusaka. The Province is bordered by Malawi to the east and Mozambique to the south. To the north, the province shares its boundary with the Northern Province, district of Isoka. To the West the province shares its boundary with the Tazara Transport Corridor districts of Mpika, Serenje and Mkushi. For administrative purposes, the province is divided into eight administrative districts. The size of each district, the population size and the annual population growth rates in the Province's 8 districts are summarised in Table 5-1 below.

**Table 5-1: Size of Districts, Population, Density and Growth Rates 2000-2010**

District	Population		Area Sq. Km	Population Density		Population Growth Rate	
	2000	2010		2000	2010	1990-2000	2000-2010
Chadiza	83,787	104,255	2,574	n/a	41	2	2
Chama	75,320	101,412	17,630	n/a	6	3	3
Chipata	367,443	452,428	6,692	n/a	68	4	2
Katete	189,056	240,818	3,989	n/a	60	3	2
Lundazi	237,344	314,281	14,058	n/a	22	3	3
Mambwe	47,476	71,074	5,295	n/a	13	2	4
Nyimba	70,299	85,684	10,509	n/a	8	2	2
Petauke	235,448	337,779	8,358	n/a	39	2	4
Total	1,306,173	1,707,731	69,106	n/a	25	3	3

Source: 2010 Census of Population and Housing, Central Statistical Office

## 5.3 GOVERNANCE

### 5.3.1 Introduction

Eastern Province has a population of 1.7 million (CSO 2010). A total of 12% of eligible voters are registered in Eastern Province. These eligible voters live in 19 constituencies, each represented by an elected Member of Parliament. These Members of Parliament have formal duties which include legislation, executive oversight, constituency representation and service delivery of public goods. In theory, these democratically elected office bearers should be held accountable by the 274 voters in the Eastern Province for their performance of such formal democratic duties and responsibilities. Whilst most parliamentarians in the Eastern Province discharge their legislative functions well, most do not carry out their executive oversight and constituency representation duties adequately. There are a number of reasons for this. First there are a number of accountability pressures on individual Members of Parliament. These include responsibilities to their constituents, local party structures, national party structures, the local chiefs in their constituencies, their local churches and religious leaders and to the members of their respective families and clans.

Although Members of Parliament are an integral part of the DDCC, most parliamentarians have little or no influence over the decisions of the DDCC as they do not have full control of the purse strings at the district level. This is a major stumbling block to the execution of their constituency functions. Despite this challenge, all the Members of Parliament have access to, and can lobby for formal Constituency Development Funds (CDF). The CDF is a subvention from central government and has to be spent according to guidelines. Informal “slush funds” are also made available through “party funds.” These funds are basically from government coffers that pass through the Office of the President account or other State accounts and are given to the Members of Parliament in cash. Some 40 percent of these funds are paid out to the electorate during elections campaigning whilst the remaining 60 percent are retained by the Members of Parliament to offset their expenses.

#### Box 5-1 Institutional Structure of Eastern Province

The institutional and organisational framework in the Eastern Province and its eight districts is far from the formal concept of devolution of power to the people. The current structures were corrupted by the Chiluba administration and are now loosely used by the central government’s Implementation, Monitoring and Evaluation framework as set out in the Sixth National Development Plan (SNDP). Village Development Committees are supposed to discuss and approve their own development plans and submit these to the Area Development Committees who in turn review, consolidate and approve them before submitting them to the District Development Coordinating Committee (DDCC). The DDCC is comprised of heads of government departments, selected CSO’s, the private sector and Faith-Based Organizations. The Provincial Development Coordinating Committee (PDCC) is the mirror image of the DDCC and currently plays a pivotal role in the provincial planning and budgeting process for and on behalf of the districts.

Over the past 20 years, traditional rulers, more commonly referred to as chiefs, have become important actors in the various districts of the Eastern Province. These traditional rulers are given de jure status by virtue of the Chiefs Act. The

chiefs are chosen by their respective tribal councils and their names are submitted to the President for ratification. The President can elevate a traditional ruler's status to that of a Senior Chief. The highest status that a chief can aspire to is that of Paramount Chief. This status is hereditary and is the preserve of certain ethno-linguistic groups in the Eastern Province. Senior members of the leading lineage choose the Paramount Chief.

Pressure from chiefs on the elite in the districts and at the provincial level to be more accountable for community development has been increasing. Constituents in the various rural areas of the Eastern Province often channel their demands through the chiefs, who in turn put pressure on the Member of Parliament, the provincial minister or the Permanent Secretary in the Province. Most chiefs in the Eastern Province have been known to use their traditional authority and some have even been known to summon an MP or a minister or even the Permanent Secretary to their kraal to demand that they account for delivery on promises made to the people. Although people in the peri-urban and urban centres tend to perceive chiefs as powerless in terms of influencing voting behaviour, chiefs in the rural areas have demonstrated that they do have power to influence how their 'subjects' vote. In some cases chiefs have sanctioned office bearers for non-performance.

The Permanent Secretary (PS) in the Eastern Province is the principal controlling officer for government. The Eastern Province PS has close familial linkages with the President and has been known to draw on this to support her decisions at the PDCC and other fora.

Discussions with the political leadership (Provincial Minister and the District Commissioner-Chipata) in the Eastern Province, suggest that political parties are the main vehicles for organising political representation, political competition and democratic accountability in the province. Political parties and party systems can influence the executive and provincial leadership about which programmes and projects should be prioritised. In addition, political parties and party systems in the Eastern Province can affect the formulation of public policy, engage in political recruitment, structure electoral choices and facilitate coalitions where necessary. MMD is the most dominant party in Eastern Province, due to being the home province of the incumbent President.

In addition to political parties, civil society organisations are relatively prominent in Eastern Province. In 2008 there were 244 NGOs and Community Based Organisations (CBOs) working on poverty-related issues. This number was only surpassed by Lusaka and Copperbelt (Mathieson, 2008). This covers organisations such as Chipata District Farmers Association, with a large number of members, who undertake advocacy work such as budget tracking. Also, active is the Catholic Church, with the Bishop being one of the most prominent and outspoken critics of President Banda and the serving government.

### **5.3.2 Issues for USAID Consideration**

The characteristics of the governance sector of Eastern province present a number of opportunities for CPs looking to invest in targeted accountability changes:

- The presence of a large number of CSOs, particularly established NGOs and CBOs with large constituencies presents an opportunity. Organisations such as Chipata District Farmers Association have experience in advocacy and undertake budget tracking. USAID could build on the experience of organisations such as this to advocate for specific issues. Further, this presents an opportunity to facilitate the distribution of this knowledge to other organisations that have less experience in policy engagement/advocacy.
- Additionally, other donors such as the German Development Service (DED) and the Zambia Governance Foundation (multi-donor) are operating in Eastern Province on civil society organisation capacity building. USAID could coordinate efforts to ensure coordinated support to CSOs, and CSO collaboration could be facilitated to target efforts. For example, there appeared to be few CSOs working in the area of education, coordinated efforts could work to resolve this and create a targeted response to the severe problems in the education sector.
- Lastly, tribal Chiefs and the Catholic Church are both particularly powerful in Eastern Province. This presents opportunities for CSOs to utilise the power vis-à-vis local government, to demand change. USAID can have a role here by building the strategic capacity of advocacy organisations.

#### Box 5-2 Action for Positive Change

Chipata based CSO, Action for Positive Change (APC), became increasingly aware of the problems farmers encountered as a result of government's delayed distribution of fertiliser. In September 2010 a District Policy Makers meeting was organised by APC to raise the issue. APC invited the press, local Chiefs, of whom fourteen attended, as well as the local Mayor and other officials. By raising the issue in the presence of the Chiefs, APC put pressure on government to respond. In the end the Mayor tried to walk out as he had no answer to the Chiefs' question about why fertiliser was so late. The incident was covered by the Post newspaper which raised the profile of the issue (The Post, 30 Sept, 2010). Since then there have been strong indications from government that they will work to address this problem.

To prepare for this event APC had received the support of a local consultant who worked with them on advocacy strategy. The consultant was provided as part of the support from the Zambia Governance Foundation. The consultant made the organisation aware of the effect of harnessing the power of the local Chiefs, which is buoyed in Eastern Province by their links to the President. Additionally, APC were able to attract the national newspaper, The Post, which raised the profile of the event. This mode of consultant support involves high transaction costs but it produces results. It is a good example of local advocacy around specific issues, as raised above.

(Stakeholder Interview, 10<sup>th</sup> May 2011)

## 5.4 AGRICULTURE

### 5.4.1 Introduction

The Province lies astride the Zambia-Malawi-Mozambique Growth Triangle (ZMM-GT). The ZMM-GT is a transnational economic zone that aims at advancing economic development and regional integration over a relatively well defined geographical area that has different factor endowments. The closeness to Mozambique and Malawi provides considerable opportunities to trade crops and inputs across the border when prices are more favourable. As one interviewee

stated: “Depending on price parity with neighbouring countries, crops and inputs can either flow to or from our Province. With the subsidy programmes here in Zambia, these can often be exploited” (Key Informant Interview, 24<sup>th</sup> April 2011).

The Eastern Province’s environmental profile and eco-systems are dynamic and rich. The province lies in agro-ecological zone II where the landscape is shaped by an ever changing combination of rainfall, temperature, forest fires, vegetation, people and animals. The key relief features of the province are a series of undulating hills that are dissected by the Luangwa rift valley system that extends some 560 km from the north-east to the south-west of the province. The south-eastern flank of the Luangwa rift valley system is more gentle and gives way to the subsidiary rift valley systems of the Lukasashi, Lunsefwa and Rufunsa rivers, providing good agricultural land and the potential for irrigation.

The climatic regime of the province is strongly influenced by the seasonal distribution of rainfall. Rainfall is the lifeblood of the Eastern Province. Although rainfall is variable and, at times, unreliable precipitation is highest in the Chama district where mean annual rainfall ranges from 900 mm to 1,000 mm of rain. Petauke and Nyimba districts receive between 700 mm and 900 mm of rain. The onset of the rains and the seasonal distribution of rainfall imposes a strong rhythm on most of the farming community. Most farmers cultivate their crops in the rainy season which commences in November and ends in March or April.

Although rainfall precipitation and variability is the most important element in seasonal differentiation in the Eastern Province, other climatic factors such as temperature, humidity and sunshine affect socio-economic activities and demographic and settlement patterns. In the north-east of the province mean daily minimum temperatures range from 10 to 15 degrees Celsius in July. Overall, mean maximum temperatures range from 30 to 35 degrees Celsius with the highest temperatures being recorded in the Luangwa valley where temperatures can reach up to 37.5 degrees Celsius.

Periodic incidences of drought are not uncommon in the Eastern Province. Shortage of rainfall is always the “trigger” but it is the lack of water in the soil that causes the most serious risk to agricultural and livestock production. The success of the **Feed the Future** and the **REDD** interventions will largely depend on the variability of rainfall.

#### **5.4.2 Agriculture in Eastern Province**

The Ministry of Agriculture operates through the Provincial Agriculture and Cooperatives Officer (PACO) and the District Agriculture and Cooperatives Officer (DACO) at the decentralised level. Below the DACO there are Block Extension Officers and Camp Extension Officers. The Camp Officers each cover roughly 40km and 7-800 households. These Camp Extension Officers are generally farmers from the village. The Block Extension Officers oversee 6-7 Camp Officers. Within the District there are a number of specialists who head departments and report to the DACO (including Marketing development, information, agri-business etc.). This structure is replicated at Provincial level with subject specialists reporting to the PACO.

There are 240,000 small-holder farmers out of a total population of 1.7 million. The main crops grown in Eastern Province include cash crops such as groundnuts,

cotton, tobacco, soya beans and sunflower (although there is presently very poor marketing systems for sunflower and soya). Food crops include maize, cassava, legumes, sweet potato and rice (rice production is primarily in Chama District). Tobacco and cotton are generally crops supported under outgrower schemes. The market is there, but the problem can be one of pricing. The marketing system for maize in Eastern Province, as in the rest of the country, is dominated by the FRA purchasing system. At present, farmers are incentivised to grow maize as the marketing system and guarantee of sale are there. Cassava used to be considered a snack food rather than a staple crop and a second option crop for most farmers. The District has encouraged more farmers to grown cassava as it is less labour intensive, demand for inputs is low and the crop is drought resistant. This is part of a general desire to encourage farmers to diversify crop production. As one member of the Provincial agricultural team stated: 'farmers have been too dependent on maize for too long. So although production levels are increasing, nutrition levels at the household level remain poor' (Key Informant Interview, 23<sup>rd</sup> April 2011).

However, there are strong disincentives that make crop diversification difficult in practice: a gap between research and extension; weak extension services; strong incentives towards maize production; and lack of post-harvest and market infrastructures for other value chains (Key Informant Interview 23<sup>rd</sup> April 2011). Interviews at provincial and district levels confirmed that productivity and crop choice are strongly linked to market confidence. Questions such as the following were asked by a number of the interviewed stakeholders at provincial and district levels: Will value added equipment be available at the local level? Where is the market? What is the cost of transport? Who bears this cost? What support – inputs, equipment, extension and credit – will be provided to farmers? To what extent will existing systems be used? These are understandable concerns particularly given a number of previous failed attempts by other donors/private sector.

Apparently, farmers in Eastern Province have proven in the past that they are very responsive to the market if they have confidence in it. The provision of seed and the availability of credit and other necessary inputs are also critical factors that affect farmers' confidence to diversify to other crops. If these conditions are not there, then farmers will not take the risk of adopting new ideas. There have been a number of recent examples where new value chains have been introduced without adequate follow-up and attention to marketing. The most notable examples are the bad experiences with paprika and soya beans. In the case of the latter, LintCo (which later changed their name to Cargill) provided farmers with seed and inputs to grow soya beans and then never came back to buy the harvest. In the case of paprika, an outgrower scheme was introduced to the farmers that provided seeds and chemicals on credit. However, this scheme also came to nothing as the organisation disappeared. These kinds of experiences undermine farmer confidence in taking on new ideas.

The priority given to FRA and FRP are keenly felt at the provincial and district level as some cost centres/departments within the Province/district receive no funding, e.g. farmer training and demonstration. For example, Eastern Province has vehicles and studio equipment to provide radio programmes to reach the people, but does not receive adequate funding for these to function effectively. The farmer training centres that have been established (initially introduced by

Government and later rehabilitated by ADB) are also unable to implement much due to lack of available funds. Officers in the Provincial agriculture office, despite recognising that Eastern Province generally benefits more from both FRA and FISP than other provinces, felt that their ability to address the agricultural needs of small-holder farmers was severely hampered by the skewed allocation of funds towards maize, as outlined in section 4.4.

### 5.4.3 Issues for USAID Consideration

Any attempts to introduce new value chains will need to first learn from past experiences (both positive and negative) and ensure that appropriate incentives are provided and followed-up (transport, post-harvest processing and marketing in particular). The depth to which the marketing system is extended into the rural areas is also an important issue here. If the market is only in Chipata it is likely to be a problem for farmers away from urban centres. Significant support will be needed to promote crops and support all aspects of their development, storage and marketing. With serious weaknesses and under-funding of the extension system in Eastern Province<sup>7</sup> partly a consequence of the budget distortions towards FRA and FRP, as discussed in Section 4.4, strategies for reaching small-holder farmers will need to be carefully considered.

Given the importance and strength of some of the Chiefs in Eastern Province both in terms of upward and downward accountability, and their propensity for taking advantage of subsidy programmes, it will be important to involve the Chiefs in any programme being undertaken. There may also be benefits in sensitising Chiefs and perhaps using their farmers (which are generally larger and more successful than the average farm) as demonstration sites for diversified crops. This demonstration effect is likely to have an important influence on the general population.

## 5.5 EDUCATION

---

### 5.5.1 Introduction

Many indicators show Eastern Province as performing worse in Education than all other Provinces. From the percentage of students accessing Grade 1, to percentage completing Grade 12, Eastern Province is at or near the bottom of the list. (MoE, 2009). This section will further describes the characteristics of educational sector in Eastern Province using statistics from the MoE (2009) and then will analyse the reasons for poor performance.

Grade 1 intake rates indicate that in only Lusaka do a smaller proportion of eligible pupils enrol in Grade 1. The Net Intake Rate (NIR) for Eastern Province is 75.6%, slightly better than Lusaka at 70.4%. This is compared to Central and Western Province on 102.7% and 102.6% respectively.

When comparing Grade 10-12 enrolment rates, Eastern is behind all other Provinces in Zambia, which indicates high drop-out rates. Table 5-2 shows a net

---

<sup>7</sup>This situation is likely to be replicated elsewhere in the country, although provincial staff in Chipata felt that Eastern Province had been worse hit due to the heavy donor/NGO activity in the Province, prompting Government to slash its budget.

enrolment rate of just 12.6% for Grade 10-12 in Eastern. This is less than half the enrolment rates of Copperbelt and Lusaka Province. The completion rate of grade 12 students in Eastern is also the lowest in the country at 12.66% behind a national average of 19.83%. There is near gender parity in Grade 1-9 education with 0.9 percent less female students. This difference increases to 5.9 percent by Grade 10-12. Using pupil-teacher ratio (grade 1-12) as a measure of educational quality, Eastern Province is amongst those provinces with the highest number of pupils per teacher. After Luapula, with a pupil-teacher ratio of 180.86, Eastern Province has the highest number with 132.47. This is close to three times pupil-teacher ratio in Central Province (see Table 5-3).

**Table 5-2: Net Enrolment Rates by Province, Grade 10-12**

Province	NER Percentage
Central	26.80%
Copperbelt	38.00%
Eastern	12.60%
Luapula	17.60%
Lusaka	30.90%
N. Western	23.60%
Northern	13.40%
Southern	22.40%
Western	18.60%
National	30.20%

Source: Ministry of Education 2009 Statistic Bulletin

**Table 5-3: Pupil Teacher Ratio by Province, Grade 1-12, 2008**

	Pupils (grade 1-12)	Teachers (grade 1-12)	Pupil-Teacher Ratio
Central	423075	8.87	47.7
Copperbelt	606202	10.001	60.61
Eastern	412248	3.112	132.47
Luapula	290284	1.605	180.86
Lusaka	429222	6.265	68.51
North Western	241053	1.927	125.09
Northern	481664	3.358	143.44
Southern	480290	4.969	96.66
Western	245460	2.32	105.8
Total	3609498	32.629	110.62

Source: Ministry of Education 2009 Statistical Bulletin

A thorough explanation of the factors causing poor performance requires consideration of social norms. Briefly, interviewees conveyed that negative attitudes and low value were placed on education in the Province. Perceptions

were that cultural beliefs and practices were stronger in Eastern than other Zambian Provinces. This was seen to have an effect on enrolments and retention. Generally, informal practices affect the quality of government service provision.

### **5.5.2 Issues for USAID Consideration**

While demand-side factors play a role in poor educational outcomes, so do supply-side issues. Informal systems heavily influence teacher allocations in Eastern Province, where rural schools are understaffed and urban and peri-urban schools are reportedly over congested. Furthermore, interviews indicated that as the case nationally, some MoE staff are promoted due to nepotism and favouritism, which is seen to result in sub-standard and under-qualified staff. These problems are in-line with those identified at national level, and so the recommendations above for USAID programming apply.

#### ***Increasing Quality***

A lack of teachers in rural areas was identified by GRZ staff in Eastern province as a fundamental driver of poor quality education provision (Key Informant Interview, 9<sup>th</sup> May 2011). The living conditions and social practices in Eastern Province's rural areas were highlighted as key reasons for this. Importantly however, interviews supported the general pattern of the strength that informal systems have over formal ones in the allocation of teachers. Teachers are able to pressure the DEBS or provide him/her with fake medical certificates (Key Informant Interview 10<sup>th</sup> May 2011) to ensure they are placed in an urban school. It was also heard that the DEBS receives instructions directly from the PEO to place or move a teacher to a Chipata school, without known grounds to do so (ibid). This means although the DEBS and Provincial staff are aware of the problem of low teacher numbers in rural schools, and overcrowding of teachers in some Chipata schools, they are unable to address the problem despite having the formal authority to do so.

#### ***Human Resources***

Interviewed MoE staff in Eastern Province felt that staff at both District and Provincial levels were of low quality (ibid). This was commonly explained as a consequence of recruitment not by open application but by superiors who identify those for promotion. Informants felt that nepotism and favouritism influence the decision about who is selected (Key Informant Interview, 10th May 2011). This trend appeared to be facilitated by inefficiencies in the system, specifically the frequency with which teacher records/files are lost or mislaid. Paper files are still used outside Lusaka to keep a record of teachers. This delays promotions, and facilitates non-rules based behaviour (Key Informant Interview, 10th May 2011).

## **5.6 HEALTH**

---

### **5.6.1 Background**

The Eastern Province is relatively well endowed with health facilities. In 2010, the province had a network of 227 core health facilities. These comprised 2 Level two tertiary hospitals; 8 Level one hospitals; 8 Urban Health Centres; 156 Rural Health Centres and 53 Health Posts. The Province has more health facilities than the Central Province (188 health facilities); Luapula Province (142 health facilities); Northern Province (216 health facilities); Northwestern Province (167 health

facilities); and the Western Province (174 health facilities). An additional 2 Level one hospitals are under construction in Chadiza and Chama districts.

Indicators for the health of citizens in Eastern province are largely in-keeping with trends for predominantly rural provinces. However there is evidence of strong health-seeking behaviour and recent improvements are notable. In 2007 along with Northern, Eastern Province had the highest annual incidence of malaria, while the disease was lowest in Lusaka province (CSO 2009 pp. 180). As table 5-4 shows, compared to other Provinces Eastern (at 10.2%) has the third lowest percentage of HIV+ adults, which compares to 20.8 percent in Lusaka (ibid). The fertility rate in Eastern is 7.1 children/woman, above a national average of 6.4 (ibid pp.55). Linked to this the province has the youngest median age at first marriage 22 (pp. 96) and along with Western, the highest proportion of women in polygynous unions (20 and 23 percent, respectively) (pp. 92). Statistics in health and education paint a picture of relatively poor and isolated communities.

**Table 5-4: Percentage HIV positive among women and men age 15-49 who were tested**

Province	Percentage HIV Positive	Total Number
Central	17.5	965
Copperbelt	17	1922
Eastern	10.2	1402
Luapula	13.2	726
Lusaka	20.8	1780
Northern	6.8	1406
North-Western	6.9	532
Southern	14.5	1073
Western	15.2	638

Source: CSO 2009

Also notable are certain recent improvements between 2009 and 2010 which include, maternal deaths reduced from 91 to 71/100,000, a reduced under-five mortality rate from 52 to 40/1000, and a reduced under-five underweight ratio reduce from 7% to 5% (MoE 2011).

Eastern Province is relatively well endowed with health facilities. In 2010 there were 227 core health facilities, of which 92.9 percent are public sector owned. The weaknesses and threats of the Provincial administration, as identified by the Provincial Medical Officer are listed in box 8.

### **Human Resources**

Health sector human resource systems in Eastern Province show positive trends though are largely subject to national level constraints, such as the prevalence of informal rather than meritocratic considerations in recruitment and promotion (Key Informant Interview 10<sup>th</sup> May 2011). Positive indicators include a reduction in the number of staff failing to receive salaries between 2009 and 2010, a payroll collected and salaries to provincial staff paid on time, and the recent timely appointment of District Medical Officers (DMO) in all eight districts (MoH 2011).

However there appears to be a reluctance to address human resource problems in the Provincial administration; throughout 2010 human resource development monthly and quarterly meetings were not held despite instructions to do so from the MoH (MoH 2011). Linked to this, interviews indicated that nepotism around recruitment and promotion procedures, and corruption through acts such as not retiring impresses, were prevalent (MoH 2011). Talking of shortages in selected areas of the health sector and not others on interviewee commented:

*“Our bosses are responsible for these shortages because they are practicing nepotism and favouritism and wanting to ensure that their relatives and friends are employed. (Most of) these jobs are being kept for their relatives” (Key Informant Interview, 10<sup>th</sup> May 2011).*

A primary cause of sub-standard health care provision in Eastern Province is the gap between the number of staff required and the number available, which discriminates against rural areas. In Eastern Province the overall variance between staff establishment (employed) and total establishment (staff necessary) was reduced from 62 percent in 2009 to 26 percent in 2010 as 140 new staff were recruited. However, the staff establishment in the rural districts is still low. According to an informant in the province:

*“The staff establishment in Chama and Chadiza is 48 percent of the total establishment. This makes it difficult for us as a team to meet our stated targets as outlined in our Strategic Plan and annual budgets.” (Key Informant Interview, 10<sup>th</sup> May 2011)*

So while the overall variance between staff establishment and total establishment for the province is 26 percent, for areas such as Chama and Chadiza it is 52 percent. Staff allocations are discriminating against certain areas in this way. The acting Provincial Medical Officer stated that it was difficult to obtain long term commitments from staff in rural areas as living conditions were rudimentary, and access to quality schools and other services were poor – health workers prefer assignments in peri-urban and urban centres (Key Informant Interview 10<sup>th</sup> May 2011).

### Box 5-3 Key Constraints – Eastern Province Health Office

#### WEAKNESSES

- Inadequate numbers of staff compared with the recommended establishment;
- Weak procurement procedures;
- Weak preventative maintenance;
- Inadequate Data Management systems;
- Inadequate repository infrastructure for Data (registry, record keeping and indexing)

#### THREATS

- Prolonged restructuring process

- Weak Local Authority Public Health Units;
- Change in Government Legislation (decentralisation)
- High staff turnover

Source: Office of the Provincial Medical Officer, Chipata, Eastern Province, May 2011

Thus, as this and the preceding examples show, Eastern Province is subject to many of the same human resource constraints that operate at national level. How USAID negotiates these issues in its programming is important.

### 5.6.2 Issues for USAID Consideration

While human resource problems in Eastern Province may be fairly typical of the country's rural provinces, several positive health indicators are more unique. In human resources, it appears there are areas of efficiency, which can be built on. However the human resource problems are significant, as is the norm in most parts of the country. Recommendations for these have been laid out in the national level analysis of the health sector. The analysis of Eastern should inform and future programmes assisting reform by demonstrating the presence of informal practices around promotions and placements.

## 6 RECOMMENDATIONS

### 6.1 INTRODUCTION

In Zambia, as in many countries, there is a substantial gap between describing technically ‘good’ development policies and interventions, on the one hand, and seeing them implemented effectively, on the other (Levy and Palale, 2007). As this Political Economy Diagnostic report aims to demonstrate, the underlying political economy is important in explaining this disconnect and the less-than-optimum impact or outcomes of development interventions. Therefore, understanding and trying to find ways to close this gap between development policy and the realities facing subsequent implementation should become a priority for USAID and a fundamental means of improving development outcomes.

As Cammack (2007) notes, “many development practitioners resident in Africa will tell you it is not a lack of money that keeps aid programmes from being properly implemented. They complain instead of local capacity weaknesses and, not surprisingly, of a lack of ‘political will’ to reform”. The discussion outlined in the preceding general and sectoral sections of this report clearly illustrates that at the root of Zambia’s lack of ‘political will’ is primarily that CPs’ efforts can directly (though generally inadvertently) threaten the vested interests that underpin politics nationally. Further, development may be seen by politicians as secondary to more important party-political matters.

Where to start and how to go about creating the necessary ‘political will’ to bring about change and encourage governments to operate in a more developmentally minded manner in a context where the underlying ‘logic’ runs counter to this, is an enormous challenge. It is perhaps one of the biggest issues facing the development industry today, particularly given the huge sums of money that are invested in ‘doing development’ in the under-resourced social sectors (e.g. health and education). Donors are, understandably, worried that their well-intentioned support may give credibility and legitimacy to non-developmental regimes and help to keep them in power. There are also concerns about the potential of ‘leakage’ and corruption on donor-funded projects and programmes, a concern made real in the Global Fund case and others recently. .

Donors need to be realistic about their ability to influence and enforce change and also about the financial cost and investment in time that are needed to see transformational processes through to the end. The history of development in OECD countries shows that such change takes decades or longer to bear fruit. So why would donors expect such difficult and complex processes to come about in a matter of a few years? Moreover, real change is generally initiated from within societies, not by outsiders, even those with the best of intentions.

Donors also need to be more honest with themselves and recognise their own self-interest and incentives (e.g. the impact of home country foreign policies, their own staffs’ concerns about their careers, etc.) influence their programmes and priorities. They also need to look at the wider donor environment, how they ‘work together’ or not, and the impact this may have on how a country government perceives and interacts with them.

In addition to these general observations, a number of more specific recommendations are made in more detail under the sub-headings below. These

have been split into recommendations linked to the external environment and USAID's interaction with it, and recommendations that relate to USAID internal procedures.

## 6.2 EXTERNAL RECOMMENDATIONS

---

### 6.2.1 Understanding and Addressing Political Economy

There is a growing body of research and evidence that attempts to understand the developmental context and address the challenge of working within and influencing change within such contexts. Cammack (2007) outlines a number of characteristics that are generally present in 'developmental' states (definitions of which are elaborated in Cammack, 2007; Leftwich, 2000; Fritz and Rocha Menocal, 2006) and suggests that donors should "consider whether their interventions will promote any one or more of these developmental characteristics." (p. 608).

Political economy analysis has also helped donors to appreciate the importance of politics and the need to look beyond formal rules and systems to understand how informal norms and incentives might undermine development attempts. Along with this trend, there is also a growing recognition by donors that institutional models cannot be transferred into very different social and political environments and be expected to take root and function as they do in OECD countries. This simply does not work. It is necessary to recognise the differences within and between the political and developmental context of different country contexts and adjust strategies accordingly.

Recent research carried out by the Africa Power and Politics Programme (Booth and Golooba-Mutebi, 2011, Cammack and Kelsall, 2011, Kelsall, 2011) helps to emphasise the relevance of differences between "more developmental" and "less developmental" forms of neopatrimonial regimes. This research indicates that, whilst regimes may share broadly neopatrimonial qualities and untransformed civil services, they can at the same time have significantly different effects on local public goods delivery (Booth, 2011). The key difference appears to be whether the political leadership has both the will and the capability to centralise the management of economic 'rents' in the service of a long-term vision. Where this happens (for example, in Rwanda, see Booth and Golooba-Mutebi, 2011), top down pressures for performance in public services can be strong and effective.

Stemming from this body of research is the notion of identifying options that work 'with the grain'. This idea refers to, and is based upon, some of the "observed features of the social fabric of sub-Saharan African societies and a core set of beliefs and values – concerning power, accountability and social morality – that have proven extremely durable and remain powerful drivers of behaviour. Development efforts...should stop treating these cultural elements as problems and start harnessing them in practical ways." (Booth 2011b).

Some points to make in this regard include:

7. Focus on more incremental ways of reaching short and medium term goals rather than tackling difficult or potentially sensitive issues head-on.
8. Recognise that personal relationships can contribute to progressive outcomes, facilitating the transition to more inclusive, rules-based governance. Formal participatory mechanisms may be less important as

channels of influence than informal networks and relationships. Interviews with a number of USAID project staff illustrated quite clearly the importance of informal networks and personal ties in 'getting things done'.

9. Focus engagement narrowly and try to target very specific interventions where development goals are aligned with the interests of Zambia elites.
10. Identify and harness 'islands' of effectiveness in the different agencies and departments you are dealing with. Use them as platforms to support better governance. This is perhaps only possible where rule-boundedness does not challenge political management.
11. Build on local coalitions for change, organised around very specific interventions. Support for change is dependent upon credible, mutual commitment among sub-groups of the elite to take reciprocal actions.

### 6.2.2 Effective Dialogue

Information, negotiation, and dialogue are prerequisites for participation and public debate. Policy changes and the reasons for, and implications of reforms or operations should be generated with a broad range of stakeholders, and communicated to the public. Such information can provide the starting point for public debate and initiate an upstream and two-way dialogue on programme design and implementation. This can identify obstacles at an early stage, including concerns that can turn blockages into serious risks to interventions. This allows for the integration and accommodation of different opinions and perceptions into the intervention process. When stakeholder concerns are proactively addressed and directly integrated into operational design, the risk of significant opposition can be reduced. The study found that participation, dialogue, and the building of 'coalitions of change' (as well as direct response to concerns and opposition) are essential elements that can make or break an intervention process or operation.

"Policy champions" or "agents of change" play a crucial role in policy reform, especially in regard to addressing opposition based on rent-seeking. These can mobilise and broaden coalitions to support the reform, deal effectively with opposition based on vested interests and often provide a vision of an optimistic future in order to help citizens cope with the transition.

Effective dialogue is a crucial component of not only policy influencing but also general engagement, interaction and relationship-building between CPs and GRZ (as well as other key stakeholders outside of Government). In line with the Paris Declaration and the Accra Agenda for Action, cooperating partners in Zambia have committed themselves to increasing the ownership, alignment and harmonisation of their development assistance. One consequence of this trend is a growing recognition of the importance of dialogue with government over development policy and its implementation. Constructive and sustained dialogue between cooperating partners, governments and non-state actors is central to the aid effectiveness agenda. One of the key commitments coming from Accra, for instance, is to strengthen and 'broaden country-level dialogue on development,' through engaging 'in an open and inclusive dialogue on development policies' and strengthening the engagement of parliaments and Civil Society Organisations (CSOs)(OECD, DAC 2008: 2).

Dialogue between GRZ and CPs is also highlighted as an important component of Zambia's own Aid Policy and Strategy:

*Commitment to Dialogue, Coordination and Information Sharing is cardinal: For Zambia's cooperating partners to provide increased support and doing so while surrendering leadership to the country, there is need to develop and nurture constructive and mutually beneficial dialogue that is founded on the spirit of genuine partnership. The emerging dialogue architecture shall, therefore, be developed with a view to ensuring that effective information sharing would be facilitated. (GRZ 2008: 41)*

It is important to note that, in countries such as Zambia where a significant portion of the budget is derived from donor aid, lack of inclusive dialogue can distort rather than enhance domestic accountability. In Zambia, CPs play a key role in influencing government priorities and policies and in holding government to account. The main avenues for formal GRZ-CP dialogue are: Poverty Reduction Budget Support (PRBS) Review; the Performance Assessment Framework, and; the Sectoral Advisory Groups. However, it has been noted that these formal structures of dialogue are not as effective as they should be (Brown & Wood, 2009). In practice, much of the dialogue occurs in a less formal or structured manner.

Often dialogue proves to be largely ineffective and fails to live up to the supposed vision of the aid harmonisation agenda. There are a number of possible reasons for this:

- **Dialogue is intrinsically political:** Dialogue, whether specifically relating to governance programmes or sectoral programmes, is political. CPs have a tendency to depoliticise their engagement with government and prefer to see their work, particularly in social sectors like health and education, as largely apolitical. However, any agenda that seeks to challenge the underlying 'rules of the game' by introducing a more effective human resource management system is intrinsically political and needs to be recognised as such. Once this is accepted, and the incentives for government to substantively engage in dialogue are understood, then a more meaningful level of participation is likely to be achieved.
- **Consistent participation of key actors:** Effective dialogue, in part, hinges on the quality of personal relations. One issue that affects all levels of interaction between CPs, their programmes, and Government, is the high turn over of actors. From a Government perspective, the high turn over of CP counterparts (who tend to move on after 2-3 years) and the lack of institutional memory are limiting factors that undermine trust building.

Improving the quality of dialogue will therefore require attention to be paid to both the substance and the process of the dialogue. Substance refers to, for example: what is the content and focus of the dialogue? Are different parties clear about the issues being discussed? What are the political dimensions of these issues? What are the presumptions and what is the evidence that inform the discussion and how have they been generated? What are the interests of the different actors involved? Process will include, for example: who are the key actors engaged in the dialogue? How are the issues for discussion raised and phrased? What is the language used and how inclusive is this language? Is it direct or indirect, formal or informal? When are the issues raised? Is the dialogue part of a regular process of engagement or is it a one-off? Is it in response to a particular event or specific trigger? If so, what impact will this event/trigger have on the

level of trust/suspicion? Where does the dialogue take place? Is it in a public or private forum? Is the setting formal or informal?

### 6.2.3 Policy Influencing

In terms of **policy influencing**, a number of observations can be made related to how an understanding of the political economy context could point to a different approach:

1. Influencing change in a direction that CPs feel is more developmental requires the use of a wide arrange of strategies and tools and a high level of understanding of the political/government system, the individuals operating within it, and the key drivers of change. A number of USAID programme staff pointed out that “knowing who to talk to in the Ministry” was a critical factor. Some programmes kept up-to-date ‘intelligence’ on the individuals within and outside the Ministry, their relationships, and power to influence change within a given environment. As a result, no one tool or strategy of engagement is employed in a blueprint fashion. Rather, the strategy is adapted to respond to the individuals and their interests, and to the political economic logics. This process requires not only sound understanding of the political environment but also well developed interpersonal skills, experience and investment of a lot of time and energy. It might be worthwhile incorporating a need for such skills and experience in evaluation criteria relating to procurement of future USAID programmes or ensuring that bidders understand the value of these skills.
2. It is important to consider not only the ‘what’ of policy change, which can be taken to mean the technical elements or ‘solution’, but also the ‘how’ and ‘why’. The latter elements link to a broader ‘theory of change’ and need to stem from an understanding of the political environment as outlined in point 1 above. A number of interviewees from USAID programme staff and more widely, talked about the need to find ways of making technical solutions more ‘politically palatable’ and demonstrating how they may support, or at least not threaten, elite interests. As one interviewee discussed, any policy change that is likely to diminish the power of the political elite is likely to be very sensitive and requires ‘careful packaging’. This might involve presenting a range of options and being more innovative and politically savvy. In this regard it is necessary to recognise that pushing for a policy change that will obviously threaten deeply entrenched interests is unlikely to yield the desired results. This may not sit well with USAID or could be taken to strengthen the status quo when the preferred option for USAID may be to challenge it. At least though, staff would be aware of the tensions their aid raise.

This idea of going with the grain, rather than pushing against deeply entrenched interests with the aim of addressing poverty, may appear unpalatable to USAID. However, as Booth (2011) argues:

*“one of the implications of the uptake imperative is that the dissemination of policy-relevant research has to include discussion of, and perhaps even research into, the opportunities for and barriers to the adoption of findings into the applicable policy communities. In all fields of public policy, this is about organisational incentives, general and professional ideologies, and vested interests, and not only about intellectual receptiveness as such” (p.2).*

Therefore, if Zambia's development policymaking is to become more effective in achieving results, it needs to go beyond a pre-occupation with unachievable and technically 'optimal' policies and take on board an understanding of the governance realities that may ultimately undermine these good intentions.

3. Policy change often involves and requires systemic changes, which take time. An appreciation of the time required not only to bring the policy to fruition but also ensure that it is actually implemented, is necessary. A large number of the interviewees felt that there was generally (and not only with USAID) disproportionate emphasis placed on ensuring a policy is adopted rather than focusing instead on the more difficult implementation. In this regard, USAID needs to think about how it measures policy influence/change and success therein (i.e. in project indicators and milestones) and whether this includes impact and outcome as well as output. For example, have there been any concrete reforms implemented on the ground as a result of USAID's policy change efforts?

### **6.3 INTERNAL RECOMMENDATIONS**

Internally, there are a number of ways that USAID can work towards addressing political economy issues within their programming and project cycle management. These could include:

5. Ensuring that all new and existing staff have a basic understanding of the political economy environment in which they are operating and the importance of this information for planning, implementation and follow-up. This could be carried out through training for new officers on arrival in-country and through periodic refresher courses (either in-house or with support from external local consultants). The US Embassy Political Officer could input into this. The objective of this training should help the USAID Zambia team to 'think politically'. In order to be as useful as possible, it is vital that this training be practically oriented and provides officers with tools and ideas on how to use this information and to keep it 'live'. For example, it is important to keep abreast of the individuals, their interests, the norms that make decisions in each sector and nationally, , and the implications for USAID programmes of their interests, incentives, networks, etc. As many of the current USAID programmes cited the issue of frequent staff changes in partner Ministries, often at short notice, as a major impediment to getting things done, it is important for USAID remain on top of such issues so they can factor into these changes into their risk-assessment processes.
6. In addition to training, a forum could be created to enable lesson learning, information and experience sharing about the country and its 'logic'; how this may be affecting programme performance; and discuss possible ways of overcoming challenges.
7. It could be beneficial to develop some kind of guidance note that provides information and ideas that prompt USAID staff to think about political economy issues at different stages of the programme and project cycle. In other words, what PE questions should USAID staff be asking as they are designing, implementing, monitoring and evaluating their programmes?

8. A further step to a stand alone guidance note would be to incorporate political economy into existing project cycle procedures. This could include, for example:
  - a. **At Sector (strategic) Level – AAD:** Include PEA within the AAD (Activity Approval Document), alongside environment and gender analysis. This could include: 1) a set of questions/issues to explore to be used as part of preparing the AAD to ensure PE issues are taken into consideration, and/or; 2) an evaluation guide to be provided to the person responsible for reading and passing the AAD to ensure that PEA issues have been taken into consideration.
  - b. **At Project (operational) Level - Concept Note:** This could include: 1) a set of questions for those producing the concept note, and; 2) a guide to ensure PE issues have been taken into account, to be used by either the AO Team leader to review before the Initial Concept Review meeting, or a guide for the Mission Director to use when deciding whether or not to approve the concept note. Certain PE questions might be answered by programme leaders in every new programme design document.
  - c. **Some Screening Questions to include when considering contractors/included in the Post-Award Orientation ADD**
  - d. **Ongoing PE issues that need to be considered during Project Monitoring.** This could include advice about keeping an up-to-date register of political/power actors at general and sector level (using local staff) to track their interests/actions/connections etc. Project reviews should incorporate political economy perspectives and not be simply technical. That is, USAID should be able to ask and respond to the question - was the political framework in which USAID works conducive to delivering aid effectively (and reaching programme goals) - at national and local levels and in sectors, over time?

## 6.4 GENERAL CONCLUSIONS

USAID undertaking this PE exercise and taking on board the findings will be a great first step. The material reviewed for this PEDE study suggests that sound analysis of the reform and country-context, accompanied by on-going policy dialogue, can assist USAID's development practitioners to better negotiate with partner countries in order to design and implement operations that are acceptable and tailored to local conditions, constraints and opportunities. It is clear from our research that political economy dynamics present a very real barrier to pro-poor change across all the sectors explored in this study. It is also clear that some of USAID project-level staff are generally aware of the importance of power relations and have a keen, instinctive sense of political economy issues (although a thorough analysis of "winners and losers" in reform processes is by no means always evident in their project documents).

The importance of assessing stakeholder interests, influence and incentives, and of examining formal and informal institutions emerges strongly in this study. When such an analysis is done well, it informs an understanding of the drivers of both support and opposition to specific reforms and interventions, and the

rationale behind it. A pragmatic and context-specific approach and flexibility in the management of operations, intervention processes, and dialogue are likely to increase the positive outcomes on reform and operation. Some aspects of development practice (e.g. a tendency to seek ‘best practice’ models from other countries and advocate that they be applied without sensitivity to the local context) can work against the required flexibility.

The dialogue needs to be sensitive to the ever-changing political economy and to the fact that different stakeholders may be governed by competing sets of formal and informal institutions. As actors lobby and negotiate interventions to promote their specific interests, they may “play the same game but with different rules” given information asymmetries and unequal power relations. This supports the case for using detailed stakeholder and institutional analyses to identify interests and the degree of support for, or opposition to interventions and operations. A continuous and objective engagement in the policy dialogue helps to detect changing dynamics in the policy environment. It also helps to build trust and willingness for collaboration to negotiate reform options that are feasible, acceptable, and locally owned.

Discussions with government, USAID’s partners and operational staff during this study have raised the question of whether USAID’s grant disbursement instruments and procedures are sufficiently flexible. USAID operational managers and their government counterparts are frequently faced with having to resolve two often competing demands, i.e. grant disbursement on the one hand, and sustainability of interventions and operations on the other. With a shift in aid instruments from projects to Sector-Wide Approaches in sectors where this is feasible, there can be more time and breathing space for ongoing dialogue and “course corrections”. However, in the case of classic USAID projects, process management is more challenging, as the basic design has to be determined before Washington’s approval, while the project itself may have a duration of five to six years.

Even so, there will be scope to include mechanisms for participation and dialogue within the design of most projects, which can allow for informed tactical adjustments, if not major course corrections, during the course of the project. Such mechanisms should be encouraged by country offices during project design and implementation.

## Annexes

Annex A: References .....	76
Annex B: List of Stakeholders Met .....	82
Annex C: USAID Country Development Cooperation Strategy (CDCS).....	85
Annex D: Stakeholder Matrix .....	86

## Annex A: References

### General

Barder, Owen and Nancy Birdsall (2006) Payments for Progress: A Hands-Off Approach to Foreign Aid. Working Paper 102. Washington, DC: Center for Global Development.

Birdsall, Nancy and William D. Savedoff (2010) Cash on Delivery: A New Approach to Foreign Aid. Washington, DC: Center for Global Development.

Booth, David (2011a) Governance for Development in Africa: Building on What Works. Policy Brief 1. London: Africa Power and Politics Programme.

Booth, David (2011b) 'Towards a Theory of Local Governance and Public Goods Provision', IDS Bulletin 42(2): 11-21.

Booth, David and Frederick Golooba-Mutebi (2011) Developmental Patrimonialism? The Case of Rwanda. Working Paper 16. London: Africa Power and Politics Programme.

Braathen, (2002). Developing district democracy: The mixed Zambian experience. Norwegian Institute for Urban and Regional Research (NIBR)

Bratton, M. and van de Walle, N., 1997, 'Neopatrimonial Rule in Africa', Chapter 2 in eds. Bratton, M. and van de Walle, N. 'Democratic Experiments in Africa: Regime Transitions in Comparative Perspective', Cambridge University Press, Cambridge, UK

Brown, T. (2004). The Political Economy of Policy Making in Zambia. DFID Zambia. 2004.

Brown, T., Wood. D. and McCullough, A. 2010. Zambia Governance Assessment. DfID Zambia.

Cammack, D. (2007). The Logic of African Neopatrimonialism: What role for donors? Development Policy Review, 25 (5) 599-614.

Cammack, Diana and Tim Kelsall (2011) 'Neo-Patrimonialism, Institutions and Economic Growth: The Case of Malawi, 1964-2009', IDS Bulletin 42(2): 88-96.

Chabal, P. and Daloz, J.P. (1999). Africa works: the political instrumentalization of disorder. Indiana University Press.

Cheeseman, Nic and Hinfelaar, Marja. 2010. 'Parties, Platforms and Political Mobilization: The Zambian Presidential Elections of 2008', African Affairs 109(434): 51-76.

Craig, John R. 2001. 'Putting privatisation into practise: the case of Zambia Consolidated Copper Mines Limited', Journal of Modern African Studies 39(3): 389-410.

DFID (2007) Governance, Development and Democratic Politics: DFID's Work in Building More Effective States. London: Department for International Development.

Duncan, A., MacMillan, H. and Simutanyi, N. (2003). Drivers of Pro-Poor Change. DfID Zambia.

Eberlei, W. (2005). Donor Politics in Zambia: Promoting Poverty Reduction or Fuelling Neopatrimonialism. In: Eberlei, W., Meyns, P. and Mutesa, F. (eds.) (2005): Poverty Reduction in a Political Trap? The PRS Process and Neopatrimonialism in Zambia. Lusaka: UNZA Press, 89-115

Erdmann, Gero. 2007. 'Ethnicity, Voter Alignment and Political Party Affiliation – an African Case: Zambia', GIGA Working Paper 45, Hamburg: German Institute of Global and Area Studies.

Erdmann, G., & Simutanyi, N. (2003). Transition in Zambia: The hybridisation of the Third Republic. University of Zambia.

Farrington & Saasa, (2002). Drivers for change in Zambian agriculture: defining what shapes the policy environment. DFID

Keefer, Philip (2007) 'Clientelism, Credibility, and the Policy Choices of Young Democracies', American Journal of Political Science 51(4): 804-821.

Kelsall, Tim (2011) 'Rethinking the Relationship between Neo-patrimonialism and economic Development in Africa', IDS Bulletin 42(2): 76-87.

Leonard, David (2010) "'Pockets" of Effective Agencies in Weak Governance States: Where Are they Likely and Why Does It Matter?', Public Administration and Development 30: 91-101.

Levy, B. (2009) Seeking the Elusive Developmental Knife-Edge: Zambia and Mozambique – A Tale Of Two Countries

Lindemann, S. (2010) Inclusive Elite Bargains and Civil War Avoidance: The Case Of Zambia. Crisis States Research Centre, London.

NORAD, (2007) Evaluation of Norwegian Development Support to Zambia (1991 - 2005). Evaluation Report 4/2007. Norwegian Agency for Development Cooperation, Oslo.

OECD, 2011 forthcoming International Drivers of Corruption A tool for analysis. OECD, Paris

The Post No. 5276, March 30th 2011. <http://www.postzambia.com/post-index.php?page=home>

The Post 3rd May 2011 <http://www.postzambia.com/post-index.php?page=home>

Rakner, L. (2003). Political and Economic Liberalisation in Zambia 1991-2001. Elanders Gotab. Stockholm.

Rocha Menocal, Alina and Bhavna Sharma (2008) Joint Evaluation of Citizens' Voice and Accountability: Synthesis Report. London: DFID.

Saasa, O and Carlsson, J. (2002). Aid and Poverty Reduction in Zambia: Mission Unaccomplished. Uppsala, Sweden: The Nordic African Institute.

Saasa & Simutanyi, (2007). Power and Change Analysis: underlying factors explaining governance issues and implications for policy change. Embassy of the Kingdom of Netherlands.

Sichone, Owen and BornwellChikulo. 1996. Democracy in Zambia: Challenges for the Third Republic. Zimbabwe: Southern Africa and Publishing House

Taylor, Scott D. 2007. Business and the State in Southern Africa: The Politics of Economic Reform. Boulder: Lynne Rienner Publishers.

Times of Zambia 2nd May 2011: <http://www.times.co.zm/>

Tordoff, William editor. 1980. Administration in Zambia. Manchester: Manchester University Press.

World Development Report, (2011). World Bank.

Zambia Daily Mail 30<sup>th</sup> May 2011: <http://www.daily-mail.co.zm/>

ZCTU. (2001). Socio-economic issues and Unionization.  
<http://www.gpn.org/data/zambia/zambia-analysis.pdf> (accessed 7th July 2011)

## Sector References

### Governance

Gugerty, M.K., (2007). Models of NGO Self-Regulation: Theory and Evidence from Africa. Evans School Working Paper Series. 2007-04. University of Washington

Mathieson (2008).The Geography of NGO Activity in Zambia. MA Dissertation. The University of Aberdeen.

Mwangala, (2010). Review of Oversight Institutions in Zambia. World Bank.

Reuters (2010). Zambia FDI Hits Record \$2.4 bln in H1 2010.  
<http://www.reuters.com/article/2010/08/18/zambia-investment-idUSLDE67H0EF20100818>  
 (accessed 15th May 2011)

### Health

Lusaka Times. (2008). Bulaya Jailed 5 Years.

<http://www.lusakatimes.com/2008/12/27/bulaya-jailed-5-years/> (accessed on-line 1<sup>st</sup> July 2011)

MeTa, (2011). The Medical Transparency Alliance Zambia. Disclosure Status of Pharmaceutical Data

MoH (2011). Provincial Health Office Progress Report, Fourth Quarter of 2010

Mwape, E. (2008).WHO Good Governance for Medicines Program – Zambia. Presentation at 13<sup>th</sup> ICDRA Meeting, Berne Switzerland, on behalf of the Pharmaceutical Regulatory Authority of Zambia

Pereira, J. (2009). Aid Effectiveness in the Health Study: case study (Zambia). Action for Global Health

Chitah, (2001). An Exploratory Investigation into the Association of Health Expenditures With Health Indicators in Zambia and the Implications for a Resource Constrained Health System. Harvard School of Public Health, Takemi Programme in International Health.

The Lancet, (2010) Donors Loose Faith in Zambian Health Ministry. August. By Ann Danaiya Usher

Yadav, P. (2007). Analysis of the Public, Private and Mission Sector Supply Chains for Essential Drugs in Zambia. MIT-Zaragoza International Logistics Program.

## Education

AllAfrica (2010). Education for All – Time to Build Infrastructure.  
<http://allafrica.com/stories/201001250568.html> (accessed 20th April 2011)

AllAfrica (2011). PTUZ Wants More Equitable Distribution of Teachers.  
<http://allafrica.com/stories/201104070826.html> (accessed 25th April 2011)

Das et al (2006). Teacher Shocks and Student Learning: The Case of Zambia. Oxford.

Fors, K., Birungi, H., Saasa, O. (2000). Sector-wide approaches; from principles to practice.

Gillies, (2010). EQUIP2 Power of Persistence, Education System Reform and Aid Effectiveness.

Ministry of Education, (2007)a. National Annual Work Plan and Budget – 2007, Lusaka, Ministry of Education.

Ministry of Education, (2007)b. National Implementation Framework 2008-2010, Lusaka, Ministry of Education.

Ministry of Education, (2009). Ministry of Education Annual Progress Report

Mulenga C.L., and Simonsen J.K. (Undated). More than bread and butter: the role of Zambian National Union of Teachers in a changing educational environment.

Mwangala, (2010). Review of Oversight Institutions in Zambia. World Bank.

de Kemp, A., Elbers, C. and Gunning, J.W. (2008). Primary Education in Zambia. IOB Impact Evaluation

Lexow, J. (2003). SWAPs and Civil Society: The role of civil society organisations in Zambia's Basic Education Sub-Sector Programme. NORAD.

Ogawa, K. (2004). Public Expenditure on Education and Resource Management: Case of Zambia. CICE Hiroshima University, Journal of International Cooperation in Education, 7 (1), 133-143.

PWC. (2011). Zambia Budget Analysis.

World Bank, (2001). Zambia Public Expenditure Review, Public Expenditure, Growth and Poverty: a synthesis, Washington, World Bank.

World Bank. (2006). From schooling Access to learning Outcomes: An unfinished agenda. An evaluation of World Bank support to primary education. World Bank.

ZOCS. (2010). Resources: Community Schools and their Contribution to Zambia. <http://www.zocs.org.zm/resources.php> (accessed 4th May, 2011)

## Agriculture

Campbell, D. Fiebig, M. Mailloux, M. Mwanza, H. Mwitwa, J. &Sieber, S. (2010) Zambia Environmental Threats and Opportunities Assessment (ETOA).USDA Forest Service International Programmes for USAID.

FAO, (2010) Global Forest Resources Assessment 2010. Country Report, Zambia. FAO, Rome

Farrington &Saasa, 2002. Drivers for change in Zambian agriculture: defining what shapes the policy environment. DFID

Fintrac, (2011) Legal and Institutional Reform in Zambia's Agricultural Sector, Draft report. January 2011. MSU, FRSP

Govere, J. T.S. Jayne, J.J. Nijhoff, J.J. Shawa, H. Haantuba, A. Belemu,E. Ngulube, B. Zulu, and A.K. Banda (2002) Developments in Fertilizer Marketing in Zambia:Commercial Trading, Government Programs and theSmallholder Farmer. FRSP, Lusaka, Zambia

Govere, J. P. Chilonda, N. Mason and A. Chapoto (2009) Trends in Agricultural and RuralDevelopment Indicators in Zambia. ReSAKSS Working Paper No. 2

GRZ (Fertilisers and Feed) Act (Chapter 226). Zambia

Haambulo, N. (2009) The Agriculture Sector can help Zambia move towards Sustainable Economic Development. Economics Association of Zambia

Haggblade, S. Longabaugh, S &Tschirley, D. (2010) Spatial and Regional Dimensions of Food Security in Zambia. FRSP, Lusaka, Zambia

IDL, (2002) An Assessment of Trends in the Zambian Agriculture Sector. DFID, London

IIED (2010) Beyond forestry: why agriculture is keyto the success of REDD+. IIED, London

Jayne, T.S. Govere, J. Chilonda ,N. Mason, Chapoto, A. &Haantubo, H. (2007) Trends in Agricultural and Rural Development Indicators an Zambia. FRSP, Lusaka, Zambia

Nkonde, C. Mason, N. Sitko, N. Burke, B. Banda, D. and T.S. Jayne (2011) Who Gained and Who Lost from Zambia's 2010 Maize Marketing Policies? FRSP, Lusaka Zambia

Nkonde, C. Mason, N. Sitko, N. Burke, B. Banda, D. and T.S. Jayne (2011b) Options for Addressing Zambia's Maize Marketing Challenges in 2011. FRSP, Lusaka. Zambia

Simasiku, P. Chapoto, A. Richardson, R. Sichilongo, M. Tembo, G. Weber, M. and A. Zulu (2010) Natural Resource Management, Food Security and Rural Development in Zambia: Moving from Research to Action. FRSP, Lusaka, Zambia

Thurlow, J. Wobst, P. (2008) The Road to Pro-Poor Growth in Zambia: Past Lessons and Future Challenges. IFPRI, Washington DC.

Walker, B. (2010) Review of the Zambian Fertiliser Support Programme. PROFIT CLUSA, Zambia

Whiteman, A. (ND) An Appraisal Of The Licensing And Forest Revenue System In Zambia. FAO, Rome.

Zambia Public Expenditure Review, 2010 'Agriculture' Presentation made at PER Dissemination Workshop Taj Pamodzi Hotel, Lusaka December 02, 2010

Xu, Z. Guan, Z. Jayne, T.S. & Black, R. (2009) Factors Influencing the Profitability of Fertilizer Use on Maize in Zambia. FRSP, Lusaka, Zambia

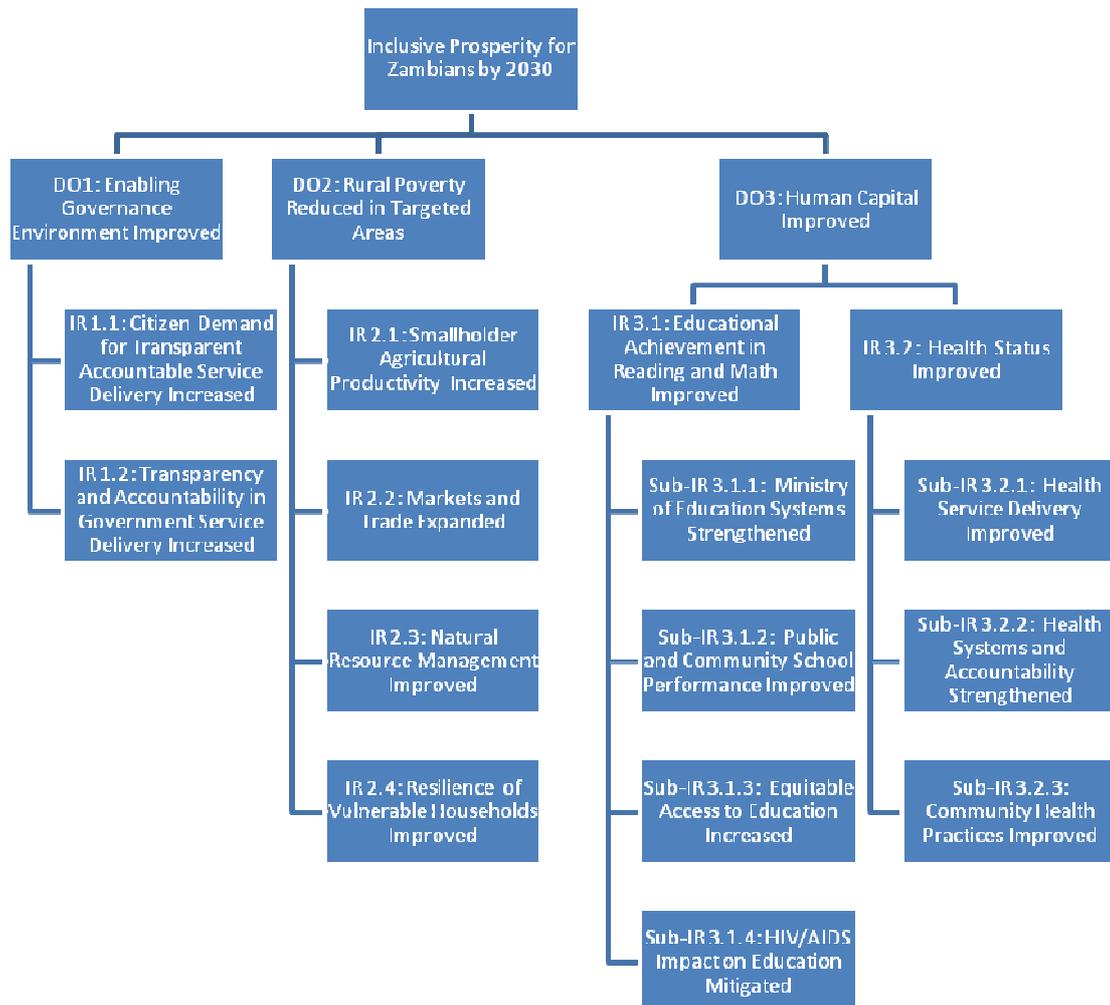
**Annex B: List of Stakeholders Met**

NAME	POSITION
<b>Government Ministries and Departments</b>	
Dr Peter Mwaba	Permanent Secretary, Ministry of Health
Mr. Kennedy Siputuma	Senior Statistical Officer, Ministry of Education
Mr. Chipalo Kaliki	Acting Deputy Director M&E, Ministry of Health
Mr. Henry Chewekanseme	Chief Planner, Ministry of Health
Ms. Priscilla Chitundu-Musonda	Chief Planner, Ministry of Finance and National Planning
Mr. Misael Kokwe	Mainstreaming Advisor, Ministry of Tourism
Ms. Christah U. Kalulu	District Commissioner, Office of the President
Mr. E.C. Kalaba	Deputy Director, Program Planning Monitoring and Evaluation, MACO
Mr. Henry Musanje	Statistician, Central Statistical Office
Misael Kokwe	Mainstreaming Advisor, Environment and Natural Resources, Ministry of Tourism, Environment and Natural Resources
<b>Members of Parliament</b>	
Hon. Vernon J. Mwaanga MP	Chief Whip, National Assembly
Hon. Given Lubinda MP	MP for Kabwata and Chief Spokesperson, PF
Hon. Charles Milupi	MP for Luena and former of Chair of PAC
<b>Non-State Actors (NGOs and FBOs)</b>	
Mrs Beatrice Grillo	NGOCC, Chair of Board
Mr. Sibande	Programme Officer NGOCC
Mr Peter Sinyangwe	Programme Manager, Zambia Open Community Schools (ZOCS)
Mr. George Hamusunga	Programme Officer, Zambia National Education Coalition (ZANEC)
Fr. Leonard Chiti, SJ	Director, Jesuit Centre for Theological Research (JCTR)
Nachiluzyi Chuba	Agricultural Economist, Zambia National Farmers' Union
Mr. Ndambo E.M. Ndambo	Executive Director, Zambia National Farmers' Union
Mr Lee Habasonda	Executive Director, Southern African Centre for the Constructive Resolution of Disputes (SACCORD)
Ms. Njekwa Lumbwe	National Coordinator, Palliative Care Association of Zambia (PCAZ)
Mr Pontino Tembo	Policy and Advocacy Officer, Zambia Association of Chambers of Commerce and Industry
<b>Academicians and Consultants</b>	
Professor Oliver Saasa	Managing Consultant of Premier Consult, Zambia
Dr John Chileshe	Senior Consultant, JICA
Dr. Frank van Dixhoorn	Director, DSI, Southern Africa Limited
Mr. Briton Walker	Research and Promotions, Greenbelt Fertilisers
Mr Dominic Lichi	Lecturer, Dept Philosophy and Applied Ethics, UNZA

Mr. Dennis Chileshe	Development Consultant/Managing Director, RuralNet Associates
<b>Private Sector</b>	
Mr. Ngandu P. Magande	former Minister of Finance
Mr. Ian Ryden	Director of Logistics, Medical Stores Ltd.
Christopher S. Kunda	Zamseed, Regional Sales Manager- Eastern Province
<b>Cooperating Partners -USAID</b>	
Mary Tyler Holmes	DLI Education Officer
Masuka Musumali	FP and MNCH Advisor
Andrew Levin	Economic Growth Team Leader
Ballard A.M. Zulu	Economic Growth Deputy Team Leader
Sydney Watae	Governance Advisor
Cornelius Chipoma PhD	Senior Education Advisor
P. Randy Kolstad PhD	Population, Health and Nutrition Director
Rene Berger	HIV/AIDs Multisectoral Team Leader
<b>Cooperating Partners (Other)</b>	
Mr Wilfred Mwamba	DfID, Governance Advisor
<b>USAID Programmes</b>	
Dr. Mutinta Nyumbu	Deputy COP Incorporated HIV/AIDS Response under USAID
Chance Kabaghe	Director Food Security Research Project
Stephen Kabwe	Research Associate, FSRP
Elise Soerensen	Programme Coordinator, Development Aid from People to People
Susan Hunter	Chief of Party, STEPS OVC
Frank van Dixhoorn	Director, Development Services and Initiatives (DSI)
Joshua Munkombwe	Field Operations Manager, USAID PROFIT
Reuben Banda	Chief of Party, USAID PROFIT
Jonathan Mwewa	M&E Specialist, USAID PROFIT
Luka Sakwimba	Provincial Coordinator, Zambia-led Prevention Initiative
Chad Rathner	Chief of Party, Zambia-led Prevention Initiative
Anne VondoMumbi	Zambia Country Representative, The Twinning Center, American International Health Alliance
<b>Eastern Province</b>	
<b>Government Ministries and Departments</b>	
Hon. Isaac Banda	Deputy Minister, Eastern Province
Ms. E. Mwale	Permanent Secretary, Eastern Province
Mr. Nicholas Banda	Deputy Permanent Secretary, Eastern Province
Dr. Charles Fanaka	Acting Provincial Medical Officer, Chipata District, Eastern Province

Mr. Andrew Chanda	Provincial IT and M & E Officer, Eastern
Mr. Moses Nyirenda	District Commissioner -Chipata District, Eastern Province
Mr. Michael Ngulube	District Agricultural Coordinator-Chipata District , Eastern Province
Mr. Bruce Ernest	Planner, Office of the Provincial Medical Officer, Chipata, Eastern Province
His Excellency Maj. Richard Kachingwe	Zambia's High Commissioner to Malawi
Dr. Rodger Chongwe	Farmer-Chief Mushawa, Chipata District, Eastern Province
Ms. Jennifer Phiri	District AIDS Coordination Advisor, Chipata District, Eastern Province
Dr. Obvious Kabinda,	Provincial Agricultural Co-Ordinator, Chipata District, Eastern Province
	Provincial Education Officer, Eastern Province
	District Education Board Officer, Chipata District, Eastern Province
<b>Private Sector</b>	
Mr. Patel	Director, Sheni Agricultural Supplies
Mr. William Wood	General Manager, Protea Hotel Chipata
Mr. Yakoub Daya	Businessman, Chipata
Mr. Michael Daka	Director, Breeze 99.6fm Radio
<b>Traditional Authorities</b>	
His Royal Highness, Chief Nkosi Nzamane IV	Senior Chief, Mfumbeni Chiefdom Chipata District
<b>Non-State Actors</b>	
Ms. Agnes H. Zulu	Provincial Programmes Officer-CHAZ Chipata
Mr. Raymond Bwembya	Provincial Financial Officer-CHAZ Chipata

## Annex C: USAID Country Development Cooperation Strategy (CDCS)



## Annex D: Stakeholder Matrix

## Health Sector

Key governance actors and stakeholders	Role/importance for actual governance/ accountability	Interests pursued	Power and resources for influencing	Key informal and informal linkages	Incentives
<b>Political system:</b>					
<i>Parliament</i>	<p>The formal role of the 158 member Parliament is to: (i) enact legislation or make laws; (ii) approve government estimates of revenue and expenditure and any taxation proposals; (iii) scrutinise and oversee government administration and actions of the Executive organ of State; and (iv) ensure equity in the distribution of national resources.</p> <p>With regard to the Health sector, Parliament is regarded as a key player in enhancing oversight of the activities of the Executive and in bringing about accountability, transparency and good governance in the Health sector.</p>	<p>Several parliamentarians are formally and informally linked to the health sector through their representation on boards of various health institutions. Many parliamentarians have clientelist relations with the various health institutions.</p> <p>Overall, key interests in the medium to long term are to amass as much wealth as possible during their term of office.</p>	<p>Article 62 of the Constitution empowers Parliament to have strong legislative and regulatory authority and power over government and the Executive.</p> <p>Parliament's power and influence has been undermined by a strong Executive.</p>	<p>Although Members of Parliament are elected to office by the electorate, their formal and informal linkages with the ruling party and the President often undermine their effectiveness as legislators.</p>	<p>Key incentives include: (i) the awarding of lucrative government contracts to MPs which means that MPs can have their relatives and friends in full employment; (ii) handsome mid-term and end-of-term gratuity packages from the state; (iii) access to soft loan facilities for the purchase of motor vehicles; (iv) opportunities of being appointed as Deputy or Cabinet minister by the State President and (iv) access to banking facilities at concessionary rates.</p>
<i>Parliamentary Committee on Health</i>	Plays a major accountability role in ensuring that Health policies are in line with Acts of Parliament and established rules and regulations.	Interests pursued include power to control health policy in line with the political party's overall short-term rent-seeking interests.	Formal power of the committee is undermined by counteracting informal power of the presidency and the president's "inner circle".	Since the power and influence of committee members is governed by the President the informal linkages are stronger than the formal linkages of the Committee.	As above
<i>Committee on Estimates</i>	Plays a pivotal role in examining and debating the annual Estimates of Revenue and Expenditure to the Health sector.	Interests pursued include power to control the awarding of financial resources to the health and other sectors of the economy.	Formal power of CoE is often undermined by the Ministry of Finance and National Planning's Budget Office who do not release funding in accordance with Parliament's approved expenditure programme.	Individual positioning and individual interests coupled with entrenched informal interests often prevail over formal interests.	As above
<i>Public Accounts</i>	Plays an important governance/	Interests pursued include the use	Despite PAC's Parliamentary	The key actor in PAC is the	As above

Key governance actors and stakeholders	Role/importance for actual governance/ accountability	Interests pursued	Power and resources for influencing	Key informal and informal linkages	Incentives
<i>Committee</i>	watchdog role on appropriation and use of funds approved by Parliament	of the PAC as an instrument to reward or punish bureaucrats that do not toe the party line.	power and authority, the President and Cabinet turn a blind eye to all the cases of misappropriation and abuse of office by Permanent Secretaries and Directors in the Ministry of Health.	Chairperson of PAC. Often, the key actor has strong informal allegiances to the President.	
<i>Cabinet</i>	The Constitutional role of Cabinet is to formulate government policy and to advise the President on all matters pertaining to policy and governance of the state.	Interests pursued include, power and control of the political planning process of the economy by favouring actors, interest groups, districts and provinces that have allegiances to the party.	Cabinet has the potential to wield a great deal of political power. However, the President and his inner circle often overrule the collective decisions of Cabinet.	Informal objectives and inter-personal relations with the President and his inner circle of advisors often takes precedence and centre-stage	
<b>Core public service agency (technocrats):</b>					
<i>Ministry of Health</i>	The roles of the Ministry of Health are governed by various public health statutes that provide for the prevention, suppression and control of communicable and non-communicable diseases and regulate all matters pertaining to and connected with public health. The principal piece of legislation governing the Health sector is the National Health Services Act of 1995.	The Ministry has substantial financial resources from Cooperating Partners. Interests are to keep a warm relationship with donors and use funding for rent-seeking activities.	The statutory powers of the Permanent Secretary are usurped by the President who is the appointing authority.	Tribal linkages and affiliation and patrimony are key to survival.	Access to power and special privileges
<i>Local Government</i>	District Councils are statutory units that play a pivotal role in the local governance of designated areas. According to the Constitution, the roles of the District Council is to: (i) promote democratic governance at the local level; (ii) enhance the capacity of the District Councils to plan, control, manage and execute policies in respect of matters that affect the people within their respective communities and (ii) ensure accountability of District	Interests pursued include power to control the awarding of financial resources to “pet” projects and programmes in the district.	Although District Councils are poorly funded and lack the financial resources to influence the implementation of health-related programmes in the districts, District Commissioners wield considerable political power and influence in the district, that extend well past their formal remit.	District Commissioners have strong informal linkages with the Presidency. Informal objectives and inter-personal relations with the President and his inner circle of advisors are often stronger than the formal linkages.	Strong incentives for non-rule based behaviour – promotions, recruitment, etc.  Accentuated due to proximity to family networks.

Key governance actors and stakeholders	Role/importance for actual governance/ accountability	Interests pursued	Power and resources for influencing	Key informal and informal linkages	Incentives
	Councils.				
<b>Frontline service providers:</b>					
<i>Medical Doctors</i>	The role of medical doctors is to be the front-line providers of ambulatory and hospital services	Formal interests are to provide professional and quality services to patients. Informal interests are to develop rent-seeking relationships with healthcare service providers in the private sector.	Have limited resources and no political power or weight to influence political decisions.	Informal linkages provide opportunities for access to the political elite.	Political patrons can bestow guaranteed employment opportunities and prospects for advanced training and development.
<i>Nursing Staff</i>	The role of nursing staff is to be the front-line providers of nursing care	Due to poor remuneration, key interests are to develop rent-seeking relationships with healthcare providers in the private sector.	Although strong in numerical terms, nurses have limited resources to influence political decisions.	Informal linkages through tribalism and patrimonial relationships provide unrestricted access to the political elite.	Political patrons bestow guaranteed employment opportunities and prospects for advanced training and development
<i>Paramedics</i>	The role of paramedics is to be the front-line providers of paramedic services	Poor remuneration packages in the public sector has resulted in rent-seeking relationships with healthcare providers in the private sector.	Lack power and resources to influence political decisions.	Informal linkages through tribalism and patrimonial relationships provide unrestricted access to the political elite.	Political patrons bestow guaranteed employment opportunities and prospects for advanced training and development
<i>Traditional Birth Attendants</i>	TBAs are front-line providers of maternity care in areas under-served by doctors and midwives		Lack power and resources to influence political decisions.		
<b>Oversight agencies:</b>					
<i>Oversight Institutions in the Prevention Chain</i>	Oversight institutions in the <b>Prevention Chain</b> include Parliament, the Ministry of Finance and National Planning, Internal Audit Sections in all Ministries, Provinces and other Spending Agencies, Tender Committees, Bank of Zambia, Cabinet Office, the Zambia Public Procurement Authority and the Attorney General's Chambers.	To carry out job without challenging political elite.	Weak regulatory scope – collusion between controlling officers and other staff has been reported.	Informal linkages through tribalism and patrimonial relationships provide unrestricted access to the political elite.	For not challenging political elite staff maintain positions.
<i>Oversight Institutions in the Audit and Investigations Chain</i>	Oversight institutions in the <b>Audit and Investigations Chain</b> include the Auditor General's Office, the Public Accounts Committee of Parliament, Commission	Informal systems exert pressure on these organisations not to challenge the political machine.	Bodies such as Anti-corruption commission are funded by government rather than independently.	Informally, connections to individuals with political weight restricts the scope of these organisations.	As above.

Key governance actors and stakeholders	Role/importance for actual governance/ accountability	Interests pursued	Power and resources for influencing	Key informal and informal linkages	Incentives
	for Investigations, Anti-Corruption Commission, Drug Enforcement Commission and the Zambia Police.				
<i>Oversight Institutions in the Prosecution Chain</i>	Oversight Institutions in the <b>Prosecution Chain</b> include the Zambia Police, the Anti-Corruption Commission, the Drug Enforcement Commission and the Directorate of Public Prosecutions.	As above.	As above.	As above – seen in the limited number of prosecutions as a consequence of bodies such as the ACC.	As above.
<b>Non-state actors:</b>					
<i>Traditional Authorities</i>	<p>Article 127 of the Constitution of Zambia provides for the institution of Traditional Authorities (i.e. Chiefs) and for the establishment of the House of Chiefs.</p> <p>Traditional chiefs are very important actors, particularly in rural areas and peri-urban centres where they are given de jure status under the Chiefs Act to carry out traditional functions under customary law. Their roles are to: (i) govern their subjects in their respective chiefdoms in accordance with their culture, customs and tradition; (ii) advise government on tradition, customary and any matters referred to the chiefs by the President; (iii) ensure that the State is accountable to its citizens.</p>		Despite their lack of financial resources, traditional chiefs wield considerable formal and informal power that enables them influence policy, social and economic development and political processes. Chiefs work hand-in-hand with health committees and are the principal “entry points” to communities for CSOs that want to work in their chiefdoms on health related issues like sensitisation of HIV and AIDS, immunisation, PMCT etc.	Informal linkages through tribalism and patrimonial relationships provide unrestricted access to the political elite.	<p>To accede to government to receive rents.</p> <p>To increase authority and power over citizens.</p>
<i>Religious bodies</i>	The three main Church mother bodies i.e. the Zambian Episcopal Conference, the Consul of Churches of Zambia and the Evangelical Fellowship of Zambia play an important governance role and focus on making government accountable to citizens.	Long-term interests of the Church mother bodies are to advance political and policy debate on good governance, in particular, human rights and social justice. However, certain powerful churches have political and moral interests for engaging in debate –	Religious bodies are very powerful and have substantial human and financial resources to engage government, to lobby government and to advocate for policies that address social justice and moral issues.		

Key governance actors and stakeholders	Role/importance for actual governance/ accountability	Interests pursued	Power and resources for influencing	Key informal and informal linkages	Incentives
		i.e. sexuality, sexual health issues etc.			
<i>CSOs/FBOs</i>	Overall, CSOs and FBOs are engaged in numerous roles, namely: policy formulation through Sector Advisory Groups (SAGs); monitoring and evaluation of policy programmes and activities through the PDCCs and DDCCs ; information dissemination and advocacy work; engagement with donors; and policy dialogue with government.	Formal interests pursued are wide ranging and include lobbying government on social and poverty related issues/agendas.  Health sector CSOs and FBOs have interests in HIV and AIDS related issues.	Power and resources for influencing vary considerably from relatively well-resourced and crosscutting organisations (e.g. Women for Change and Oxfam) to broad-based umbrella organisations (e.g. NGOCC and the Civil Society for Poverty Reduction).	Informal linkages through tribalism and patrimonial relationships provide unrestricted access to the political elite.	Increase scope of work/funding.
<i>Media</i>	The role of the public and private media is to inform and to influence policy.  Private media often demands accountability and investigates and publishes cases of poor governance.	The strategic interests of the private media have been to influence perceptions, and, consequently shape the opinion of readers on a wide range of issues.	The private media is relatively powerful and has substantial resources to influence perceptions and opinions through the electronic and print media.  Formal power of the media has resulted in high profile cases of corruption in the health sector to e exposed.	Informal linkages through tribalism and patrimonial relationships provide unrestricted access to the political elite.	Increased readership from stories.
<b>Development agencies and external agencies:</b>					
	Cooperating Partners play a significant governance and accountability role in the health sector.	Key interests pursued by the Cooperating Partners in the health sector include: meeting the health-related MDGs; encouraging government to initiate and implement health sector reforms; focus on anti-corruption; and convince government to deal with governance and accountability issues in the health sector.	Cooperating Partners have the power and the financial resources to influence policy and funding to the health sector.	Formally, through JASZ, and SWAps, CPs can engage with government. CPs are also able to withhold funds to push for reforms.  Informally, individuals within the group of CPs have connections that can be utilised to press for reforms.	Influence government policy in line with donor strategy.