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ENDORSEMENT MEMO FOR ACTING DIRECTOR OF U.S. FOREIGN ASSISTANCE HENRIETTA FORE

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SUBJECT: Fiscal Year 2007 Operational Plan Performance Report for Zambia

Following a senior leadership review of the FY 2007 Operational Plan Performance Report for Zambia, it is my pleasure to endorse the Report as an accurate and valid assessment of the FY 2007 performance of USG Agencies utilizing Foreign Assistance funding.

USG assistance in FY 2007 mirrored the goals of Transformational Diplomacy and the Foreign Assistance Framework to build and sustain a democratic, well-governed Zambia that reduces poverty and conducts itself responsibly in the international system. The USG program in Zambia reflects strong interagency collaboration and effective coordination with initiatives such as PEPFAR, the Millennium Challenge Account, and assistance from the U.S. Department of Treasury. The USG program is designed to reach the Foreign Assistance goal of moving Zambia from a Developing to a Transforming Country; however, unmet needs and challenges remain.

As stated in the 2009 Mission Strategic Plan (MSP) for Zambia, foreign assistance priority goals in order of importance are: promoting economic growth through trade and investment and increasing food security; creating health and educational opportunities to improve lives; reversing the tide of HIV/AIDS; strengthening democratic systems, rule of law, and respect for human rights; and, building capacity to promote regional and sub-regional peace, security, and stability. Performance information in this report is presented in this same order

As this document sets programming priorities for FY 2008 and beyond, here are the key issues which impact USG assistance to Zambia:

1. Economic Growth remains the highest priority for the U.S. Mission to Zambia as it underpins poverty reduction and is the key to sustainable gains in health and education. Therefore sustained funding that can respond to market opportunities is essential to foster growth which will reduce Zambia's crippling poverty.
2. The absence of Democracy and Governance (DG) funding severely limits Post's ability to advance USG interests in promoting stability in the region. The slow progress on democracy and governance issues impedes Zambia's progression toward a Transforming Country. I must note with disappointment the absence of any DG funding in FY 2007 and our resulting inability to respond to key opportunities in parliamentary strengthening and in the fight against corruption. Post has been able to use the MCA Threshold Program to initiate a number of critical interventions that will bolster Zambia's ability to combat corruption, but

more is needed to sustain these nascent programs. Advances in governance, and especially in anti-corruption, are essential to buttress all other sectoral work from economic growth, to HIV/AIDS, to health, to education.

3. As summarized in this report, considerable progress was made in our health programs; yet Zambia faces substantial challenges including persistently high maternal and child mortality rates. In this environment, it is essential to continue to support Zambian government initiatives in health, and I wish to underscore the need for robust funding for maternal and child health interventions. These funds support critical technical assistance and strategic interventions that bolster much larger U.S. investments in HIV/AIDS and Malaria.

The Government of the Republic of Zambia (GRZ) is currently operating under its Fifth National Development Plan (FNDP) for the years 2006 to 2010. The FNDP maintains a focus on pro-poor growth-oriented sectors, including rural development and agriculture. Public spending priorities in the plan include education and health, agricultural development, employment creation through small and medium enterprises, HIV/AIDS, malaria and tuberculosis, and addressing gender disparities. Diversified, private-sector led economic growth, however, is threatened by the cross-cutting impact of HIV/AIDS, malaria, and systemic weaknesses in basic education. With over two-thirds of Zambians living in poverty with little access to basic health services or basic education, HIV/AIDS and malaria are destroying families and institutions while the lack of basic education is severely constraining the ability of Zambians to participate – both as agents of change and as beneficiaries – in Zambia’s economic growth. USG assistance during FY 2007 reinforced Zambia’s response to its challenges and sustained the close ties that the U.S. maintains with Zambia as well as its importance to U.S. interests in the region.

During the past year Zambia made respectable, though not always consistent, progress in private-sector led economic growth and poverty reduction. Zambia is under pressure to diversify its economy away from mining and minerals as a collapse in copper prices, especially, would undermine efforts made under the FNDP. USG support is linked to accelerating economic growth by focusing on trade and investment through policy reform, regulation and systems strengthening, diversification, private sector competitiveness including enhancement of the private financial sector, increased agriculture productivity and market linkages, and increased opportunity for microenterprise, including increased export market opportunities for rural smallholders. USG assistance fostered the development of a services sub-sector, which increased linkages between rural communities and markets, and increased opportunities for women to engage in the formal export sector.

Linking efforts to introduce sustainability to the agricultural base, the USG is supporting efforts to graduate farmers from subsistence practices to sustainable practices. In FY 2007, Zambia’s most vulnerable regions included chronically food insecure or flood-affected provinces, all of which experienced high levels of food insecurity, poverty, and HIV/AIDS. In response, the USG, with Title II development funding, launched a multi-year assistance program providing food security and nutrition for vulnerable groups such as female-headed households, widows, and grandparents caring for AIDS orphans, while providing training and technical assistance for more sustainable, market-oriented agricultural practices.

Zambia's poor health status and deficiencies in its basic education system contribute to high poverty levels and constrain economic growth. The USG is making significant investments in the Zambian people in the Health, Education, and Social Services program areas. In FY 2007, the USG supported Zambian national priorities in malaria, family planning and reproductive health, tuberculosis, and maternal and child health. In spite of challenges within the Zambian government, including brain-drain, AIDS mortality, inadequate training and skills, and poor working conditions, close USG collaboration with the GRZ, other donors, and implementing partners had a significant impact on the daily lives of Zambians and its future. Over three million Zambians have greater protection from malaria thanks to a successful indoor residual spraying campaign along with the distribution of over 400,000 insecticide-treated bed nets. Though systemic weaknesses continue to slow progress in family planning and reproductive health, USG assistance affirmed the demand for family planning and reproductive health services and the importance for maintaining Maternal and Child Health funding for FY 2008.

Zambia is most likely to attain its Millennium Development Goals in Education. The GRZ and the USG have a strong partnership to address challenges in the education sector. School enrolment, while rising, is not enough, and the USG is working to improve the quality of education. In FY 2007, USG programs trained over 13,000 teachers reaching over 700,000 learners. USG assistance mitigates the cross-cutting impact of HIV/AIDS on education. A half-million learners, including orphans and vulnerable children, benefited from USG support to community schools that pull in learners who cannot access other mainstream education services.

The cross-cutting impact of HIV/AIDS is significant and threatens all sectors that the USG supports in Zambia. As a PEPFAR Focus Country, the USG is implementing HIV/AIDS programs with five USG agencies through its Country Operational Plan (COP). The COP uses a multi-sectoral approach that links HIV/AIDS interventions to other sectors of USG involvement.

USG investments in Zambia are at risk if governance issues cannot be adequately addressed. In FY 2007, using prior year carry-over funds, the USG supported activities that linked parliamentary reform, anti-corruption initiatives, and civil society engagement with public policy makers. Anti-Corruption Initiative funds strengthened corruption prevention strategies and made considerable strides in leading a draft anti-corruption bill through the legislative process. The USG is implementing an MCA Threshold Country Program that ends in 2008 and complements the now-depleted DG program. In FY 2007, USG support, through the MCA program, rolled out administrative reforms that reduced opportunities for corruption, supported the simplification of business registration, and increased the capacity for border management and customs.

USG efforts in Peace and Security increased the skills, capacity, and professionalism of the Zambian military, while installation of an immigration system at key entry points increased Zambia's capacity to detect and prevent terrorist activity. These efforts reinforce Zambia's role in regional stability and support prospects for regional economic growth and poverty reduction.

The success of the USG foreign assistance program in Zambia is the result of the coordinated commitment, hard work, and dedication of all of the USG agencies and employees that seek to see our partnership with Zambia grow. We look forward to our continued engagement and collaboration with the Zambian government and, most importantly, the people of Zambia.

ACRONYMS

ART	Anti Retroviral Therapy
BOZ	Bank of Zambia
CAADP	Comprehensive African Agriculture Development Program
COP	Country Operational Plan
CYP	Couple Years of Protection
DCA	Development Credit Authority
DDT	Dichloro-Diphenyl-Trichloroethane
DOTS	Directly Observed Therapy – short course
FNDP	Fifth National Development Program
FP/RH	Family Planning and Reproductive Health
GBV	Gender Based Violence
GJD	Governing Justly and Democratically
GRZ	Government Republic of Zambia
HIV/AIDS	Human Immune Virus/Acquired Immune Deficiency Syndrome
IEC	Information Education and Communication
IMCI	Integrated Management of Childhood Illnesses
IMET	International Military Education and Training
IPT	Intermittent Preventive Treatment
IRS	Indoor Residual Spraying
ITN	Insecticide Treated Nets
MCA-TP	Millennium Challenge Account Threshold Program
MCH	Maternal and Child Health
MNCH	Maternal Newborn and Child Health
MOE	Ministry of Education
MOH	Ministry of Health
MYAP	Multi Year Assistance Program
NGO	Non Governmental Organization
OC	Oral Contraceptive
PACRO	Patents and Companies Registration Office
PEPFAR	President's Emergency Plan for AIDS Relief
PISCES	Personal Identification Secure Comparison and Evaluation System
PMI	President's Malaria Initiative
PMTCT	Prevention of Mother to Child Transmission
PTA	Parent Teacher Association
TB	Tuberculosis
TIP	Terrorist Interdiction Program
USG	United States Government
VAC	Vulnerability Assessment Committee
WFP	World Food Program
WJEI	Women's Justice and Empowerment Initiative
ZCE	Zambia Commodity Exchange
ZDF	Zambia Defence Force
ZIMS	Zambia Immigration Management System

Zambia 2007 Performance Report

Operating Unit Performance Summary

The USG's Zambia program supports the Foreign Assistance Framework goal to build and sustain a democratic, well-governed Zambia, reduce widespread poverty, and conduct itself responsibly in the international system. The USG program reflects strong interagency collaboration and effective coordination with initiatives such as the President's Emergency Plan for AIDS Relief, the Millennium Challenge Account (MCA), and assistance from the U.S. Department of Treasury.

In FY 2007, the USG supported increased bilateral cooperation on counter terrorism, leading to enhanced border security, while support to the Zambian military strengthened its ability to support regional stability. USG efforts led to an increase in rural-based private sector growth and improved policies to support business expansion and increased access to credit for traditionally marginalized groups including women-owned businesses. USG assistance expanded malaria prevention and treatment, boosted family planning and reproductive health, and enhanced maternal and child health. USG support effectively links cross-sectoral development assistance with HIV/AIDS programming. USG basic education support improved the learning experiences of over 700,000 Zambian students. USG food aid funding worked to reduce rural vulnerability to climatic shocks through sustainable development practices integrated with HIV/AIDS and economic growth efforts. The MCA Threshold Program supported reforms to reduce opportunities for corruption, simplify business registration, and improve border management and customs operations.

The Zambian government faces challenges including AIDS mortality, inadequate training and skills, and skilled labor migration. USG programs undertake efforts to integrate gender and mitigate Zambia's gender-based social and economic disparities. For example, USG efforts are targeting women smallholders to ensure access to export markets and a new program will address gender-based violence.

Weaknesses in political participation and the slow pace of democracy and governance reform impede Zambia's trajectory toward a Transforming Country. The USG must continue funding for the Governing Justly and Democratically program area to ensure USG investments are preserved and Zambian progress is maintained. Results show that significant impact can be made with modest funding.

All Mission activities are in full compliance with their 22 CFR 216 environmental determinations.

Program Area Performance \ 1 Peace & Security \ 1.1 Counter-Terrorism

USG support promoted stronger bilateral cooperation on counter-terrorism and information-sharing by Zambian Government counterparts. Continued USG support for Peace and Security builds on Zambia's long history of peace and stability in a volatile sub-region and further supports the stability needed to continue progress toward economic growth and poverty reduction.

USG assistance improved Zambia's capacity to detect and address terrorist activity. The installation of the Personal Identification Secure Comparison and Evaluation System (PISCES) at key locations in the country

provides Zambia with an increased ability to manage border security, restrict the travel of terrorist suspects, and improve control over the movement of persons, vehicles, and cargo. The PISCES program encountered some technical and redundancy challenges during FY 2007 and did not expand to another border post as originally planned. The Zambia Immigration Management System (ZIMS), which is implemented through the Millennium Challenge Account Threshold Program, could potentially contribute to achieving Counter-Terrorism objectives if it were made interoperable with the PISCES system. ZIMS is being installed at selected border posts and aims to increase the efficiency and transparency of Zambian border management.

Program Element Performance \ 1 Peace & Security \ 1.1 Counter-Terrorism \ 1.1.1 Deny Terrorist Sponsorship, Support and Sanctuary

USG assistance improved Zambia's capacity to detect and address terrorist activity, including at high-volume border posts, through the Terrorist Interdiction Program's (TIP) Personal Identification Secure Comparison and Evaluation System (PISCES). FY 2007 funding for TIP/PISCES provided ongoing support for operation of the program already installed at key locations, including the Lusaka International Airport and Zambian government offices. Because the PISCES program faced technical challenges during FY 2007 it was not expanded to another border post as planned. The Zambia Immigration Management System (ZIMS), which is supported by the Millennium Challenge Account Threshold Program, is a newer and more comprehensive system that collects information on cross-border movements of people and seeks to increase the efficiency of border management. ZIMS will be installed at a number of border posts in the near future. If additional resources are made available to ensure ZIMS' interoperability with PISCES, ZIMS could contribute to the GRZ's ability to detect and deter terrorist activity.

The GRZ's continued efforts to use TIP/PISCES demonstrates Zambia's commitment as a solid partner in the Global War on Terror. TIP/PISCES provides the ability to detect and limit the movement of terrorists within a landlocked country that borders eight countries with 23 official points of entry.

Element Indicator Narrative \ 1 Peace & Security \ 1.1 Counter-Terrorism \ 1.1.1 Deny Terrorist Sponsorship, Support and Sanctuary

The Terrorist Interdiction Program's Personal Identification Secure Comparison and Evaluation System (PISCES) program contributes to the Zambian government's capacity to detect and detain suspected terrorists, and to improved information-sharing on counter-terrorism. PISCES program experts are exploring options for wide-area network connectivity and are still evaluating the feasibility of extending the system to another port of entry, but this appears unlikely given continued technical difficulties. The expansion of the PISCES system to another port of entry is also affected by new and comprehensive systems being introduced at or planned for Zambian ports of entry under the Millennium Challenge Account Threshold Program (MCA TP) for the Zambia Immigration Management System (ZIMS). Unfortunately, although exploring options, the two systems are not currently interoperable though they do have a number of overlapping features. If additional resources are made available to ensure ZIMS' interoperability with PISCES, ZIMS could contribute to the GRZ's ability to detect and and deter terrorist activity.

Program Area Performance \ 1 Peace & Security \ 1.3 Stabilization Operations and Security Sector Reform

Zambia has a long history of peace and stability and, flanked by the Democratic Republic of the Congo and Zimbabwe, plays a key role in regional stability. Zambia's record of bilateral cooperation combines with its regional role to validate USG engagement in military-to-military cooperation. USG assistance is seeking to address capacity deficits in the Zambian military to strengthen its ability to engage regionally, for example through the development of logistical and other capabilities that support Zambia's peacekeepers.

USG assistance in FY 2007 improved the skills, capacity, and professionalism of the Zambian military, and thereby strengthened Zambia's ability to support regional stability and ensure its own territorial integrity. The cornerstone of USG military assistance is the International Military Education and Training (IMET) program. IMET courses trained personnel from the military and other GRZ agencies, resulting in strengthened professionalism and increased capacity. USG support increased technical capacity in defense resource management and logistics. USG support through IMET also supported strengthening of the Zambia Air Force flight safety capability.

Success within this Program Area strengthens Zambia's regional leadership role and fosters stronger and more effective bilateral military-to-military cooperation.

Program Element Performance \ 1 Peace & Security \ 1.3 Stabilization Operations and Security Sector Reform \ 1.3.6 Defense, Military, and Border Restructuring, Reform and Operations

USG military assistance through the International Military Education and Training (IMET) program helped to improve the efficiency and professionalism of the Zambian military, which is hampered by a lack of resources. The IMET program provided broad-based military education to company-grade and non-commissioned officers. USG support helped to increase technical skills in defense resource management, to improve military logistics efficiency, and to strengthen Zambia Air Force flight safety capacity.

"Expanded" IMET courses improved the capabilities of personnel from other Zambian government entities involved in maintaining border security. Due to higher than anticipated course costs and the lack of available group-oriented courses, fewer personnel than originally planned received training in FY 2007. The GRZ supported the training activities by identifying candidates for all courses in a timely manner and allowing time away from regular duty to participate.

IMET-supported professional development focused on junior officers and junior non-commissioned officers in FY 2007. Three Zambian Air Force captains attended Squadron Officer School, while two sergeants from the Zambian Army attended the U.S. Marine Corps Sergeant's course. Technical training included courses for Public Affairs, Infantry, Logistics, and Aircraft Maintenance Officers. Other technical training included Jet Engine Mishap Investigation and Flight Safety courses, which were intended to increase the Zambia Air Force's flight and ground safety. Advanced training included a course held in Zambia entitled Peacekeeping Operations for Decision Makers, and included students from the Zambian Defence Forces, the Ministry of Defence and the Zambia Police Service. Other advanced training included the International Defense Management Course, designed to increase the ZDF's capability in the realm of financial, personnel and materiel resource management, and the Joint Forces Staff College, which concentrated on military planning at the strategic and operational level.

Element Indicator Narrative \ 1 Peace & Security \ 1.3 Stabilization Operations and Security Sector Reform \ 1.3.6 Defense, Military, and Border Restructuring, Reform and Operations

U.S.-sponsored training under International Military Education and Training (IMET) program improved the

professionalism and the capacity of the Zambian military to carry out day-to-day operations, in a more safe and efficient manner, in support of peace and stability in Zambia. The IMET program provided broad-based military education to company-grade and non-commissioned officers. USG support also helped to increase technical capacity in defense resource management, to improve military logistics efficiency, and to strengthen Zambia Air Force flight safety capability. Additionally, IMET courses included personnel from other Zambian government entities concerned with the maintenance of border security. Due to higher than anticipated course costs and the lack of available group-oriented courses, fewer personnel than originally planned received training in FY 2007. Because the availability of group-oriented courses is not clear for FY 2008, Post revised this target slightly downwards.

Program Area Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance

Ineffective and corrupt public administration is clearly linked to Zambia's poor record of economic growth and to underperformance in public service delivery in areas such as health and education. Zambia's Fifth National Development Plan recognizes governance issues as crucial to sustained growth as reflected across the various sectoral foci, such as land administration, public expenditure management, and decentralization.

The USG did not receive Foreign Assistance funding for FY 2007 for the Governing Justly and Democratically (GJ&D) objective. Currently, the USG is implementing a two-year, \$22.7 million Millennium Challenge Account Threshold Program (MCA-TP) that will end in June 2008. In FY 2007, the MCA-TP targeted anti-corruption and barriers to investment and business growth, including government agency performance and accountability within the Executive branch.

The USG supported efforts to streamline, automate, and make transparent government processes that enabled or encouraged corruption and rent-seeking behavior. Through MCA-TP funding, the USG provided assistance for administrative reforms, internal watchdog committees, and citizen feedback monitoring systems within three GRZ pilot institutions - the Ministry of Lands, the Department of Immigration, and the Zambia Revenue Authority. Using carry-over funds, the USG supported the drafting of a package of anti-corruption bills that are currently in circulation for stakeholder comment. This effort actively promoted citizen participation in the legislative process.

Impressive achievements generated through modest efforts in this Program Area demonstrate the potential for significant change. Continued USG support for governance programs is essential to maintain Zambia's progress along its development trajectory. The absence of FY 2007 funding and the planned end of the MCA Threshold Program, however, threaten such progress. It is clear that USG support for GJ&D programs provides a venue for the USG to assert its leadership. Restoring funding to the USG Foreign Assistance program for Zambia will allow the continuation of programs that positively and directly improve democracy and governance.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.1 Legislative Function and Processes

The USG did not receive Foreign Assistance funding for FY 2007 for the Governing Justly and Democratically (GJ&D) objective. Efforts in the objective continue through a two-year, \$22.7 million Millennium Challenge Account (MCA) Threshold Program, which will end in June 2008, and carry-over funding from FY 2006. The carry-over funding provided training and technical assistance for parliamentary reform, including citizen participation in the legislative process.

A strong executive branch dominates Zambia's political landscape. Citizens bypass the weaker legislature to gain favor directly from the Executive. Following the 2006 national elections, a renewed effort is underway to strengthen the oversight capacity of the Zambian Parliament. Concurrently, attempts are being made to spur citizen engagement in the legislative process. The USG supported training for new parliamentarians, including introduction to the legislative branch and its processes. Sub-grants to local civil society organizations financed through HIV/AIDS funding enhanced non-governmental organization (NGO) efforts to engage in the advocacy process and facilitate interest around sector issues such as HIV/AIDS and corruption.

Using carry-over funds, the USG supported the development, driven with citizen input, of five anti-corruption bills that are currently being considered by a number of stakeholders, including citizens groups and the Zambian government. The effort is a first to link citizen participation in the legislative process. Anti-corruption efforts may slow, however, without USG funding and leadership in the coming years.

Providing effective means to hold the executive branch accountable remains central to USG interests. The absence of funding for GJ&D programs that promote legislative functions weakens these interests. USG leadership in GJ&D underpins programs and progress in other Foreign Assistance objectives and provides a venue for the USG to assert its leadership.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.2 Public Sector Executive Function

The USG did not receive Foreign Assistance funding for FY 2007 for the Governing Justly and Democratically (GJ&D) objective. Good governance support fell under the two-year, \$22.7 million Millennium Challenge Account Threshold Program (MCA-TP) ending in June 2008. The MCA-TP tackled anti-corruption and barriers to investment and business growth, targeting executive branch government agencies. Programs implemented under MCA effectively linked anti-corruption, government reform, and private sector-led economic growth.

Through the MCA-TP, the USG simplified local and international investment in Zambia by reducing duplication of government functions and hurdles to business entry. For instance, USG support led to the adoption of new automated services for the Zambian government's (GRZ) Patents and Companies Registration Office (PACRO) in Lusaka and three provincial capitals. Additionally, USG training and technical assistance enabled the PACRO offices to offer improved and streamlined services in a transparent environment. Businesses can now register in their respective provincial capitals without the expense and inconvenience of traveling to Lusaka.

MCA-TP efforts are improving border management at key border posts. This includes introducing best practices at high-volume pilot locations that will serve as learning opportunities for both government and the private sector. Improvements to border management build intra-government linkages while streamlining and accelerating administrative processes at the border. This effort will reduce operating costs for importers and exporters while minimizing opportunities for rent-seeking behavior.

With the absence of FY 2007 funding and the planned end of the MCA Threshold Program in 2008,

continued success in promoting good governance is jeopardized. The USG has demonstrated clear leadership in supporting GRZ initiatives to enhance governance. It is important that funding is restored to the USG Foreign Assistance program for Zambia to allow the continuation of programs that directly impact the expansion of democracy and strengthening of institutions.

Program Element Performance \ 2 Governing Justly & Democratically \ 2.2 Good Governance \ 2.2.4 Anti-Corruption Reforms

Corruption is pervasive in Zambia, and includes both grand corruption and widespread administrative graft. The Zambian Government (GRZ) is addressing grand corruption through high profile task force-secured convictions in 2007, including a multimillion dollar judgment against the former President of the country. Fighting corruption continues to be a long term effort requiring interventions at central, local and community levels.

Zambia did not receive Foreign Assistance funding for FY 2007 for democracy efforts. Anti-corruption efforts implemented by the USG fall under the two-year, \$22.7 million Millennium Challenge Account Threshold Program (MCA-TP) that will end in June 2008. In FY 2007 the MCA-TP addressed anti-corruption and barriers to investment and business growth, targeting government agencies within the Executive branch. Programs implemented under MCA-TP linked anti-corruption activities to government reform and private sector-led economic growth. Additionally, the USG used carry-over funding to support anti-corruption programs during FY 2007.

Through the MCA-TP, USG assistance streamlined, automated, and made transparent government processes that formerly facilitated or encouraged corruption. The USG supported training and technical assistance for administrative reforms, internal watchdog committees, and citizen feedback monitoring systems within three Zambian government (GRZ) pilot institutions - the Ministry of Lands, the Department of Immigration, and the Zambia Revenue Authority.

Using carry-over funds, the USG supported the development of five anti-corruption bills addressing asset disclosure, asset forfeiture, whistle-blower protection, evidence, and plea bargaining. These bills are currently being circulated to stakeholders, including the GRZ. This effort links citizen participation in the legislative process with anti-corruption efforts, and though currently showing progress, is under threat due to the absence of USG funding and leadership in coming fiscal years.

Corruption is one of Zambia's greatest challenges as it grapples to attain the growth rates required to pull its people out of poverty. Momentum generated by USG anti-corruption programs, particularly the MCA-TP, may be lost with the absence of any future USG funding. Restoration of funding for democracy efforts will advance the essential goal of tackling corruption.

Program Area Performance \ 3 Investing in People \ 3.1 Health

The USG supports Zambian national priorities in malaria, family planning and reproductive health (FP/RH), tuberculosis (TB), and maternal and child health. In FY 2007, 3.1 million Zambians were protected against malaria through indoor residual spraying (IRS), over 400,000 bednets were distributed, 41% of TB patients were tested for HIV through coordination with PEPFAR activities, and 86% of children under five were supplemented with Vitamin A.

Other performance, however, was mixed with below-target achievement in Family Planning/Reproductive Health (FP/RH). FP/RH counseling achievements fell short of plans, as one donor changed program direction and shifted from project support to direct budget support, leaving counseling efforts with far fewer resources. Plans foresee increases from FY 2007 results, but not at levels originally anticipated. Other program elements fell marginally short of targets, yet overall they contribute to improved in Zambian health. In FP/RH, demand for socially marketed oral contraceptives exceeded supply, despite adding more service delivery points than planned. Moreover, private sector suppliers also experienced stock outs. With increased procurement planned next year, a greater proportion of demand will be satisfied, improving women's health.

Zambia's health sector faces a human resources challenge. A systematic lack of qualified Ministry of Health (MOH) staff hinders long term health gains. MOH staffing is impacted by attrition due to brain-drain, AIDS mortality, poor training, inadequate skills mix, and poor working conditions. Although the MOH is addressing these issues, restructuring and a lack of leadership within the MOH have delayed implementation of key human resources strategies.

In FY 2007, a large portion of donor funding continued to focus on disease-specific interventions versus health systems strengthening, exacerbating workloads for the limited number of health care professionals providing services to the Zambian people. Without strategic and innovative approaches to address the human resource crisis in a systemic manner, Zambia's health development prospects are at risk. It is also critical that the FY 2008 MCH budget is reinstated to protect progress made thus far and support planned programming.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.1 HIV/AIDS

Under the Fifth National Development Program (FNDP), the GRZ goal is to halt and reverse the spread of HIV/AIDS through programs that include: prevention of sexual transmission; prevention of mother to child transmission (PMTCT); voluntary counseling and testing; appropriate care, support, and treatment to HIV/AIDS infected persons; improved care and support services for orphans and vulnerable children; and, strengthened advocacy and multi-sectoral response. The USG and other donors fully recognize the cross-cutting impact of HIV/AIDS and the detrimental impact that HIV/AIDS has on Zambia's development trajectory.

Zambia is a Focus Country under the President's Emergency Plan for AIDS Relief (PEPFAR). HIV/AIDS programs during FY 2007 were implemented under the PEPFAR Country Operational Plan (COP) for Zambia in all 14 program areas. Prevention remains a high priority in Zambia. In FY 2007, USG partners provided 259,532 pregnant women with counseling and testing services at PMTCT sites and 31,624 HIV-infected pregnant women with anti-retroviral prophylaxis. USG-funded partners delivered abstinence and being faithful messages to 1,629,144 Zambians and implemented other prevention interventions to 670,485 persons. The USG distributed 15 million socially marketed condoms and supported 2,892 condom outlets. PEPFAR support significantly contributed to the success of the national anti-retroviral therapy (ART) scale-up. In FY 2007, USG partners provided ART to 122,684 Zambians in 157 ART service sites nationwide. Of these, 61,314 patients were newly initiated on ART and 5,213 were children. The USG supported 185,004 HIV-infected adults and children with basic health care and support services in their homes, hospices and clinics. USG provided support to 408,185 AIDS-affected orphans and vulnerable children.

Partners provided HIV counseling and testing to 458,242 individuals through mobile and static service delivery, a three-fold increase from FY 2006.

Zambia is challenged by a severe human resource crisis. The lack of properly trained staff, combined with an increase in demand for services, is leading to the deterioration of working conditions, with reduced availability of equipment and supplies and continued attrition of qualified staff.

USG PEPFAR-funded HIV/AIDS programs are implemented through an effective model of interagency collaboration and coordination and are an integral component of the USG foreign assistance program for Zambia.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.2 Tuberculosis

Tuberculosis (TB) is a leading cause of morbidity and mortality among adults living with HIV/AIDS in Zambia. The Ministry of Health (MoH) provides overall direction, leadership, and coordination that involves all stakeholders, yet demonstrates only modest commitment by providing minimal financial resources for TB. As a result, the program relies on Global Fund resources. Last year, due to late funding disbursements delayed crucial TB activities such as supervisory visits at provincial and district levels.

MOH figures show that the case detection rate reported in FY 2007 was 41%. Increasing numbers of health care providers are being trained in Directly Observed Therapy – Short Course (DOTS) and quality assurance, though DOTS-specific training results fell short of the target due to the MOH reorienting the training to incorporate both TB and HIV issues.

During FY 2007, above and beyond DOTS training, the USG supported 176 health workers in “provider-initiated opt-out HIV counseling and testing” and 149 community-based volunteers in adherence counseling. These trainings enhance Zambia’s capacity to meet its goal of achieving TB cure rates of above 85%.

The USG also contributed to improved management of the TB/HIV co-morbidity and to quality-assured TB microscopy. Fifty-seven percent of all USG-supported laboratories reported over 95% correct results for TB microscopy due to technical and financial support, and 41% of all TB patients in the USG-supported treatment centers have been tested for HIV.

The USG used both Child Survival and PEPFAR funding to train an additional 4,681 health care workers in TB/HIV and to procure needed commodities such as protective equipment, microscopes, and laboratory reagents.

The USG has a non-project assistance grant with the Zambian Government, partially funded with TB funds. After specific benchmarks related to improved services at the district level have been met, funding is released to support district health services, including TB interventions. For FY 2007 all benchmarks were met.

In FY 2008, the USG will continue the above activities. Furthermore, the USG will complete a situational analysis of private practitioners who provide TB services to guide future private sector engagement plans, including planned training in three provinces. The USG will also focus on DOTS training for clinicians to build on GRZ implementation of a comprehensive TB/HIV training program for health workers.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.3 Malaria

In support of the Zambian National Health Strategic Plan, USG activities build capacity to deliver proven, cost effective malaria interventions that focus on pregnant women and children. USG-supported activities expand and strengthen treatment with artemisinin-based combination therapies, increase availability and use of insecticide-treated nets (ITN), expand coverage of indoor residual spraying (IRS), reach pregnant women with intermittent preventive treatment (IPTp), and develop information, education and communication (IEC) programs. Host government commitment and performance have been strong in malaria. However, a systematic lack of trained staff remains a key challenge.

Almost universally, results exceeded targets this year. ITN distribution surpassed targets by 67%, due to an effective public-private partnership effort. The 95% achievement of the IRS target protected 3.1 million people against malaria, while training results exceeded targets. Geographic Information System geocoding of households in FY 2007 will lead to more accurate insecticide need forecast and more efficient resource use in FY 2008. Field support mechanisms continue to provide key technical and commodity support. While one partner did not conduct targeted studies on IRS monitoring, steps have been taken to build capacity to address this deficiency.

A supplementary environmental evaluation led to a key gender-related decision to minimize exposure of women to DDT, the primary chemical used for IRS, as studies suggest potential harm to unborn children. As a result, female IRS sprayers no longer spray DDT, but are allowed to spray other insecticides and perform other non-DDT related IRS functions, such as community mobilization.

The USG has a non-project assistance grant with the Zambian government partially funded with malaria funds. After specific benchmarks have been met, funding is released to support district health services, including malaria interventions. For FY 2007 all benchmarks were met.

Zambia was named a Presidential Malaria Initiative country for FY 2008 with a resulting increase in most planned targets. However, an impending government policy decision to distribute free ITNs means that the social marketing program requires adjustment for FY 2008.

A malaria module was included in the USG-supported 2007 Zambia Demographic and Health Survey. This data will provide critical information on which to base future program decisions.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.6 Maternal and Child Health

In support of the maternal newborn and child health (MNCH) component of the Zambian National Health Strategy, USG activities increase access to skilled birth attendants, improve treatment of obstetric complications and newborn care, increase immunization and Vitamin A coverage, expand access to treatment through integrated management of childhood illnesses (IMCI), and make clean drinking water available.

Overall, FY 2007 MCH results exceeded targets. Training for maternal/newborn health and child health included capacity building for Neighborhood Health Committees and community-based organizations, reflecting increased coordination among IMCI donors. A post-measles campaign survey showed that with

USG support, 86% of children under-five received Vitamin A, which directly impacts mortality; the measles vaccine coverage rate was 88%; and 82% of children were de-wormed. During this reporting period, over 500,000 infants were immunized against diphtheria, pertussis, and tetanus in USG programs. The USG also made clean drinking water available by disinfecting 2.3 billion liters, surpassing targets due to increased demand during the 2007 floods and cholera outbreak.

The USG has a non-project assistance grant with the Zambian Government partially funded with MCH funds. After specific benchmarks have been met, funding is released to support district health services, including maternal and child health interventions. For FY 2007 all benchmarks were met.

The USG also supported the 2007 Zambian Demographic and Health Survey. The updated maternal and under five mortality estimates and other data will inform future program direction.

Despite good program performance, impact on maternal and child mortality depends on the ability of the Ministry of Health (MoH) to deliver basic health services. Challenges to full implementation of the MNCH strategy include lack of national commitment and financial support, a national human resource crisis due to the lack of trained staff, and poor coordination among partners not involved in IMCI. Currently USAID is the largest MCH donor. Other donors have either limited funding or are supporting the MoH through budget support, which tends to dilute the focus on MCH issues. However, MoH performance is anticipated to improve in FY 2008 with the launch of a new MNCH Partnership that refocuses formerly vertical interventions into a package addressing maternal, newborn, and child health issues.

Program Element Performance \ 3 Investing in People \ 3.1 Health \ 3.1.7 Family Planning and Reproductive Health

Modern contraceptive use in Zambia is low, at 23%, and choice is limited. The USG supports the Zambian government (GRZ) to expand access to quality reproductive health (FP/RH) services through social marketing, training, and communication for behavior change. The GRZ demonstrated modest commitment to FP/RH in 2007 by drafting a FP/RH policy. However, increased GRZ funding for FP/RH has not materialized, which has affected the procurement of needed FP commodities for the public sector.

FY 2007 performance of the USG program was mixed. The Couple Years of Protection (CYP) target was met, and the 1.3 million cycles of USG-supported socially marketed oral contraceptives (OCs) represent 25% of Zambia's current OC needs. While the number of service delivery points grew based on increased demand, low product availability, due to limited USG funding, eventually constrained sales. The USG is the only donor that supports social marketing of OCs.

Counseling visits reached only 31% of the target as plans included results that depended on another donor that moved from partner co-funding to providing direct budget support to the GRZ. This funding reduction mandated significant staff cuts by the implementing partner and thus lowered the number of counseling visits. Corrective actions thus far include re-examining targets and adjusting the service delivery model. FY 2008 planned targets are based on a new delivery model, which is anticipated to increase counseling visits by approximately 35% over FY 2007.

The USG reached 83% of its target for community-based interventions. Since planning is done through government health teams at the district level, competing government priorities led to underperformance.

Importantly, however, community-based awareness activities also included sessions on gender-based violence mitigation techniques.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.2 Tuberculosis

Forty-one percent of all TB patients in USG-supported facilities were tested for HIV, significantly higher than the 8% target because data collection tools that captured TB/HIV information were introduced. The target for DOTS training was slightly under achieved because the GRZ shifted focus to TB/HIV co-infection. In FY 2008, USG support towards DOTS training will decrease to 90 students due to increased GRZ training funds for such activities. Of the four targeted laboratory facilities, none has been completely rehabilitated. Three have begun the process, but are delayed due to protracted property ownership negotiations between implementing partners and the GRZ. Monitoring and Evaluation training targets were not met in FY 2007 as the GRZ and partners employ a training of trainers methodology and the three trainers that were trained in FY 2007 will only be able to begin training others in FY 2008. This, in turn, will reduce the FY 2008 target tracking average number of TB patients being served by USG-supported TB microscopy laboratory from 73,135 to 65,353.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.3 Malaria

Although 95% of targeted IRS households were sprayed, the campaign was delayed, which potentially diminished its protective effects. To address this, USG worked closely with the GRZ to improve donor coordination and consequently the 2007 IRS campaign started on time. The value of health commodities purchased by the USG exceeded the targeted amount because of additional PMI funding for ITNs. TNs were procured and distributed in collaboration with the President's Emergency Plan for AIDS Relief and the Global Business Coalition, contributing to the GRZ's target of 3 ITNs per household. The number of people trained in malaria treatment, prevention, or monitoring and evaluation exceeded the targets by including attendance at refresher training and training of new Neighborhood Health Committee members. Sixty people were trained in strategic information management for GIS geocoding which will improve IRS planning. Evaluation targets were not met due to the reassignment of a mid-term to a final evaluation because of the late processing of baseline data. Information gathering targets were not met due to limited research capacity; a specialist was recently recruited to assist with IRS research activities to ensure targets are met next year.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.6 Maternal and Child Health

Those trained in MCH exceeded the targets due to leveraging of resources with non-USG partners in the area of IMCI, and refresher training involving community organizations. The DPT3 indicator fell shy of the target due to one Child Health Week being supplanted by a Measles Campaign during which children were given measles vaccinations, Vitamin A, and were de-wormed. DPT3 was not offered. The number of liters of drinking water disinfected surpassed the target by 70% due to regional flooding and a cholera outbreak, which necessitated increased purification activities. Outcomes not captured by the indicators which contributed to sustainability include planning support at the districts that improved resource allocation for MCH services, training of 140 data managers that improved the collection and analysis of Vitamin A data which will lead to better coverage, and community mobilization activities that strengthen community capacity to address health priorities. An administrative correction was made to the number of baseline feasibility studies from 0 to N/A. Three evaluations have been moved to be conducted in 2008 due to budget constraints.

Element Indicator Narrative \ 3 Investing in People \ 3.1 Health \ 3.1.7 Family Planning and Reproductive Health

In FY 2007 performance was mixed. The target for training in FP/RH was exceeded primarily because the definition of training was modified from full basic training to include refresher courses/orientation in FP/RH. The CYP target was exceeded because of popularity of a socially marketed oral contraceptive. Stocks sold extremely quickly and additional service delivery points were added to serve the increased demand. The FY 2008 target was increased because FY 2007 plus up funds will allow purchase of additional oral contraceptives. Beyond the oral contraceptives in the CYP target calculation, additional FP/RH commodities will be procured in FY 2008. These are not included in the target CYP since the mechanism to capture their use (versus procurement) is under development. Counseling targets were not achieved due to the partner losing other donor support when that donor chose to provide budget support directly to the GRZ. However, FY 2008 targets have been adjusted downward relative to the original target to reflect the new activity levels. Communication targets were not realized because the partner had to spend more time on local media capacity building than originally anticipated. Materials will be ready in early FY 2008. Targets for number of institutions with improved management information systems were incorrectly entered. Actual target for FY 2007 was 4 and was fully achieved.

Program Area Performance \ 3 Investing in People \ 3.2 Education

The USG has been at the forefront of the Zambian government's (GRZ) push to increase enrollment of Zambia's marginalized children. Over the last few years, primary school enrollment has continued to climb, topping 97% in 2006, making education the most likely sector to reach Zambia's Millennium Development Goals by 2015. High enrollment is attributed, in part, to the GRZ's commitment to provide free education but is not matched by needed increases in the national budget to improve quality of education.

In FY 2007, the USG trained nearly 13,500 teachers, improving the learning experiences for over 700,000 of the estimated 2.5 million Zambian students. The USG provided support to the country's often ignored community schools, improving the quality of education for over a half-million students, many of whom are orphans and vulnerable children. As a result of the HIV/AIDS epidemic, schools have been inundated with an increase in number of orphans and, at the same time, have had to cope with an increase in the number of AIDS-infected teachers. The USG supported innovative interventions designed to prevent AIDS transmission among teachers and staff and to increase the number of teachers receiving care. Collaborating closely with the GRZ, USG assistance built fundamental capacity at the Ministry of Education (MOE) through technology upgrades, introduction of new information management systems, and provided in-service training for MOE professional staff. Additionally, the specially designed non-project assistance agreement promoted institutional reform in the education sector, with a focus on increased accountability.

Challenges in the education sector remain daunting. Despite rising primary school enrollment, student to teacher ratios are stubbornly high at 60 to 1, reducing classroom instruction quality. Girls continue to suffer lower retention and graduation rates. The MOE has committed itself to addressing these issues, and finalized a strategy and work plan to increase access and enhance instructional quality by expanding the number of teachers per school and educating communities on the value of girls' education. Along with other international donors, the USG has rallied behind the MOE's national strategy, leveraging its project support in ways that maximize other sources of development assistance and harmonizes with the broader budget support provided by most other donors and preferred by the GRZ.

Program Element Performance \ 3 Investing in People \ 3.2 Education \ 3.2.1 Basic Education

The USG education program expanded considerably in FY 2007, meeting and exceeding most targets. FY 2006 Fast Track Initiative (FTI) funds boosted the overall USG education budget by 300%, allowing Post to extend its programming to include 3,000 marginalized community schools that provide free education services to more than 500,000 underprivileged children who are predominantly orphans. The Ministry of Education's (MOE) assistance to such schools had been negligible. With the increased attention on community schools brought upon by the new USG funding, the MOE began to focus on key policy gaps to raise the long-term support these schools will receive from the government. USG support increased availability of student health services, introduced an HIV/AIDS workplace program for teachers, expanded teacher education, continued implementing new student achievement testing procedures, and expanded scholarship services in an effort to keep children in school.

Direct USG support reached 707,553 of the total 2.5 million learners enrolled in basic education. This exceeded the estimated target by 90,732 learners. Building stronger linkages between schools and surrounding communities, USG support helped 681 Parent-Teacher Associations (PTA) improve management and infrastructure at their local schools. Though falling short of the target 282 classrooms, PTAs across the country rehabilitated 260 with USG assistance. Given the crippling effect of HIV/AIDS on the education sector, the USG addressed the impact of the disease by promoting prevention and encouraging teachers to get tested. In FY 2007, over 20,000 teachers and family members accessed counseling and testing services through USG workplace programs.

Building central government capacity, USG programs helped improve data systems, expanded policy and research capabilities, and developed the ability of the MOE to provide in-service and pre-service teacher training. Enhanced efforts this past year were placed on preparation of 13 new school policies aimed at improving performance. USG assistance promoted inclusive learning by equipping teachers with skills that encouraged classroom participation of both boys and girls. Technology tools, interactive radio instruction specifically, assisted in mitigating the lack of formal access, especially by girls, to quality basic education in hard to reach areas. Central USG programs funded girls scholarships and much-needed new math textbooks for primary grades.

Element Indicator Narrative \ 3 Investing in People \ 3.2 Education \ 3.2.1 Basic Education

USG support extended the Ministry of Education's (MOE) efforts to provide Zambian children with quality basic education. Most FY 2007 targets were surpassed due to additional Fast Track Initiative (FTI) funds as well as the opportunity afforded by the MOE to better serve teachers and students in community schools. Teachers from community schools have taught many years without formal training. With USG support, 13,479 teachers received improved teaching skills and resources while the learning materials provided an enriched learning environment. USG support also revived policy discussions on community schools not just in the MOE but also among education sector donors and civil society organizations. USG assistance in the development of the MOE management information system has increased the credibility of Zambia's education data. The MOE and international agencies are using the data for decision making with greater confidence. Fewer classrooms than planned were repaired with USG assistance due to a slow start in sub-grant activities. The FY 2008 performance outlook is promising and targets have been revised upwards.

Program Area Performance \ 3 Investing in People \ 3.3 Social and Economic Services and Protection for Vulnerable Populations

In Zambia, the USG supports social services to displaced children and orphans. In FY 2007, implementing partners continued to scale up and expand activities for children living or working on the street. One contributing factor was the growing collaboration between USG-supported activities, the Government of Zambia, and other key stakeholders. This resulted in a network of 30 local organizations in four provinces of the country working together to protect, provide services for, and reintegrate street children. A situation analysis of street children completed in FY 2007 provided the basis for national strategic planning and policy development. Through its implementing partner, the USG assisted the Government of Zambia in establishing training packages for childcare workers, promoting messages for the general public, ensuring residential facility quality standards are met, and implementing services appropriate to male and female street children. As a result, the program has reduced the number of children on the street through reintegration back into their families or through placements in residential facilities.

The USG also planned to initiate activities to address gender-based violence (GBV) through the Women's Justice and Empowerment Initiative (WJEI). Following various delays, a central award was made at the end of the fiscal year for activities to prevent GBV and to support survivors of violence. This award will be complemented by enforcement activities to be implemented by the U.S. Department of Justice which are expected to begin in FY 2008. It is anticipated that these programs will have a long-term impact on the reduction of GBV and on the quality and availability of services for victims of GBV.

Program Element Performance \ 3 Investing in People \ 3.3 Social and Economic Services and Protection for Vulnerable Populations \ 3.3.2 Social Services

In FY 2007, the USG supported programs providing services to and protection of children living or working on the streets, reintegration of street children back into their homes, and prevention of children living on the streets. This program was funded through the Displaced Children and Orphan Fund, which worked in close collaboration with Zambian government ministries responsible for social services and youth development. Other critical partners include UNICEF, and World Food Program. In FY 2007, the USG leveraged resources from PEPFAR to address the HIV/AIDS issues faced by street children. These results will be reported in the PEPFAR Annual Progress Report.

In FY 2007, the network for street children assistance grew beyond Lusaka to Southern, Northern and Central Provinces, expanding its capacity to trace families and reintegrate children. The network of participating organizations increased from 16 in FY 2006 to 30 in FY 2007. Support to local organizations working with street children included training of childcare workers, organizational capacity building, sub-grants, and financial support for mobile services and outreach work. Activities focused on night visits by outreach workers, mobile medical care, residential care, nutritional support, recreation and sports, HIV/AIDS prevention education, family tracing and reintegration, and training. New in FY 2007 was the establishment of a center dedicated to girls living on the street.

The Zambian government, with support from UNICEF, completed a "Situation Analysis of Street Kids in Zambia," which continues to influence the development and implementation of national policies and activities for street children. As part of a Presidential directive, the Zambian government carried out efforts to take children off the streets and placed them in structured camp environments with vocational training and support. Prior to these placements, USG network organizations provided preliminary work and counseling for these children and helped the government select appropriate children. In FY 2007, 500 street children were placed.

Program Area Performance \ 4 Economic Growth \ 4.2 Trade and Investment

Zambia's domestic markets are thin and quickly saturated, leaving export trade as the best avenue for transformational growth. After mining, agriculture offers the greatest opportunities for significant trade growth. To target export markets, domestic policies must promote investments in public infrastructure and business-friendly policies to attract private investments. USG efforts in FY 2007 supported policymakers in analysis of reforms, regulations, and administrative systems to facilitate and sustain trade and investment, while strengthening public institution administrative capacity. USG programs worked with the private sector to increase capacity for domestic and international trade. The USG, through the Millennium Challenge Account Threshold Program (MCA-TP), provided assistance to rationalize and simplify the economic regulatory framework by providing training in international best practices.

USG support for extensive consultative processes with the private sector and the GRZ resulted in legislation to enhance market operation and reduce exporter transaction costs. USG assistance improved the capacity of local firms to exploit domestic and international markets by developing country-to-country trade protocols. Assistance facilitated international trade links, leading to higher export volumes and expanded demand for smallholder farmer produce. USG support to tourism and other sectors enhanced the capacity of smallholder producers and firms to exploit markets through improved knowledge of international standards and industry competitiveness. Through MCA-TP, USG support led to increased access, simplified processes, and reduced the time to register a new business. Administrative and risk management improvements reduced the time it takes to clear import and export products through customs, while also reducing costs and opportunities linked to rent-seeking behavior.

Sharp local currency appreciation in 2006, and resulting low currency proceeds, meant that many businesses, especially in the agriculture sector, moved away from export crops such as cotton. This, in turn, compromised performance and will remain a challenge in FY 2008. The GRZ's ad hoc trade barriers on agricultural products make it difficult for potential investors in the agricultural sector to price political and market risks. Positive change in trade and investment, though, promise future economic expansion, job creation and increased revenues.

Program Element Performance \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.1 Trade and Investment Enabling Environment

Economic growth and poverty reduction require significant increases in international trade, as expanding exports stimulate investment and create jobs across the income spectrum. A broadened tax base, in turn, enhances the Zambian government's (GRZ) capability to approach the Millennium Development Goals (MDGs). Limited domestic markets and low domestic purchasing power dictate that sustained economic growth must be export-led. Harmonizing and simplifying import and export standards and procedures, and attracting investment are vital to increased trade.

In FY 2007, the USG supported consultations with the government and private sector in reviewing statutes to protect agricultural sector investments and make government marketing interventions more transparent and defined. The USG facilitated trade implementation improvements and negotiation of an agreement between Zambia and Angola border provinces, leading to the largest ever cassava export consignment from Zambia. Trade diagnostics uncovered significant export opportunities for Zambian products within the Southern Africa region, resulted in action plans for reducing cargo clearance times at borders, and identified

non-tariff barriers to Zambian honey exports. Eighty women and 106 men were trained in horticulture trade survey techniques, thereby improving the information base for this emerging industry, while addressing USG concerns for increased access for women to income opportunities. Not all FY 2007 performance indicators were met due to changes in definitions for training and the delay of a regulatory action.

The GRZ's Fifth National Development Plan, completed in late 2006, includes a goal to diversify the economy away from copper (Zambia's main export) by encouraging an increase of non-traditional exports by an annual target rate of 20 percent. However, commitment to this goal is not clear, as the government imposes import tariffs and export bans on key products such as maize. Ad hoc trade barriers on agricultural products make it difficult for investors to price political and market risks and constrain investments. The USG will continue to work with the GRZ to realign its policies to support the achievement of its goal of agriculture-led economic growth and poverty alleviation.

Program Element Performance \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.2 Trade and Investment Capacity

Zambia's land-locked geography, poor infrastructure, high costs of doing business, and disincentives to private sector investment challenge local exporters. Zambia's Fifth National Development Plan includes objectives to increase trade and investment. In FY 2007, USG assistance facilitated opportunities for export markets while working to increase trade and investment capacity to exploit new and emerging market opportunities. USG support built the capacities of private export companies, resulting in new trade links with South Africa's largest food processor, leading to high-volume exports and expanded demand for smallholder produce. Thirty four companies attended trade shows and received guidance on marketing and negotiating export deals. Eight special-fund loans enabled new exports while two other loans facilitated the expansion of existing export operations. The total loan value was \$1.4m, generating \$3.1m of exports with smallholder farmers generating \$1.4m in sales revenue.

With USG assistance, both smallholders and lead firms that consolidate smallholder products are more knowledgeable about international standards and industry competitiveness. In the cotton industry, lead firms established more stable and scalable outgrower models that benefit producers. Tourism sector training improved marketing skills, internet utilization, and service standards. Results under this element fell short of targets in three out of five indicators, largely due to the exchange rate-related contraction of the cotton sub-sector. Program adjustments for FY 2008 include emphasis on growing sectors such as veterinary services and input supply chains, and targets have been adjusted based on the expected partial recovery of the cotton market.

USG efforts are complemented by the Millennium Challenge Account Threshold Program, which is laying foundational support to trade and investment by working to reduce barriers to economic growth and increasing border management efficiency to facilitate export.

Women have been traditionally excluded or marginalized from economic opportunity, especially in the formal export sector. USG efforts address gender equity through greater inclusion of women in training events, trade shows, and other training and technical support that increase the capacity of women to participate in the formal export sector.

Element Indicator Narrative \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.1 Trade and Investment Enabling Environment

Three out of five targets were reached or surpassed. Eight – of nine planned - legal, regulatory, or institutional actions were completed, leading to further protection of agricultural sector investments and increased transparency in government marketing interventions. GRZ, farmer organizations, and traders received training in data analysis, which aided in policy decision making. The diagnostics added to a further understanding by the GRZ of the real effects of the appreciation of the local currency, and the impact of government's maize buying practices. The USG supported the completion of a 2,400-household, comprehensive Zambian urban consumption and expenditure survey that will direct future efforts in the area of policy development in agriculture and other areas. The target for training events was not achieved due to a definitional change following submission of the FY 2007 OP. The FY 2008 target has been adjusted downward to reflect the accurate definition.

Element Indicator Narrative \ 4 Economic Growth \ 4.2 Trade and Investment \ 4.2.2 Trade and Investment Capacity

Three out of five targets were not reached. Targets were compromised by the near collapse of the cotton and honey industries - the focus industries for this sector. The cotton industry, with local costs and hard currency markets, experienced a reduction of nearly 50% of its growers in the 2007 season due to the rapid and dramatic appreciation (30%) of the local currency, and the resultant low prices paid to producers in the 2006 season. The honey sector experienced a reduction in volume due to heavy rains during the flowering season. As a result, honey production fell by over 50%. Production recovered somewhat in both industries in the second marketing season. Improved production practices and efficiencies in the cotton industry, coupled with input and veterinary promotions and activities in other industries are reflected in an upward adjustment of three of the five targets for FY 2008. Because the cotton industry is expected to only partially recover in FY 2008, there is a downward adjustment in the target for firms receiving capacity building assistance to export.

Program Area Performance \ 4 Economic Growth \ 4.3 Financial Sector

Zambia's financial sector still suffers from poor GRZ policies over the past two decades. In the recent past, the GRZ depended heavily on debt financing in the domestic market. Government treasury bills earned up to 50% interest, and commercial banks invested heavily in these no-risk government securities. At one point, 83% of commercial bank liquidity was in government treasury bills – leaving very little for private sector financing, while inflation stood at over 20%. Treasury bills now range from 11%-13%, and inflation is near 10%. Within the past year, the Bank of Zambia has begun issuing 7- 10- and 15-year bonds – offering benchmarks for pricing long term financing such as mortgages and capital assets. The first bond offering in August was over subscribed, reflecting high demand. With these cornerstones of fiscal stewardship in place, banks now have the opportunity to play their role by entering new markets and stimulating economic growth through investments in the private sector, ushering Zambia further along the Transformational Development track.

Challenges remain considerable in the financial sector. The vast majority of Zambians (nearly 85%) are unable to access formal financial services due to high transaction costs and steep interest rates. When combined with a thin capital market, these factors hamper growth of the sector. Private banks continue to focus on a few large corporate players and the government bond market, at the expense of Zambian small entrepreneurs.

The USG plays a major role in bridging the gap between the solidifying macroeconomic environment and the lethargic private banking sector. The U.S. Department of Treasury is providing technical expertise in bank supervision and in establishing deposit insurance. Other USG support complements these efforts through innovative interventions in technology, focused banker training, and introduction of risk-mitigating services with the goal of increasing financial services available to Zambians across disparate income levels. For example, a successful pilot of a mobile phone banking payment system introduced an entirely untapped segment of Zambia to the advantages of financial services. Although not reported under this Area, current private lending activities targeting small- and medium-enterprises, and proven successful by the USG's Development Credit Authority program, showed a dramatic increase as private bankers recognize the untapped market in non-corporate clients.

Program Element Performance \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.2 Financial Services

The Zambian government's (GRZ) reduction in domestic borrowing in 2007 and improved macro-economic stewardship, coupled with expanding capacities in the private sector have begun to rein in the cost of borrowing and to increase private sector access to finance. Challenges remain if financial services are to stimulate poverty-reducing economic growth.

FY 2007 performance against targets was mixed. Surpassing targets, the USG trained 72 bank personnel in lending to emerging agribusinesses as well as small- and medium-enterprises. USG assistance helped establish the African Trade Insurance office in Lusaka to insure export orders, which reduced the risk premium paid by Zambian exporters to lending institutions. USG support for the Zambia Commodity Exchange facilitated price discovery and transparency, improving prospects for shifting wealth from middle market players to farmers. Innovations in financial services included a small mobile-phone payment system piloted this year within the cotton sub-sector where 50 farmers and 25 agents exchanged over \$2,300 via cell phone transactions. However, targets for Special Fund loans were not achieved due to the collapse in the cotton sector. The targets were set based on the expectation of extended input supply financing for cotton farmers, and such demand did not materialize as smallholders moved out of cotton in the 2007 season.

The GRZ continued its commitment to broad macroeconomic stability that provides the foundation for financial services expansion. Inflation fell below 10% in FY 2007, and shows little sign of returning to double-digits. The Bank of Zambia for the first time offered longer-term government bonds of 7, 10 and 15-years. The longer terms aid the pricing of longer-term financing for mortgages and other capital investments. USG efforts in FY 2008 will continue with the direction taken in FY 2007 seeking to expand successful models.

Deficient financial services disproportionately impact Zambian women. Less than 12% of women have access to the formal banking sector, compared to nearly 18% of men. USG programs and advocacy work to ensure that there is equitable participation in all activities by both men and women, helping to reduce the gender gap of rural poverty levels.

Element Indicator Narrative \ 4 Economic Growth \ 4.3 Financial Sector \ 4.3.2 Financial Services

Two out of three targets were not reached. The number and value of special funds loans, which include in-kind input supply financing, were compromised by the sub-standard performance of the cotton industry in

FY 2007, which experienced a reduction of nearly 50% of its growers in the 2007 season due to the rapid and dramatic appreciation (30% in two months) of the local currency, and the resultant low prices paid to producers in the 2006 season. All companies that had local currency costs and hard currency markets experienced similar currency-related hardships in their operations. Because the cotton industry is expected to only partially recover in FY 2008, the two indicators that are directly related to cotton have been pared. Although the training indicator was surpassed in 2007, there is also a downward adjustment in the 2008 target for the number of financial sector professionals trained as the commercial banks have been very slow to participate and provide cost share funds for such training and a focus on sustainability requires this planned reduction.

Program Area Performance \ 4 Economic Growth \ 4.5 Agriculture

The Zambian government (GRZ) recognizes agriculture diversification and expansion as key to long-term economic growth. USG support in FY 2007 led to an increase in export trade by 38% among USG-assisted clients; an increase in sales by targeted small-scale producers by 83%; the creation of sustainable agricultural input markets and private sector livestock services; and increased debate on efficient uses of public resources in agriculture.

Temporary setbacks impacted progress in the Agricultural Productivity element with declines in the honey harvest which dropped by 50% due to heavy rains and the near collapse of the cotton industry in which the number of households growing cotton fell by 50% in 2007 due to exchange rate fluctuations in 2006. Cotton is of significant economic importance, and USG focus, because the sub-sector supports up to 300,000 small growers. The GRZ's lack of statutory support for mechanisms that increase the availability of agricultural financing, such as warehouse receipts, was a factor in the minimal uptake of a dedicated Development Credit Authority facility established for this innovative approach. Projections for targets in FY 2008 anticipate increased impact of USG assistance, due to the emergence and growth of other USG-supported agro-industries such as paprika, groundnuts and chilies, as well as the partially recovering cotton sector.

However, broad expansion in the agriculture sector is challenged by the GRZ's deviation from the widely agreed-upon Fifth National Development Plan (FNDP), which espouses an agriculture sector led by the private sector and responsive to market forces, and use of public funds for productive investments. GRZ budget allocations point to a disregard for the FNDP, increasingly ignored in preference to wasteful subsidy programs and rent seeking behavior. An over-emphasis on subsidized entitlements reduced the government investment in productivity-enhancing activities such as research, extension and infrastructure development to less than one-fifth of the total funds disbursed to the agriculture sector. Inefficient use of resources is a threat to long term sustainability of activities initiated by the USG, and to Zambia's progression along the continuum from a Developing to a Transforming country. The USG, with other donors, will continue to consult with the GRZ on policy issues related to economic growth and poverty reduction.

Program Element Performance \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.1 Agricultural Enabling Environment

The Zambian government's (GRZ) uneven commitment to reform and its slow pace toward an agriculture-led, market-driven economy remains a serious issue for the USG and others. The GRZ ostensibly embraces a private-sector-led economic agenda, but implementation continues to be problematic. The clearest manifestation of this incomplete performance is the GRZ's policy departure from its stated national development strategy, which supports private sector-led agriculture and scaling down of traditional

entitlement programs. USG-supported analyses showed that entitlement programs, including fertilizer and maize subsidies, are inefficient and counter-productive to export-focused, private-sector-led growth. In FY 2007, USG-supported analyses were presented to the GRZ and are embraced by the donor community, but the information campaign must continue. The GRZ's uncertain behavior has resulted in a growing concern that Zambia's participation in the African Union-led Comprehensive Agriculture Development Program (CAADP) may not achieve the desired results of poverty reduction and food security if the public investment in agriculture continues to be slanted toward subsidies.

USG assistance to improve the enabling environment for agriculture focuses on policy reform and institutional strengthening to support the GRZ's goal of private-sector-led economic growth. In FY 2007, USG funding supported critical policy analyses on the constraints to productivity improvements within the agriculture sector. These analyses played a central role in ensuring that the negative macroeconomic implications of agricultural subsidies featured in the budget support negotiations between the donor community and the GRZ. The USG strengthened Zambian agricultural institutions through funding for Masters and PhD training, and product-specific, short-term training in price and policy analyses for GRZ staff. Training strengthened the ability of public institutions to prepare and analyze data to further establish the value of evidence-based decision making in Zambia. All targets were achieved and in some cases surpassed, though progress remains in jeopardy due to the GRZ policy environment. USG efforts will continue to focus on addressing policy reform in FY 2008.

Program Element Performance \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.2 Agricultural Sector Productivity

Increased agricultural productivity requires an enabling environment, strong institutions, developed infrastructure, and appropriate technologies to enhance efficiency. USG activities in Zambia promote adoption of technologies such as production and marketing innovations that become part of standard business practices.

FY 2007 performance against targets was mixed. USG support fostered the development of a services sub-sector around commercial land preparation, spraying services, input provision, veterinary services, financial services, private sector extension services, and output delivery; marking a positive fundamental change in the way the agricultural service delivery industry markets and distributes to smallholder farmers. As a result, rural communities now have greater commercial linkages to a range of services and more lucrative markets. In addition, USG programs increased technical and management skills across various value chains, benefiting smallholder farmers and agribusinesses. Training and networking resulted in partner clients increasing export trade by 38% and sales by small-scale producers by 83%. About 50% of those trained were women, reflecting USG concern for gender disparities in the agriculture sector.

However, achievement of three of ten USG targets was compromised by the collapse of the cotton industry in 2007 due to exchange rate fluctuations in 2006. Additionally, poor harvest in the honey industry and the GRZ's lack of support for increased credit for agriculture resulted in assistance to fewer farmers and reduced area under cultivation under USG programs. Paprika and chilies have emerged as high potential industries and will be targeted in FY 2008. Progress is stalled on legislation to support the operation of a warehouse receipt system, which would expand access to financing for farmers. Therefore, the Development Credit Authority (DCA) facility for warehouse receipts will be discontinued for FY 2008.

The GRZ lacks resources and commitment to fund activities that support increased productivity and greater

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market access for small farmers, as public resources are focused on inefficient subsidy programs. In order to leverage change, the USG will continue to promote positive change and encourage an increase in host government resources for productive investments, to increasingly demonstrate viable approaches to poverty reduction.

Element Indicator Narrative \ 4 Economic Growth \ 4.5 Agriculture \ 4.5.2 Agricultural Sector Productivity

Five out of ten targets were met. Reluctance by the GRZ to pass legislation for warehouse receipts led to insufficient private sector funds mobilized by the USG DCA guarantee. The Bill has been in the Zambia Ministry of Agriculture for four years, and there appears to be no political will to pass it into law. The indicator will be dropped in FY 2008. The indicators for number of hectares, agriculture-related firms, and the number of rural households, were adversely affected by the collapse of the cotton industry. The cotton industry experienced a 50% reduction in its producer base in 2007 due to appreciation of the local currency in 2007. These three targets have been adjusted downwards for FY 2008 because the cotton industry is still recovering. The last under-performing indicator addresses assistance to women's organizations, and reflects the late completion of the report on Widow's Access to Land in the HIV/AIDS Era, the foundation for collaborating with women's groups. FY 2008 target in this indicator has been reduced. Targets for the other indicators were surpassed, and have been adjusted upwards for FY 2008. The targets in international exports and smallholder purchases was high due to the incorporation of new high-volume, smallholder-grown commodities like groundnuts and hides.

Program Area Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness

Since market liberalization began in the mid-1990s, the Zambian government (GRZ) has embraced a number of reforms to spur private sector competitiveness and growth. The GRZ lifted price controls, welcomed foreign investment, and privatized many state-owned industries. The GRZ's Fifth National Development Plan (FNDP) focuses on Zambia's competitiveness as an investment destination, an exporter of diversified products (beyond copper), and a fertile location for the growth of local industry and services. Key pillars of the FNDP include expanding infrastructure, rationalizing regulations for would-be entrepreneurs, investors, and exporters, and securing sufficient energy supply. If implemented with focus and vigor, the FNDP will facilitate broad-based wealth and job creation through greater citizen participation and technology advancement. Zambian businesses, though, must apply modern technology, updated market practices, efficient production processes, and improve productivity to remain competitive.

In FY 2007, the USG played a significant role in reducing regulatory and technological barriers to competitiveness. With USG assistance, businesses are increasingly adopting modern technology, accessing state-of-the-art market practices, incorporating efficient production processes, and improving productivity. Sales and profitability continued to rise as a result of USG support. With the exception of sectors still adversely affected by the rapid appreciation of the Zambian Kwacha in 2006, the USG met all indicator targets. The USG's Millennium Challenge Account Threshold Program complements efforts to advance private sector competitiveness by supporting reforms in customs and immigration processing and business start-up.

While the GRZ commitment to macroeconomic reform has generally been demonstrated, sector-level liberalization and the slow momentum in the application of stated policies remain serious constraints in Zambia's progression to a Transforming country. The FNDP calls for a private sector-led growth strategy

and plan, but the GRZ's slow implementation belies its commitment.

In spite of the perception of GRZ recalcitrance, the USG sees considerable opportunity for progress for private sector-led growth with USG support and will continue to monitor the pace of reform over the course of FY 2008.

Program Element Performance \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.2 Private Sector Productivity

To become competitive, Zambian business must adopt modern technology, update market practices, and increase efficiency to enhance productivity across sectors. In FY 2007, the USG supported the first large-scale private sector veterinary system to service smallholder producers, thus enhancing livestock productivity. With USG assistance, more than 25,000 cattle received routine preventive veterinary services under the newly established Herd Health Plan, managed by private veterinarians. Livestock mortality fell dramatically as a result of the plan, with incomes rising for participating smallholder farmers. The USG worked with lead firms in the honey sector to develop value-chain financing, quality upgrades, and market cultivation, which expanded the profitability and productivity of honey farmers. Beekeepers can now access loans to upgrade their hive technology.

USG support allowed firms to increase commercial viability by borrowing from a USG special loan fund. In FY 2007, \$6,300,000 was leveraged in formal sector financing through a Development Credit Authority (DCA) small- and medium-enterprise (SME) facility. However, the substantial appreciation of the Zambian Kwacha in 2006 caused nearly 50% of cotton producers to leave the sector in 2007 due to currency exchange fluctuations, which considerably lowered achievement under the DCA facilities.

To meet the goals of its Fifth National Development Plan (FNDP), the Zambian government must commit itself to effective implementation of its private sector productivity plan. That commitment is in question, and the USG and others have urged the government to energetically embrace productive public investments that enhance productivity and make Zambian companies competitive. The USG will monitor the FNDP carefully over FY 2008.

USG programs ensure equitable participation in all activities by both men and women, helping to reduce the gender gap found in rural poverty levels. For example, although the majority of cattle owners are men, small livestock are predominantly owned by women. The USG has ensured that its programs to support private veterinary services are now expanding the provision of services to women livestock holders, with resulting improvement in small livestock health and commensurate increases in women's income.

Element Indicator Narrative \ 4 Economic Growth \ 4.6 Private Sector Competitiveness \ 4.6.2 Private Sector Productivity

Three out of the six targets were not met in this element. The underperformance of targets for firms receiving assistance to invest in improved technologies; assistance aimed at improving targeted firm's management practices; and successfully accessing bank loans or private equity were all linked to the dramatic decline in the cotton industry, which experienced a reduction of nearly 50% of its growers for the 2007 season due to the rapid and dramatic appreciation (30% in two months) of the local currency, and the resultant low prices paid to producers following the 2006 season. The program views in-kind financing of input supplies for crop production as "private equity". Expecting that the cotton industry will only partially

recover in FY 2008, targets for these indicators have been adjusted downward for next fiscal year. Utilization of public-private dialogue mechanisms is expected to increase and the indicator target has therefore been increased for FY 2008.

Program Area Performance \ 4 Economic Growth \ 4.7 Economic Opportunity

Zambia's formal economy is heavily dependent on mining production. The majority of Zambia's working poor, though, are small farmers and others engaged in rural microenterprise. The Zambian government (GRZ) recognizes the importance of microenterprise for Zambia's economic growth and is targeting industries that allow small entrepreneurs to expand and gradually enter the formal economy. Additionally, the informal economy embraces a wide range of sectors outside of mining, such as small-scale farming and tourism. Economic diversity favors the long-term viability of Zambia's growth targets of 7% per year, as described in GRZ's Fifth National Development Plan (FNDP). Such growth is required to achieve poverty reduction and move Zambia to a Transforming Country status in the Foreign Assistance Framework.

USG assistance focuses on sustainable, private sector-led interventions to sub-sectors such as veterinary, financial, and extension services. As a result of USG interventions, rural agricultural input and output entrepreneurs have realized significant reductions in transactions costs, thus creating wealth and reducing rural poverty. Additionally, USG-supported private sector-driven business development services introduced new technologies, information, and market linkages to microentrepreneurs. The USG's Millennium Challenge Account Threshold Program complements other USG activities in this area by supporting GRZ process change, with increased efficiency in customs, immigration, and business registration. The response by the private sector dwarfed GRZ and donor expectations, with a 100% increase in new business applications within the first six weeks of implementing the new process. Steps such as these further support efforts to mainstream small- and medium-enterprises into the formal economy.

Zambia's FNDP describes a roadmap for economic expansion. Translating the plan into action will be a significant challenge for the GRZ, Zambia's private sector, and the international community. The USG will continue to carefully monitor and support implementation during FY 2008.

Program Element Performance \ 4 Economic Growth \ 4.7 Economic Opportunity \ 4.7.3 Strengthen Microenterprise Productivity

Despite constraints such as lack of sufficient infrastructure and regulatory barriers that hinder the competitiveness of micro and small businesses, USG support in FY 2007 was successful in improving service delivery for microenterprises. USG support to sub-sectors such as veterinary, financial, and extension services demonstrated that least-cost interventions can significantly reduce transaction costs and increase access to services for microenterprises. For example, the USG-supported Herd Health Plan allowed private sector veterinarians to furnish pre-paid preventive veterinary care and served 25,000 beef cattle, with a 70% reduction in cattle mortality. Cell phone-based market information allowed price discovery and market linkages for 1,000 people per month, thus increasing smallholder access to up-to-date price information. A pilot money transfer pilot program successfully paid 75 farmers and agents \$2,300 using innovative cell-phone transactions. Due to an overwhelming response to USG-triggered services, results for the two indicators under this element far surpassed targets, reaching nearly 120,000 microenterprises including small farm enterprises. Given the environment for microenterprise productivity, support will continue as planned during FY 2008.

The Zambian government's Fifth National Development Plan (FNDP) addresses the microenterprise sector by focusing on competitive market practices, development of micro and small businesses, domestic trade fairs, the establishment of a Local Business Development Program, and the enactment of Citizens Economic Empowerment legislation to provide preferential treatment to targeted citizens – though the USG is concerned that the definition of targeted citizens may be left to Executive Branch discretion and could be manipulated for political purposes.

The USG supported efforts to ensure gender balance in its microenterprise programs. Efforts included facilitating a greater presence of women in training and demonstrations, extending the preventive animal health services to women-owned livestock, reinforcing shared ownership of beef cattle, increasing the number of women among agricultural input sales agents and promoting wills and legal services to assure equitable division of assets.

Element Indicator Narrative \ 4 Economic Growth \ 4.7 Economic Opportunity \ 4.7.3 Strengthen Microenterprise Productivity

Targets for the two indicators were surpassed. The USG's innovative support to microenterprises demonstrated that microenterprises are not only active consumers of goods and services, but that the relationship between microenterprises and support businesses are lucrative for both sides of the transaction. Veterinary services, business development services, agricultural input retailers, large seed companies, and large agricultural input suppliers are all expanding into rural, smallholder markets based on the business model piloted by the USG. Increased efficiencies and reduced transaction costs are attracting support businesses to the previously-ignored small farmer markets. The USG works not only to change the business model, but also to trigger and strengthen these market linkages in already existing commodity value chains. Targets for financial year FY 2008 have been adjusted upwards to reflect the success in FY 2007, which is expected to continue and accelerate.

Program Area Performance \ 5 Humanitarian Assistance \ 5.1 Protection, Assistance and Solutions

The Southern and Western provinces of Zambia suffer chronically from high levels of poverty, food insecurity, and HIV/AIDS. In FY 2007, the USG responded by developing a long-term "drought to development" program, designed to graduate farmers from subsistence practices to market-based production while providing nutritional support to vulnerable communities. The program, approved early in FY 2007, did not receive full funding until late in the fiscal year. The USG expects to ramp up activities early in FY 2008. The focus is to reduce the need for humanitarian assistance through risk prevention and mitigation strategies.

The USG utilized partial funding received earlier in the fiscal year to respond to isolated but devastating floods that hit several provinces. The Government of Zambia (GRZ) organized a national Vulnerability Assessment Committee (VAC), with active USG participation, which estimated that 440,000 people required food aid during the "hungry season" (November to March). The floods and dry spells exacerbated the predicament for poor Zambians, especially, people living with HIV/AIDS. The GRZ did not have adequate resources to assist all affected people, but contributed 10,000 tons of cereals to the World Food Program to meet identified food aid needs.

The USG responded with food aid for almost 3,400 vulnerable households (over 20,000 people) in the flood- and drought-affected Western Province. Additionally, the USG began activities to transition recipients from

food relief, through recovery, to development. USG assistance will improve food security and nutrition for vulnerable groups (pregnant women, chronically ill, and children) while promoting more sustainable, market-oriented agriculture; for example, estimating crop demand before planning production. Female-headed households, widows, and grandmothers caring for orphans are the most vulnerable, and receive top priority for USG assistance, including food aid for those who are the most food insecure. USG assistance is also helping these households to diversify their crops, further reducing future food aid needs.

The USG seeks to graduate subsistence farmers through sustainable practices linked to agricultural sector reform. The USG will promote market liberalization, and work directly with farmers to practice innovative, market-oriented agricultural planning. Nutritional support will help reduce malnutrition and child stunting in targeted areas.

Program Element Performance \ 5 Humanitarian Assistance \ 5.1 Protection, Assistance and Solutions \ 5.1.2 Assistance and Recovery

In FY 2007, Zambia's most vulnerable regions included the chronically food insecure Western and Southern provinces and the flood-affected areas of Northwestern and Luapula provinces. These areas experienced high levels of food insecurity, poverty, and HIV/AIDS, reflected in the high rate of child stunting in those regions.

Major causes of food insecurity are: low agricultural production, limited crop diversity, inadequate infrastructure, poor market integration, loss of livestock, HIV/AIDS, and climatic shocks including drought and floods. In 2007, three of Zambia's nine provinces experienced devastating but isolated floods. Another province had dry spells in some areas, resulting in crop losses and damage to homes. These shocks aggravated food insecurity.

In response to the chronic food insecurity in Western and Southern provinces, the USG launched a non-emergency Title II multi-year assistance program (MYAP), targeting vulnerable, food insecure communities. The MYAP complements efforts of the Government of Zambia (GRZ), other USG agencies, and non-USG donors, including World Food Program (WFP). The program retains flexibility to respond to emergencies, such as the FY 2007 floods.

To assist the estimated 440,000 people needing food assistance from flood damage, the GRZ demonstrated its commitment with a contribution of 10,000 tons of food aid. Such assistance could not cover the entire estimated need. USG assistance utilized part of its Title II program to support flood-affected residents of the Western and Southern provinces.

Due to a significant delay in funding to start this new program, USG assistance did not reach the intended target of 5,786 households. Despite the delay, the USG program provided supplementary food commodities to the most food-insecure households in flood- and drought-affected areas of Western Province. The assistance reached 3,369 households (58% of the household target).

Gender related vulnerability was reflected by the inclusion not only of child-headed households, but of households headed by single mothers, widows and grandmothers caring for AIDS orphans. Support in FY 2007 was limited to short-term, drought-flood related food aid, due to the late start.

The program is now adequately funded and is on track to achieve its FY 2008 targets. In FY 2008,

beneficiaries will receive more balanced support for agricultural diversification and market-related activities to mitigate and reduce vulnerability.

Element Indicator Narrative \ 5 Humanitarian Assistance \ 5.1 Protection, Assistance and Solutions \ 5.1.2 Assistance and Recovery

USG support provided supplementary food commodities to the most food insecure households and this accounted for 6% population coverage achieved. The beneficiary categories included the elderly, chronically ill, and women- and child-headed households. Due to delayed funding, the program was not able to recruit staff in a timely manner nor fully implement the program in FY2007. However, the program managed to hold consultative meetings with district stakeholders in the selection of target communities and identification of vulnerable individuals. Partners completed the baseline survey in the six districts under the program and have recruited all the required staff to implement the program at full scale.

Key Issue Performance \ Local Organization Capacity Development

Most Zambian local non-governmental (NGO) and civil society organizations lack skills in resource management, strategic planning, and implementation, all of which negatively impact their effectiveness as well as sustainability. In response to this, the USG is committed to establishing strong local institutions that carry on long after the development assistance has ended. In FY 2007, local NGOs implementing USG programs benefited from capacity development efforts, including improvements to financial and performance reporting systems. For example, community based organizations and Parent and Teacher Associations (PTAs) received USG capacity building interventions designed to strengthen their ability to articulate community interest in local basic education programs and schools. Linking local organization capacity to social service delivery, the USG supported capacity building efforts for local organizations providing outreach services to street children, many of them displaced or orphaned as a result of the impact of HIV/AIDS on family structures. USG support included training of childcare workers, sub-grant management, and financial management and supported an increase in network organizations from 16 in FY 2006 to 30 in FY 2007. Many USG-supported HIV/AIDS programs include a focus on local partner capacity development, including institutional strengthening and human capacity development, and financial, leadership, management, and performance management strengthening.

Key Issue Performance \ Microenterprise

Microenterprises dominate the majority of all business transactions in Zambia. In a country where the formal sector is very small, microenterprises play a critical role in overall economic growth. These enterprises require assistance in improved management practices, access to start-up capital, market information, and access to markets. USG-funded activities targeted veterinary services, seed and fertilizer companies, and business development services to increase the competitiveness of microenterprises operating in these sub-sectors through the use of technology and linkages into regional markets. A special fund established by the USG helped small agribusinesses build creditworthy track records so that they can attract private equity and capital, including commercial loans.

Key Issue Performance \ Trade Capacity Building

USG support for economic growth in Zambia is heavily involved in trade capacity building (TCB). TCB is

essential to address Zambia's high poverty levels through interventions that address customs administration, export promotion, financial services, and trade-related agricultural development. In FY 2007, the USG supported the start-up of the Africa Trade Insurance office, which insures receivables on export orders, and increases access to trade finance by lowering transaction risks. A Development Credit Authority guarantee is supporting trade finance. Value-chain diagnostics culminated in the identification of lucrative export deals for animal products, honey, horticulture products and groundnuts. USG technical assistance was pivotal in brokering a trade agreement between Zambia's Northwestern Province and Angola's Moxico Province. Tourism sector training improved marketing skills, internet utilization and service standards and delivery in the tourism industry. The Millennium Challenge Account Threshold Program supported customs reform leading to increased border management efficiency and reduced opportunities for corruption and helped to streamline business registrations. USG support for the Zambia Commodity Exchange is facilitating price discovery and market efficiencies and creating confidence in Zambia for entrepreneurs.

Key Issue Performance \ Applied Research

To support malaria control under the Zambian National Health Strategic Plan, the USG is supporting an entomological research activity to measure mosquito populations and insecticide effectiveness in seven districts. This study will involve the collection of mosquitoes just before the beginning of the indoor residual spraying (IRS) campaign, and then at two-monthly intervals for three or four rounds. These mosquitoes will then be kept in the insectary at the National Malaria Control Center and will be subjected to susceptibility/resistance tests to determine whether the insecticides being used are effective. The results of this study will be used to target USG-supported malaria interventions, including those that fall within the FY 2008 Presidential Malaria Initiative.

The USG is supporting applied research in education focused on improving procedures on how children are monitored and advanced through school. This research examines the value and acceptance of continuous assessments compared to the traditional approach of a single fixed examination at grade seven. The research will guide future USG programming to support increased quality of basic education.

Key Issue Performance \ Community Mobilization/Participation

Community mobilization and community participation are a cornerstone of many of the USG's efforts in Zambia. Religious and traditional community leaders such as Chiefs still play a key role in Zambian society. By including these leaders in community mobilization activities along with other stakeholders (such as youth groups, community-based organizations, and affected individuals and families), the USG ensures the promotion of positive social and health behaviors. In the education sector, the USG engages and facilitates community leadership in the development and delivery of basic education, especially through community-based schools. The USG provided support to 3,000 community schools that reached more than 500,000 children unable to access the formal education system. USG support to Parent-Teacher Associations enabled communities to take the lead on rehabilitating 260 schools. The USG also engages communities to increase access to quality family planning and reproductive health, safe-motherhood, malaria and HIV/AIDS prevention and treatment services through social marketing, training, and communication for behavior change to improve the health of Zambians. Linking communities to USG support means that communities are fully engaged and active participants in their own development, finding solutions to their own problems and sustaining the results achieved.

Key Issue Performance \ Increasing gender equity

The USG supports programs that address gender-based disparities. Because girls suffer lower retention and graduation rates than boys, the USG supported efforts to integrate gender into education programs. The USG supports the Ministry of Education to increase access and quality for girls' education. Interactive radio instruction mitigates girls' lack of formal access to quality basic education in rural areas. USG support to street children included the opening of an outreach center targeting girls, who are especially vulnerable and subject to abuse and exploitation.

Women are traditionally marginalized from the formal economy, especially the export sector. The USG includes women in assistance that targets increased women's formal sector participation. Because small livestock are predominately owned by women, the USG supported private veterinary services to women-owned livestock to improve livestock health and increase women's income. Food aid targeted women-headed households, reflecting gender-based vulnerability in food-insecure households

The USG's Malaria program focused on pregnant women and small children. The Indoor Residual Spraying (IRS) program is taking steps to limit women's exposure to DDT, linked to health complications for child-bearing age women. Maternal mortality is among the highest in the world. USG assistance is providing training and technical assistance to reduce maternal mortality but funding uncertainty for FY 2008 puts progress at risk.

Key Issue Performance \ Development Research

The FY 2007 Operational Plan indicated Development Research as a key issue for Zambia. However, a review of USG supported activities for FY 2007 indicates that no activities meet the definition of Development Research. It is unlikely that Development Research will be supported during FY 2008 and the FY 2008 Operational Plan will be revised to reflect this.

Key Issue Performance \ Food Security

The USG supports efforts to address the root causes of food insecurity and household vulnerability in Zambia. Food insecurity follows low agricultural production, limited crop diversity, inadequate infrastructure, and poor market integration. The situation is exacerbated by an advanced HIV/AIDS epidemic and frequent climatic shocks including, for example, isolated but devastating floods and prolonged dry spells during FY 2007. USG efforts are cross-cutting and link chronic vulnerability, agriculture and livestock production, humanitarian assistance, and economic opportunity within a comprehensive approach emphasizing the shift from relief to development.

USG Title II funds assist vulnerable groups affected by high levels of chronic food insecurity, recurrent shocks, and HIV/AIDS, with targeted food assistance, improved agricultural practices and market linkages. USG support under the Economic Growth objective further links relief efforts with development and is supporting improvements in agriculture and livestock productivity and increased access to markets. Women and female-headed households are especially vulnerable and USG support targets those groups. For example, small livestock are more likely to be owned and cared for by women and are benefitting from focused veterinary services to improve herd health. To diversify their income streams, the USG supports training and technical assistance for women to increase microenterprise productivity and market access.

Key Issue Performance \ Biodiversity

Zambia has a valuable and rich diversity of biological resources. Population pressures combined with the extractive exploitation of natural resources, however, threaten biological diversity and long-term economic growth. The USG supports enterprise-based conservation activities to reduce pressures on bio-diversity. Through the application of ecosystem-friendly technologies, people have viable livelihood options that do not damage the natural resource base. The USG supports the refinement and promotion of conservation farming techniques, which increases productivity, reduces soil degradation, limits the need for chemical inputs, discourages the burning of crop residues, limits soil run-off into waterways and reduces the clearing of forest land for agricultural production. The USG supports modern beekeeping technologies that significantly increase smallholder incomes, while discouraging the traditional practice of burning the forest to remove the bees before harvest. In Zambia's Northwestern Province alone, over 6,000 beekeepers are earning over 50% of their cash income from conservation-friendly apiary practices. In the Western Province's Liuwa Plains National Park, the USG supports wildlife conservation by working with the park's 20,000 traditional inhabitants. Traditionally, livelihoods were secured through hunting, gathering and cattle rearing. The USG is helping the park inhabitants increase profits from cattle and reduce the pressure on biological resources.

Key Issue Performance \ Africa Education Initiative (AEI)

In FY 2007, Africa Education Initiative (AEI) funds were instrumental in supporting expanded training opportunities for teachers, which is contributing to enhanced quality of education in Zambia. In FY 2007, the USG supported in-service and pre-service training activities reaching 6,382 teachers, while the USG basic education program successfully scaled-up coverage to train more than 2,000 community school teachers. The success of the expanded education program is due to the wide reception, by Ministry of Education (MOE) staff and community schools, of the innovative teacher training interventions that the USG supported. With collaboration from the MOE, government and community school teachers were introduced to health and nutrition training for use in schools and the use of radio instruction in lower basic school grades. AEI funds improved classroom instruction and standards monitoring, particularly for community schools which have less-qualified teaching staff and receive little support from the MOE. AEI funds, through central funding mechanisms, provided 1,869 scholarships to needy girls and supported a textbook development program to provide math textbooks and math teaching materials for all Grade 4 students.

Key Issue Performance \ African Global Competitiveness Initiative (AGCI)

Increasing Zambia's export competitiveness is critical to support economic growth at a level that will positively impact Zambia's endemic poverty, while diversifying away from its dependence on minerals and mining. African Global Competitiveness Initiative (AGCI) funds are critical to supporting USG efforts that promote Zambia's export competitiveness through improved production technologies, enterprise development, access to financial services and increased market access. Partner clients increased export trade by 38%, while sales by targeted small-scale producers increased 83%. Through new linkages with product consolidators and processors, smallholder producers are tapping into previously inaccessible export markets. USG support to the financial services industry resulted in new private sector financial instruments and services. Small farmers can now receive payment via mobile phone cash transfers, and leasing products have reduced risks for banks and increased small business access to financial services. Banks received training and technical assistance in new product development and improved risk management. Exports of

horticulture products, honey, groundnuts, animal products, and paprika are reaching economically significant levels. USG-supported policy analysis contributes to donor and Zambian government (GRZ) understanding of investment-friendly policies. The USG continues to push the GRZ to promote agricultural investments through enabling legislation.

1 Peace & Security - Zambia

1.1 Counter-Terrorism\1.1.1 Deny Terrorist Sponsorship, Support and Sanctuary

Number of Ports of Entry supported by USG Terrorist Interdiction Programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	2	1	3	1

1117

1.1.1 Deny Terrorist Sponsorship, Support and Sanctuary narrative (no more than 1500 characters)

chars

The Terrorist Interdiction Program's Personal Identification Secure Comparison and Evaluation System (PISCES) program contributes to the Zambian government's capacity to detect and detain suspected terrorists, and to improved information-sharing on counter-terrorism. PISCES program experts are exploring options for wide-area network connectivity and are still evaluating the feasibility of extending the system to another port of entry, but this appears unlikely given continued technical difficulties. The expansion of the PISCES system to another port of entry is also affected by new and comprehensive systems being introduced at or planned for Zambian ports of entry under the Millennium Challenge Account Threshold Program (MCA TP) for the Zambian Immigration Management System (ZIMS). Unfortunately, although exploring options, the two systems are not currently interoperable though they do have a number of overlapping features. If additional resources are made available to ensure ZIMS' interoperability with PISCES, ZIMS could contribute to the GRZ's ability to detect and and deter terrorist activity.

1.3 Stabilization Operations and Security Sector Reform\1.3.6 Defense, Military, and Border Restructuring, Reform and

Number of Border Security officers trained with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
20	25	25	25	25

1.3 Stabilization Operations and Security Sector Reform\1.3.6 Defense, Military, and Border Restructuring, Reform and

Number of host country military personnel trained to maintain territorial integrity

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
77	90	60	110	100

1000

1.3.6 Defense, Military, and Border Restructuring, Reform and Operations narrative (no more than 1500 characters)

chars

U.S.-sponsored training under International Military Education and Training (IMET) program improved the professionalism and the capacity of the Zambian military to carry out day-to-day operations, in a more safe and efficient manner, in support of peace and stability in Zambia. The IMET program provided broad-based military education to company-grade and non-commissioned officers. USG support also helped to increase technical capacity in defense resource management, to improve military logistics efficiency, and to strengthen Zambia Air Force flight safety capability. Additionally, IMET courses included personnel from other Zambian government entities concerned with the maintenance of border security. Due to higher than anticipated course costs and the lack of available group-oriented courses, fewer personnel than originally planned received training in FY 2007. Because the availability of group-oriented courses is not clear for FY 2008, Post revised this target slightly downwards.

3 Investing in People - Zambia

3.1 Health3.1.2 Tuberculosis

Average population per USG-supported TB microscopy laboratory

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	73,135	73,135	65,353	65,353

3.1 Health3.1.2 Tuberculosis

Case notification rate in new sputum smear positive pulmonary TB cases in USG-supported areas

					number of women (do not use, do not need to disaggregate)				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	41	41	43	43					

3.1 Health3.1.2 Tuberculosis

Number of improvements to laws, policies, regulations or guidelines related to improved access t and use of health services drafted with USG support

					number of men (do not use, no need to disaggregate)				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	1	1	1	1					

3.1 Health3.1.2 Tuberculosis

Number of monitoring plans

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	1	1	1	1

3.1 Health3.1.2 Tuberculosis

Number of people trained in DOTS with USG funding

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	117	99	90	90		82	48	18	45		35	51	72	45

3.1 Health3.1.2 Tuberculosis

Number of people trained in monitoring and evaluation

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	20	3	20	20

3.1 Health3.1.2 Tuberculosis

Number of TB cases reported to NTP by USG-assisted non-MOH sector

					number of women					number of men				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
			780	780				273	273				507	507

3.1 Health3.1.2 Tuberculosis

Percent of all registered TB patients who are tested for HIV through USG-supported programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	8	41	15	41		732	2,957	1,373	1,373		690	2,968	1,294	1,294

3.1 Health3.1.2 Tuberculosis

Percent of USG-supported laboratories performing TB microscopy with over 95% correct microscopy results

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	57	57	60	60

1079

3.1.2 Tuberculosis narrative (no more than 1500 characters)

chars
 Forty-one percent of all TB patients in USG-supported facilities were tested for HIV, significantly higher than the 8% target because data collection tools that captured TB/HIV information were introduced. The target for DOTS training was slightly under achieved because the GRZ shifted focus to TB/HIV co-infection. In FY 2008, USG support towards DOTS training will decrease to 90 students due to increased GRZ training funds for such activities. Of the four targeted laboratory facilities, none has been completely rehabilitated. Three have begun the process, but are delayed due to protracted property ownership negotiations between implementing partners and the GRZ. Monitoring and Evaluation training targets were not met in FY 2007 as the GRZ and partners employ a training of trainers methodology and the three trainers that were trained in FY 2007 will only be able to begin training others in FY 2008. This, in turn, will reduce the FY 2008 target tracking average number of TB patients being served by USG-supported TB microscopy laboratory from 73,135 to 65,353.

3.1 Health3.1.3 Malaria

Number of baseline or feasibility studies

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	2			NA

3.1 Health3.1.3 Malaria

Number of evaluations

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	process					results				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	2		1	3						1				

3.1 Health3.1.3 Malaria

Number of houses sprayed with insecticide with USG support

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	620,000	592,344	700,000	700,000

3.1 Health3.1.3 Malaria

Number of information gathering or research activities

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	1	3	1	6

3.1 Health3.1.3 Malaria

Number of institutions that have used USG-Assisted MIS System information to inform administrative/management decisions

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	1	1		1

3.1 Health3.1.3 Malaria

Number of institutions with improved Management Information Systems, as a result of USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
20	21	21	21	27

3.1 Health3.1.3 Malaria

Number of ITNs distributed that were purchased or subsidized with USG support

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	229,333	400,017	333,333	398,333

3.1 Health3.1.3 Malaria

Number of medical and para-medical practitioners trained in evidence-based clinical guidelines

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
168	229	207	206	270

3.1 Health3.1.3 Malaria

Number of monitoring plans

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	1	1	1

3.1 Health3.1.3 Malaria

Number of people trained in malaria treatment or prevention with USG funds

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2,011	2,155	3,787	2,524	2,500	804	980	1,440	1,050	1,100	1,207	1,175	2,349	1,274	1,400

3.1 Health3.1.3 Malaria

Number of people trained in monitoring and evaluation

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2,011	1,228	2,517	1,241	1,227

3.1 Health3.1.3 Malaria

Number of people trained in other strategic information management

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	30	60	33	33

3.1 Health3.1.3 Malaria

Number of people trained in research with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target

22	109	109	2	2
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3.1 Health3.1.3 Malaria

Value of pharmaceuticals and health commodities purchased by USG-assisted governmental entities through competitive tenders

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1,327,118	1,277,882	1,568,882	1,601,000	2,668,342

1252
chars

3.1.3 Malaria narrative (no more than 1500 characters)

Although 95% of targeted IRS households were sprayed, the campaign was delayed, which potentially diminished its protective effects. To address this, USG worked closely with the GRZ to improve donor coordination and consequently the 2007 IRS campaign started on time. The value of health commodities purchased by the USG exceeded the targeted amount because of additional PMI funding for ITNs. ITNs were procured and distributed in collaboration with the President's Emergency Plan for AIDS Relief and the Global Business Coalition, contributing to the GRZ's target of 3 ITNs per household. The number of people trained in malaria treatment, prevention, or monitoring and evaluation exceeded the targets by including attendance at refresher training and training of new Neighborhood Health Committee members. Sixty people were trained in strategic information management for GIS geocoding which will improve IRS planning. Evaluation targets were not met due to the reassignment of a mid-term to a final evaluation because of the late processing of baseline data. Information gathering targets were not met due to limited research capacity; a specialist was recently recruited to assist with IRS research activities to ensure targets are met next year.

3.1 Health3.1.6 Maternal and Child Health

Liters of drinking water disinfected with USG-supported point-of-use treatment products

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	1,330,000,000	2,267,340,000	1,470,000,000	1,600,800,000

3.1 Health3.1.6 Maternal and Child Health

Number of baseline or feasibility studies

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3				NA

3.1 Health3.1.6 Maternal and Child Health

Number of children less than 12 months of age who received DPT3 from USG-supported programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
763,356	520,000	515,249	527,000	527,000

3.1 Health3.1.6 Maternal and Child Health

Number of children under 5 years of age who received vitamin A from USG supported programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
5,858,023	2,295,000	2,642,377	2,320,000	2,320,000

3.1 Health3.1.6 Maternal and Child Health

Number of evaluations

					process					results					other					impact				
2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
		2																						

3.1 Health3.1.6 Maternal and Child Health

Number of information gathering or research activities

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	2	2	2	2

3.1 Health3.1.6 Maternal and Child Health

Number of institutions with improved Management Information Systems, as a result of USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
4	4	4	4	4

3.1 Health3.1.6 Maternal and Child Health

Number of people trained in child health and nutrition through USG-supported health area programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2,213	1,354	4,043	1,345	1,604	923	690	1,696	689	844	1,290	664	2,347	650	760

3.1 Health3.1.6 Maternal and Child Health

Number of people trained in maternal/newborn health through USG-supported programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2,075	1,324	3,121	1,335	1,524	843	681	1,409	694	826	1,232	643	1,712	641	698

3.1 Health3.1.6 Maternal and Child Health

Number of people trained in research with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
22	109	107	3	3

3.1 Health3.1.6 Maternal and Child Health

Number of special studies

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target

1160

3.1.6 Maternal and Child Health narrative (no more than 1500 characters)

chars

Those trained in MCH exceeded the targets due to leveraging of resources with non-USG partners in the area of IMCI, and refresher training involving community organizations. The DPT3 indicator fell shy of the target due to one Child Health Week being supplanted by a Measles Campaign during which children were given measles vaccinations, Vitamin A, and were de-wormed. DPT3 was not offered. The number of liters of drinking water disinfected surpassed the target by 70% due to regional flooding and a cholera outbreak, which necessitated increased purification activities. Outcomes not captured by the indicators which contributed to sustainability include planning support at the districts that improved resource allocation for MCH services, training of 140 data managers that improved the collection and analysis of Vitamin A data which will lead to better coverage, and community mobilization activities that strengthen community capacity to address health priorities. An administrative correction was made to the number of baseline feasibility studies from 0 to N/A. Three evaluations have been moved to be conducted in 2008 due to budget constraints.

3.1 Health3.1.7 Family Planning and Reproductive Health

Couple years of protection (CYP) in USG-supported programs

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
139,964	86,700	86,992	86,700	368,672

3.1 Health3.1.7 Family Planning and Reproductive Health

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2				1

3.1 Health\3.1.7 Family Planning and Reproductive Health

Number of special studies

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2	1	1		1

3.1 Health\3.1.7 Family Planning and Reproductive Health

Number of USG program interventions providing services, counseling, and/or community-based awareness activities intended to respond to

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2,771	3,096	2,564	3,096	3,096

3.1 Health\3.1.7 Family Planning and Reproductive Health

Number of USG-assisted service delivery points providing FP counseling or services

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
257	318	340	361	511

3.1 Health\3.1.7 Family Planning and Reproductive Health

Value of pharmaceuticals and health commodities purchased by USG-assisted governmental entities through competitive tenders

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
320,000	350,000	350,000	350,000	2,036,000

1414

3.1.7 Family Planning and Reproductive Health narrative (no more than 1500 characters)

In FY 2007 performance was mixed. The target for training in FP/RH was exceeded primarily because the definition of training was modified from full basic training to include refresher courses/orientation in FP/RH. The CYP target was exceeded because of popularity of a socially marketed oral contraceptive. Stocks sold extremely quickly and additional service delivery points were added to serve the increased demand. The FY 2008 target was increased because FY 2007 plus up funds will allow purchase of additional oral contraceptives. Beyond the oral contraceptives in the CYP target calculation, additional FP/RH commodities will be procured in FY 2008. These are not included in the target CYP since the mechanism to capture their use (versus procurement) is under development. Counseling targets were not achieved due to the partner losing other donor support when that donor chose to provide budget support directly to the GRZ. However, FY 2008 targets have been adjusted downward relative to the original target to reflect the new activity levels. Communication targets were not realized because the partner had to spend more time on local media capacity building than originally anticipated. Materials will be ready in early FY 2008. Targets for number of institutions with improved management information systems were incorrectly entered. Actual target for FY 2007 was 4 and was fully achieved.

tems were incorrectly entered. Actual target for FY 2007 was 4 and was fully achieved.

3.2 Education\3.2.1 Basic Education

Does your program support education systems/policy reform? If yes, please describe the contributions of your program, including progress

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	1		1

3.2 Education\3.2.1 Basic Education

Number of administrators and officials trained

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of men					number of women				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1,444	2,501	3,883	1,500	2,000	992	1,440	1,926	1,100	1,000	654	861	1,959	400	1,000

3.2 Education\3.2.1 Basic Education

Number of classrooms repaired with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	282	260	90	200

3.2 Education\3.2.1 Basic Education

Number of institutions that have used USG-Assisted MIS System information to inform administrative/management decisions

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	13	1	24

3.2 Education\3.2.1 Basic Education

Number of institutions with improved Management Information Systems, as a result of USG Assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
1	1	13	1	20

3.2 Education\3.2.1 Basic Education

Number of laws, policies, regulations, or guidelines developed or modified to improve equitable access to or the quality of education services

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
5	12	12	9	10

3.2 Education\3.2.1 Basic Education

Number of learners enrolled in USG-supported primary schools or equivalent non-school-based settings

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
188,480	616,900	707,532	634,000	650,000	94,398	301,900	366,867	306,400	325,000	94,082	314,900	340,665	327,600	325,000

3.2 Education\3.2.1 Basic Education

Number of teachers/educators trained with USG support

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	number of women					number of men				
					2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3,064	7,990	13,479	2,924	13,000	1,410	3,546	6,775	1,300	6,500	1,654	4,444	6,704	1,624	6,500

3.2 Education\3.2.1 Basic Education

Number of textbooks and other teaching and learning materials provided with USG assistance

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
2,224	47,756	74,250	3,000	45,000

1129
chars

3.2.1 Basic Education narrative (no more than 1500 characters)

USG support extended the Ministry of Education's (MOE) efforts to provide Zambian children with quality basic education. Most FY 2007 targets were surpassed due to additional Fast Track Initiative (FTI) funds as well as the opportunity afforded by the MOE to better serve teachers and students in community schools. Teachers from community schools have taught many years without formal training. With USG support, 13,479 teachers received improved teaching skills and resources while the learning materials provided an enriched learning environment. USG support also revived policy discussions on community schools not just in the MOE but also among education sector donors and civil society organizations. USG assistance in the development of the MOE management information system has increased the credibility of Zambia's education data. The MOE and international agencies are using the data for decision making with greater confidence. Fewer classrooms than planned were repaired with USG assistance due to a slow start in sub-grant activities. The FY 2008 performance outlook is promising and targets have been revised upwards.

3.3 Social Services and Protection for Vulnerable Populations

3.3.2 Social Services

Number of people benefiting from USG-supported Social Services

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
3,216	3,500	3,092	3,500	3,600

1 chars

3.2.1 Social Services (no more than 1500 characters)

USG supported program established additional networks in Southern, Central and Northern Provinces of Zambia to help expand government capacity to trace families and re-integrate street children into their families and communities. The results were lower than expected as a result of the government placement of 500 street children into vocational training camps who otherwise would have been under USG partner center care. USG support, from the public-private partnership noted in the malaria narrative, provided 6,481 insecticide treated nets to prevent malaria among vulnerable children under partner center care. The USG supported a substance abuse workshop for facilitating change with children on the streets, trained 25 new outreach trainers in Kabwe and Lusaka, and provided 2,375 children with nutritional support, and also collaborated with local groups to organize an age-15 and under soccer league. Over 550 children participated in the soccer league (including a team of children directly from the streets), and ten out of the 16 teams came from centers supported by USG partners.

3.3.2 Social Services

Number of USG-assisted interventions providing services, counseling, an

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
16	22	30	22	30

4 Economic Growth - Zambia

4.2 Trade and Investment 4.2.1 Trade and Investment Enabling Environment

Number of consultative processes with private sector as a

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	5	7	8	7	7

4.2 Trade and Investment 4.2.1 Trade and Investment Enabling Environment

Number of legal, regulatory, or institutional actions (not

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	7	9	8	9	9

4.2 Trade and Investment 4.2.1 Trade and Investment Enabling Environment Number of participants in trade and investment environment trainings

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men						
						2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target		
	104	106	186	108	46	27	27	80	28	18	77	79	106	80			28

4.2 Trade and Investment 4.2.1 Trade and Investment Enabling Environment

Number of Trade and Investment Environment diagnostics

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	8	9	11	9	9

4.2 Trade and Investment 4.2.1 Trade and Investment Enabling Environment

Number of USG supported training events held that related to improving the trade and investment environment

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	3	5	4	5	4

997 chars

4.2.1 Trade and Investment Enabling Environment narrative (no more than 1500 characters)

Three out of five targets were reached or surpassed. Eight – of nine planned - legal, regulatory, or institutional actions were completed, leading to further protection of agricultural sector investments and increased transparency in government marketing interventions. GRZ, farmer organizations, and traders received training in data analysis, which aided in policy decision making. The diagnostics added to a further understanding by the GRZ of the real effects of the appreciation of the local currency, and the impact of government's maize buying practices. The USG supported the completion of a 2,400-household, comprehensive Zambian urban consumption and expenditure survey that will direct future efforts in the area of policy development in agriculture and other areas. The target for training events was not achieved due to a definitional change following submission of the FY 2007 OP. The FY 2008 target has been adjusted downward to reflect the accurate definition.

4.2 Trade and Investment4.2.2 Trade and Investment Capacity

Number of Capacity-Building Service Providers receiving USG

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	45	202	186	303	363

4.2 Trade and Investment4.2.2 Trade and Investment Capacity

Number of firms receiving capacity building assistance to

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	37,696	65,805	43,298	76,065	56,065

4.2 Trade and Investment4.2.2 Trade and Investment Capacity

Number of firms receiving USG assistance that obtain

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	1	2	1	1

4.2 Trade and Investment4.2.2 Trade and Investment Capacity

Number of participants in USG supported trade and investment capacity building trainings

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men					
						2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	
	58,165	65,954	119,082	76,208	140,055	5,111	6,652	30,032	7,678	21,022	53,054	59,302	89,050	68,530	119,033	

4.2 Trade and Investment4.2.2 Trade and Investment Capacity

Number of USG supported training events on topics related to

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	158	509	189	1,010	2,306

1089

4.2.2 Trade and Investment Capacity narrative (no more than 1500 characters)

chars

Three out of five targets were not reached. Targets were compromised by the near collapse of the cotton and honey industries - the focus industries for this sector. The cotton industry, with local costs and hard currency markets, experienced a reduction of nearly 50% of its growers in the 2007 season due to the rapid and dramatic appreciation (30%) of the local currency, and the resultant low prices paid to producers in the 2006 season. The honey sector experienced a reduction in volume due to heavy rains during the flowering season. As a result, honey production fell by over 50%. Production recovered somewhat in both industries in the second marketing season. Improved production practices and efficiencies in the cotton industry, coupled with input and veterinary promotions and activities in other industries are reflected in an upward adjustment of three of the five targets for FY 2008. Because the cotton industry is expected to only partially recover in FY 2008, there is a downward adjustment in the target for firms receiving capacity building assistance to export.

4.3 Financial Sector4.3.2 Financial Services

Number of financial sector professionals trained on international standards this year with USG assistance

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
						2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	60	72	100	70	-	-	11	-	10	-	-	61	-	60

4.3 Financial Sector4.3.2 Financial Services

Number of USG supported special funds loans issued this year

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	54,521	60,010	43,034	70,010	38,710

4.3 Financial Sector4.3.2 Financial Services

Value of the USG supported special funds loans issued this

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	2,445,045	4,800,000	3,052,750	7,000,000	2,900,000

1079

4.3.2 Financial Services narrative (no more than 1500 characters)

chars

Two out of three targets were not reached. The number and value of special funds loans, which include in-kind input supply financing, were compromised by the sub-standard performance of the cotton industry in FY 2007, which experienced a reduction of nearly 50% of its growers in the 2007 season due to the rapid and dramatic appreciation (30% in two months) of the local currency, and the resultant low prices paid to producers in the 2006 season. All companies that had local currency costs and hard currency markets experienced similar currency-related hardships in their operations. Because the cotton industry is expected to only partially recover in FY 2008, the two indicators that are directly related to cotton have been pared. Although the training indicator was surpassed in 2007, there is also a downward adjustment in the 2008 target for the number of financial sector professionals trained as the commercial banks have been very slow to participate and provide cost share funds for such training and a focus on sustainability requires this planned reduction.

4.5 Agriculture4.5.1 Agricultural Enabling Environment

Number of individuals who have received USG supported long term agricultural enabling environment training

Number of women	Number of men
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	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	2	3	2	2	-	1	3	1	1	-	1	-	1	1

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of individuals who have received USG supported short-term agricultural enabling environment training

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	Number of women					Number of men				
						2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	41	45	65	52	50	6	10	37	13	27	35	35	28	39	23

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of institutions/organizations undergoing

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	1	2	2	2

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of policy reforms analyzed with USG assistance

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	8	10	14	10	11

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of policy reforms presented for legislation/decrees as a

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	5	7	9	7	8

4.5 Agriculture\4.5.1 Agricultural Enabling Environment

Number of institutions making significant improvements based

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	1	2	2	2	2

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	41,517	62,005	68,333	94,009	142,309	5,002	10,802	8,690	20,804	21,854	36,515	51,203	59,643	73,205	120,455

4.5 Agriculture4.5.2 Agricultural Sector Productivity

Number of producers organizations, water users associations,

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	8	46	69	62	49

4.5 Agriculture4.5.2 Agricultural Sector Productivity

Number of rural households benefiting directly from USG

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	57,965	102,639	76,174	168,000	60,720

4.5 Agriculture4.5.2 Agricultural Sector Productivity

Number of women's organizations/associations assisted as a

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	1	-	2	1

4.5 Agriculture4.5.2 Agricultural Sector Productivity

Percent change in value of international exports of targeted

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	3	13	38%	15	14%

4.5 Agriculture4.5.2 Agricultural Sector Productivity

Percent change in value of purchases from smallholders of

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	5	10	83%	10	15%

1312

4.5.2 Agricultural Sector Productivity narrative (no more than 1500 characters)

Five out of ten targets were met. Reluctance by the GRZ to pass legislation for warehouse receipts led to insufficient private sector funds mobilized by the USG DCA guarantee. The Bill has been in the Zambia Ministry of Agriculture for four years, and there appears to be no political will to pass it into law. The indicator will be dropped in FY 2008. The indicators for number of hectares, agriculture-related firms, and the number of rural households, were adversely affected by the collapse of the cotton industry. The cotton industry experienced a 50% reduction in its producer base in 2007 due to appreciation of the local currency in 2007. These three targets have been adjusted downwards for FY 2008 because the cotton industry is still recovering. The last under-performing indicator addresses assistance to women's organizations, and reflects the late completion of the report on Widow's Access to Land in the HIV/AIDS Era, the foundation for collaborating with women's groups. FY 2008 target in this indicator has been reduced. Targets for the other indicators were surpassed, and have been adjusted upwards for FY 2008. The targets in international exports and smallholder purchases was high due to the incorporation of new high-volume, smallholder-grown commodities like groundnuts and hid

4.6 Private Sector Competitiveness\4.6.2 Private Sector Productivity**Amount of Private Financing Mobilized with a DCA Guarantee**

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
		6,000,000	6,300,000	7,000,000	7,000,000

4.6 Private Sector Competitiveness\4.6.2 Private Sector Productivity**Number of firms receiving USG assistance to invest in**

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	19,380	101,750	22,951	153,000	23,000

4.6 Private Sector Competitiveness\4.6.2 Private Sector Productivity**Number of firms receiving USG assistance to improve their**

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	61,901	191,752	73,034	273,002	46,602

4.6 Private Sector Competitiveness\4.6.2 Private Sector Productivity**Number of public-private dialogue mechanisms utilized as a**

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	2	10	17	10	14

4.6 Private Sector Competitiveness\4.6.2 Private Sector Productivity**Number of SMEs receiving USG assistance to access bank**

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target

	2	6	6	6	6
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4.6 Private Sector Competitiveness

4.6.2 Private Sector Productivity

Number of SMEs that successfully accessed bank loans or

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	54,515	60,004	43,047	70,004	38,704

976 chars

4.6.2 Private Sector Productivity narrative (no more than 1500 characters)

Three out of the six targets were not met in this element. The underperformance of targets for firms receiving assistance to invest in improved technologies; assistance aimed at improving targeted firm's management practices; and successfully accessing bank loans or private equity were all linked to the dramatic decline in the cotton industry, which experienced a reduction of nearly 50% of its growers for the 2007 season due to the rapid and dramatic appreciation (30% in two months) of the local currency, and the resultant low prices paid to producers following the 2006 season. The program views in-kind financing of input supplies for crop production as "private equity". Expecting that the cotton industry will only partially recover in FY 2008, targets for these indicators have been adjusted downward for next fiscal year. Utilization of public-private dialogue mechanisms is expected to increase and the indicator target has therefore been increased for FY 2008.

4.7 Economic Opportunity

4.7.3 Strengthen Microenterprise Productivity

Number of micro enterprises participating in USG assisted

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	30,000	73,151	48,000	200,000

4.7 Economic Opportunity

4.7.3 Strengthen Microenterprise Productivity

Number of micro enterprises receiving business development

	2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
	-	50,000	118,979	80,000	140,000

986 chars

4.7.3 Strengthen Microenterprise Productivity narrative (no more than 1500 characters)

Targets for the two indicators were surpassed. The USG's innovative support to microenterprises demonstrated that microenterprises are not only active consumers of goods and services, but that the relationship between microenterprises and support businesses are lucrative for both sides of the transaction. Veterinary services, business development services, agricultural input retailers, large seed companies, and large agricultural input suppliers are all expanding into rural, smallholder markets based on the business model piloted by the USG. Increased efficiencies and reduced transaction costs are attracting support businesses to the previously-ignored small farmer markets. The USG works not only to change the business model, but also to trigger and strengthen these market linkages in already existing commodity value chains. Targets for financial year FY 2008 have been adjusted upwards to reflect the success in FY 2007, which is expected to continue and accelerate.

5 Humanitarian Assistance - Zambia

5.1 Protection, Assistance and Solutions\5.1.2 Assistance and Recovery

Percent of disaster-affected households provided with basic inputs for survival, recovery or

2006 *	FY 2007 Target	FY 2007 Actual	2008 Original Target	2008 Revised Target
-	11	6	13	-

713

5.1.2 Assistance and Recovery narrative (no more than 1500 characters)

chars

USG support provided supplementary food commodities to the most food insecure households and this accounted for 6% population coverage achieved. The beneficiary categories included the elderly, chronically ill, and women- and child-headed households. Due to delayed funding, the program was not able to recruit staff in a timely manner nor fully implement the program in FY2007. However, the program managed to hold consultative meetings with district stakeholders in the selection of target communities and identification of vulnerable individuals. Partners completed the baseline survey in the six districts under the program and have recruited all the required staff to implement the program at full scale.