
ZAMBIA

INTRODUCTION

WITH A GROSS NATIONAL INCOME (GNI) reaching USD 1 070 per capita in 2010, Zambia was reclassified as a middle-income country in 2011 (WDI, 2011). It has a population of 13 million. The 2006 Living Conditions Monitoring Survey indicates that the proportion of the population living below the poverty line declined over the period 1996-2006 from 68% to 59.3% (Government of Zambia, 2011).

Net official development assistance (ODA) to Zambia in 2009 totalled approximately USD 1.3 billion (OECD, 2011a). Since 2005, net ODA has averaged 12% of GNI (WDI, 2011). The top five donors contributed 61% of Zambia's aid (OECD, forthcoming). In 2010, aid disbursement to Zambia declined due to alleged corruption scandals resulting in the suspension of funding to certain key sectors. ■

SUMMARY OF PROGRESS

PROGRESS ON THE PARIS DECLARATION INDICATORS depends on improvements by both donors and partner governments. Zambia took part in both the 2006 and 2008 Surveys and showed prospects of meeting the 2010 targets riding on its successes in the previous surveys. The data indicates that Zambia has made progress since 2005 in eight indicators with applicable targets and recorded setbacks in four. Zambia met only three of its targets. It made progress for indicators on alignment and harmonisation but challenges remained, in particular with the use of common arrangements and aligning aid on national priorities. Unfortunately it appears to have regressed with regard to mutual accountability, and made only slight progress on managing for results. With a high level of commitment on the part of both government and donors towards implementing agreed conditions, Zambia could make progress on alignment, harmonisation and mutual accountability targets in the next five years.

ABOUT THE SURVEY

This chapter assesses progress against the quantitative indicators provided by the Survey on Monitoring the Paris Declaration, drawing on data provided by the government and donors, the OECD and the World Bank. In addition to this, it draws on qualitative evidence submitted to the OECD by the national government which incorporates feedback from donors and other stakeholders. Stakeholders note that it is possible that in places definitions and concepts were interpreted differently by survey respondents in 2011 compared with previous years. A degree of caution should be taken when analysing the trends shown by some of the indicators.

The 2011 survey responses cover 21 donors and 72% of Zambia's core ODA. Zambia took part in the previous 2006 and 2008 Surveys. In the 2011 Survey there was wide consultation in preparing the report. The survey process was led by Ministry of Finance and National Planning. It involved the national co-ordinator, donors, the donor focal point,

government staff and civil society organisations. The Ministry of Finance and National Planning provided technical and financial support, and civil society groups were a useful source of information. Zambia participated in the optional modules on inclusive ownership and gender equality and women's empowerment with the objective of providing information to further dialogue among stakeholders. ■

TABLE 1:
Baselines and targets
for 2010

INDICATORS		2005 REFERENCE	2007	2010 ACTUAL	2010 TARGET
1	Operational development strategies	C	B	B	'B' or 'A'
2a	Reliable public financial management (PFM) systems	3.0	3.5	3.5	3.5
2b	Reliable procurement systems	Not available	C	Not available	No Target
3	Aid flows are aligned on national priorities	52%	74%	52%	85%
4	Strengthen capacity by co-ordinated support	32%	34%	79%	50%
5a	Use of country PFM systems	34%	59%	52%	56%
5b	Use of country procurement systems	44%	71%	54%	No Target
6	Strengthen capacity by avoiding parallel PIUs	24	34	30	8
7	Aid is more predictable	50%	85%	0%	75%
8	Aid is untied	99%	97%	98%	More than 99%
9	Use of common arrangements or procedures	47%	47%	45%	66%
10a	Joint missions	15%	16%	27%	40%
10b	Joint country analytic work	46%	46%	50%	66%
11	Results-oriented frameworks	D	C	C	'B' or 'A'
12	Mutual accountability	Y	N	N	Y

TABLE 2:
Learning from success
and challenges

	ACHIEVEMENT OR CHALLENGE	LESSON OR PRIORITY ACTION
Ownership	<p>Achievement:</p> <ul style="list-style-type: none"> The sixth National Development Plan is underpinned by a long-term vision and includes prioritised targets which are operationalised by the MTEF 	<p>Priority action:</p> <ul style="list-style-type: none"> Review and agree on the rules of broader participation in the national development plan processes, including selection of participants, level of engagement and use of consultation outcomes
Alignment	<p>Challenge:</p> <ul style="list-style-type: none"> Weak, decentralised capacity to undertake procurement and planning 	<p>Priority action:</p> <ul style="list-style-type: none"> Develop the capacity of decentralised institutions in procurement and public financial management systems
Harmonisation	<p>Achievements:</p> <ul style="list-style-type: none"> The development of Zambia's Aid Policy and Strategy, the 2005 Poverty Reduction Budget Support framework, the 2007 Joint Assistance Strategy for Zambia and institutionalised sector-wide approaches in many sectors, some pre-dating the Paris Declaration. <p>Challenges:</p> <ul style="list-style-type: none"> No improvement in use of common arrangements by donors. Elements of the 1st of April 2004 Memorandum of Understanding on Harmonisation in Practice abandoned by both the government and co-operating partners, such as withholding missions during the silent period (for budgetary preparation) 	<p>Priority action:</p> <ul style="list-style-type: none"> Extend programme-based approaches to all sectors where government systems are sufficiently robust to leverage more use of country systems.

	ACHIEVEMENT OR CHALLENGE	LESSON OR PRIORITY ACTION
Managing for results	Challenge: <ul style="list-style-type: none"> Weak data collection and analysis systems are leading to a lack of baseline data. 	Priority action: <ul style="list-style-type: none"> Improve national information systems and plans.
Mutual accountability	Challenge: <ul style="list-style-type: none"> Absence of a clear schedule for specific national targets for government and donors in relation to the Paris Declaration 	Priority action: <ul style="list-style-type: none"> Develop time-bound aid effectiveness targets for government and donors.

OWNERSHIP

AID IS MOST EFFECTIVE when it supports a country-owned approach to development. It is less effective when aid policies and approaches are driven by donors. In the context of the Paris Declaration, ownership concerns a country's ability to carry out two, inter-linked activities: exercise effective leadership over its development policies and strategies; and co-ordinate the efforts of various development actors working in the country.

Indicator 1 assesses the operational value of a country's development strategy. In particular, it looks at the existence of an authoritative country-wide development policy (*i.e.* a unified strategic framework), the extent to which priorities are established, and whether these policies are costed and linked with the budget. All of these features are important to harness domestic resources for development, and to provide a basis for the alignment of aid to development priorities. Each country has provided evidence against these criteria, and this has been translated into a score by the World Bank using the same methodology as in the 2006 and 2008 Surveys. A five-point scale runs from A (highest score) to E (lowest score). The Paris Declaration targets 75% of partner countries achieving a score of A or B by 2010.

As in the 2008 Survey, the World Bank gave Zambia a B rating in 2010 for having in place an operational development strategy; this shows an improvement on the C rating obtained in the 2006 Survey.

Zambia has a national development strategy (the National Development Plan), underpinned by a national long-term Vision 2030 with priority components that are translated into five-year development plans. Plans are implemented on a sectoral basis while the management and the monitoring and evaluation of plans are centrally conducted by the Ministry of Finance. In its sixth National Development Plan (2011-15), the government intends to create a mechanism to allow non-state actors to play a complementary role in the monitoring and evaluation of government programmes. It is expected that the findings of the independent monitoring and evaluation of programmes by civil society organisations will be discussed with government through existing advisory institutions.

The national development plans are linked to the budget through medium-term expenditure frameworks (MTEFs) and the annual budgets. The Government of Zambia puts together the medium-term fiscal framework (MTFF) and MTEF on an annual basis. This is to ensure that priority areas in the national plans are allocated adequate resources.

INCLUSIVE OWNERSHIP AND GENDER EQUALITY

The system for consulting civil society organisations on the formulation, implementation and monitoring of the NDPs started in 2002. Forums for their participation are permanent arrangements although are not institutionalised legally. The quality of the processes is variable, often being stronger where donors have large funding programmes. They have tended to focus on meeting donor requirements for financial and also performance reporting. Some stakeholders raised concerns about the quality of the participation of civil society organisations which can be constrained by their own capacity, the lack of clarity of their mandate and constituencies as well as their access to timely and relevant information.

INDICATOR 1

Do countries have operational development strategies?

The fifth National Development Plan (2006-10) contained a separate chapter on gender as well as including it as a cross-cutting issue in the other sectors. It specifies the following gender objectives: mainstreaming gender in the development process, improving gender-management information systems; promoting safe motherhood; economic empowerment of women that includes access to education and income-generating activities; and legal reform to make laws more gender responsive. Efforts to collect gender disaggregated data to be used for policy making are constrained by a lack of resources to collect data, a weak strategic approach and insufficient awareness of the benefits of such an effort. ■

ALIGNMENT

AID THAT IS DONOR DRIVEN AND FRAGMENTED is less effective. For aid to be effective, it must make use of national development strategies and use and help strengthen capacity in national systems, such as those for procurement and public financial management. The Paris Declaration envisions donors basing their support fully on partner countries' aims and objectives. Indicators 2 through 8 of the Paris Declaration assess several different dimensions of alignment.

The 2010 scores for Zambia represent moderate successes with respect to meeting the targets for the 2011 Paris Declaration Monitoring Survey. Overall, targets were met for the indicators on operational development strategies; hence Zambia has delivered on paragraph 15 and 18 of the Accra Agenda for Action. Technical co-operation on the part of some donors was recorded to have improved. Although the country made strong progress between 2005-07 on aligning aid with national priorities, there was a major setback between 2007-10. For Zambia to meet targets on alignment, the country needs to improve its accounting system to ensure that there is proper and accurate capturing of all donor planned and actual disbursement of funding. It will also be in the interest of Zambia to strengthen its public financial management and procurement systems in order to encourage donors to increase the use of country systems.

INDICATOR 2 Building reliable country systems

Indicator 2 covers two aspects of country systems: public financial management (PFM) and procurement. Do these systems either adhere to good practices or are there plans for reform? If countries have reliable systems, donors are encouraged to use them for the delivery and management of aid. This helps to align aid more closely with national development strategies and enhances aid effectiveness.

INDICATOR 2a How reliable are country public financial management systems?

Indicator 2a of the Paris Declaration assesses whether PFM systems meet broadly accepted good practices or whether credible reform programmes are in place. The assessment is based on the World Bank's Country Policy and Institutional Analysis (CPIA) score for the quality of PFM systems, which uses a scale running from 1 (very weak) to 6 (very strong).

To score highly, a country needs to perform well against all three of the following criteria: a comprehensive and credible budget linked to policy priorities; an effective financial management system to ensure that the budget is implemented as intended in a controlled and predictable way; and timely and accurate accounting and fiscal reporting, including timely and audited public accounts with effective arrangements for follow up. Meeting the global 2010 target requires half of partner countries to move up at least one measure (*i.e.* 0.5 points) between 2005 and 2010.

Zambia has improved its public financial management system, achieving a 3.5 rating compared to the 3.0 rating in the 2006 baseline survey. Meeting the public financial management target was a result of effective financial management reforms which predate the Paris Declaration. The country report indicates that these initial reforms covered 13 areas including improving commitment control, reforming the budget process; external audit, internal audit, procurement, public financial management law, and improving debt management. However, challenges remained regarding the implementation of the public financial management reforms due to staff, resources and organisational constraints. Government staff either lacked capacity to

implement reforms or were overburdened with tasks, thus unable to prioritise the necessary actions to implement reforms. National authorities responsible for overseeing the reforms mentioned that late approval of work plans, delays in funding by donors and lack of institutional memory due to frequent staff movement in donor agencies could be further obstacles.

The systems to enforce public financial management laws are still weak. The issue of probity and accountability remains a challenge for the government. More resources need to be put into strengthening demand for accountability by increasing citizens' awareness of accountability issues and improving the enforcement of the anti-corruption laws. This suggests a need for stronger leadership and political commitment to implement the reforms more effectively across the government.

Indicator 2b was first measured in 2008 by 17 countries. The process is one of self-assessment, using the Methodology for the Assessment of National Procurement Systems developed by the OECD-DAC Task Force on Procurement. The methodology includes baseline indicators to compare a country's systems to internationally-accepted good practice, as well as a new set of indicators. These indicators assess overall performance of the system, compliance with national legislation and standards and whether there is a reform programme in place to promote improved practices. The results are expressed as grades on a four-point scale running from A (the highest) to D (the lowest). The 2010 target is for a third of partner countries to move up at least one measure (*i.e.* from D to C, C to B or B to A) although not all countries will perform an assessment.

Zambia did not receive a rating for the indicator on reliable public procurement systems hence targets were not set for the 2011 Survey. The 2010 qualitative assessment noted that the local governments in Zambia lacked capacity to effectively undertake procurement and planning due to incomplete implementation of decentralisation policy. The Local Government Service Commission became effective in 2011 with the aim of posting qualified staff to local governments.

Comprehensive and transparent reporting on aid, and its use, helps ensure that donors align aid flows with national development priorities. When aid directed to the government sector is fully and accurately reflected in the national budget it indicates that aid programmes are well connected with country policies and processes. This also allows partner country authorities to present accurate and comprehensive budget reports to their parliaments and citizens.

As a proxy for alignment, indicator 3 measures the percentage of aid disbursed by donors for the government sector that is included in the annual budget for the same fiscal year. The indicator reflects two components: the degree to which aid is aligned with government priorities, and the extent to which aid is captured in government's budget preparation process. Budget estimates can be higher or lower than disbursements by donors and are treated similarly for the purpose of measuring indicator 3 despite the different causes. The 2010 target is to halve the proportion of aid flows that are not currently reported on government budgets, with at least 85% of aid reflected in the budget.

In the 2011 Survey Zambia recorded a setback since 2007 in terms of the share of aid disbursed by donors for the government sector that was included in the national budget. Zambia scored 52% compared to the 52% and 74% scores in the 2006 and 2008 surveys respectively. Some donors are performing relatively well by achieving the target of 85% (African Development Bank, EU Institutions, Germany, Japan). According to the country report, donors suspended funding to some sectors such as health due to corruption and fraud. Challenges remain with the lack of capacity on the part of government in capturing donor-planned and actual disbursement due to inadequate accounting systems. If progress is to be achieved in aligning aid with national priorities, it will require joint efforts from both donors and government to pursue common platforms that guarantee that aid flows are aligned to national priorities.

INDICATOR 2b

How reliable are country procurement systems?

INDICATOR 3

Aligning aid flows to national priorities

TABLE 3:
Are government budget estimates comprehensive and realistic?

	Government's budget estimates of aid flows in 2010 (USD m) a	Aid disbursed by donors for government sector in 2010 (USD m) b	2005		2007		2010 *		Total aid disbursed through other donors (USD m)
			(for reference)		(for reference)		(%) c = a / b c = b / a		
African Dev. Bank	57	58		21%		74%	99%		0
Belgium	0	1	--		--		0%		0
Canada	0	3	--		--		0%		0
Denmark	67	21	12%		54%			31%	0
EU Institutions	87	76	38%			99%		87%	18
Finland	8	16	24%		26%		53%		0
GAVI Alliance	0	6	--		--		0%		0
Germany	23	27		68%	26%		86%		0
Global Fund	0	6	--			55%	0%		25
IFAD	2	5	--		--		47%		0
IOM	0	0	--		--		--		0
Ireland	1	20	23%		1%		5%		1
Japan	33	37	10%		6%		89%		0
Netherlands	0	32	17%		37%		0%		0
Nordic Dev. Fund	1	3	--		--		39%		0
Norway	0	31	4%		62%		0%		2
Sweden	17	13	2%		38%			77%	0
United Kingdom	0	63	--		97%		0%		10
United Nations	3	86	76%		19%		3%		0
United States	0	130	--		4%		0%		0
World Bank	51	39		62%		77%		77%	0
Average donor ratio			30%		42%		35%		
Total	350	670	52%		74%		52%		58

*Ratio is $c = a / b$ except where government's budget estimates are greater than disbursements ($c = b / a$).

INDICATOR 7
Providing more predictable aid

For many countries, aid is a vital source of revenue and resources. Being able to predict aid disbursements – both in terms of how much aid will be delivered and when – is important to enable countries to manage public finances and undertake realistic planning for development. The Paris Declaration calls on donors to provide reliable, indicative commitments of aid over a multi-year framework, and to disburse aid in a timely and predictable manner according to agreed schedules.

Indicator 7 examines the in-year predictability of aid for the government sector by measuring the proportion of planned disbursements (as reported by donors) that are recorded by governments in their accounting system as having been disbursed. Indicator 7 therefore assesses two aspects of predictability. The first is the ability of donors to disburse aid according to schedule. The second is the ability of government to record disbursements for the government sector as received in its accounting system. Indicator 7 is designed to encourage progress in relation to both, with the aim of halving the proportion of aid not disbursed (and not captured in the government's accounting system) within the fiscal year for which it was scheduled by 2010. The ultimate goal is to improve not only the predictability of disbursements, but also the accuracy with which they are recorded in government systems – an important element to support ownership, accountability and transparency.

In the 2011 Survey, aid predictability was not assessed quantitatively as data were submitted too late. As a result, Zambia scored 0%, far below the 85% rating in the 2008 Survey. This highlights the slow provision of information by donors, and the problems the government has in processing this information when it is received.

	Disbursements recorded by government in 2010 (USD m) a	Aid scheduled by donors for disbursement in 2010 (USD m) b	2005		2007		2010 *		For reference: Aid disbursed by donors for government sector in 2010 (USD m) d	For reference: % of scheduled aid disbursements reported as disbursed by donors in 2010 **	
			(for reference)	(for reference)	(for reference)	(for reference)	(%) c = a / b	(%) c = b / a		(%) e = d / b	(%) e = b / d
African Dev. Bank	--	85	34%		5%				58	68%	
Belgium	--	1	--		--				1	95%	
Canada	--	0	0%			97%			3		0%
Denmark	--	46	92%			33%			21	45%	
EU Institutions	--	96	72%			75%			76	79%	
Finland	--	26	68%			91%			16	61%	
GAVI Alliance	--	8	--		--				6	73%	
Germany	--	39	86%			76%			27	68%	
Global Fund	--	14	--		--				6	42%	
IFAD	--	12	--		--				5	41%	
IOM	--	0	--		--				0	0%	
Ireland	--	22	70%			66%			20	90%	
Japan	--	37		82%		50%			37	100%	
Netherlands	--	48	14%			71%			32	67%	
Nordic Dev. Fund	--	8	--		--				3	34%	
Norway	--	36	57%			83%			31	87%	
Sweden	--	44	61%			75%			13	30%	
United Kingdom	--	66	73%			96%			63	95%	
United Nations	--	79		41%		47%			86		93%
United States	--	139	3%			99%			130	93%	
World Bank	--	76	41%			31%			39	51%	
Average donor ratio			53%		66%	--				62%	
Total	0	883	50%		85%	0%			670	76%	

* Ratio is c=a/b except where disbursements recorded by government are greater than aid scheduled for disbursement (c=b/a).

** Ratio is e=d/b except where disbursements recorded by donors are greater than aid scheduled for disbursement (e=b/d).

Donor disbursement has been lower than commitments in the last two years in Zambia. Stakeholders suggest that this is because of the very slow pace of disbursements and poor record-keeping, particularly by project management staff. The slow implementation of agreed conditions also leads to slow disbursements. Allegations and slow prosecution of corruption and fraud cases in the health and transport sectors have led to donors suspending sector budget support. As a result the Treasury has sequestered the release of funding to some sectors like agriculture to make it available in the health sector.

In order to improve on aid predictability government and donors must show more commitments in their actions by, for instance, improving reporting formats and strengthening data collection and management systems, or through proactively managing programmes in such a way that potential impediments to their timely implementation are pre-empted. Commitments should also be supported with mechanisms that strengthen the processes of information flow and management.

Capacity constraints present significant challenges to development and poverty reduction efforts and their sustainability. These relate both to aid management capacities (the ability of the government to capture, co-ordinate and utilise aid flows more effectively) and also to broader capacities for the design and implementation of policies and service delivery.

Under the Paris Declaration donors committed to providing technical co-operation that is co-ordinated with partner country strategies and programmes. This approach aims to strengthen capacities while also responding to the needs of partner countries. Successful capacity development is led by the partner country.

TABLE 4:
Are disbursements on schedule and recorded by government?

INDICATOR 4
Co-ordinating support to strengthen capacity

Indicator 4 focuses on the extent to which donor technical co-operation (an important input into capacity development) is country-led and well co-ordinated. It captures the extent to which technical co-operation is aligned with objectives articulated by country authorities, whether country authorities have control over this assistance, and whether arrangements are in place to co-ordinate support provided by different donors. The Paris Declaration target is for 50% of technical co-operation flows to be implemented through co-ordinated programmes that are consistent with national development strategies by 2010.

TABLE 5:
How much technical co-operation is co-ordinated with country programmes?

	Co-ordinated technical co-operation (USD m)	Total technical co-operation (USD m)	2005 (for reference)	2007 (for reference)	2010 (%)
	a	b			c = a / b
African Dev. Bank	0	0	--	100%	76%
Belgium	1	1	--	--	100%
Canada	0	0	--	48%	--
Denmark	3	3	100%	63%	100%
EU Institutions	2	2	24%	90%	100%
Finland	4	5	76%	86%	79%
GAVI Alliance	0	0	--	--	--
Germany	10	10	34%	44%	100%
Global Fund	0	0	--	--	--
IFAD	1	1	--	--	100%
IOM	0	0	--	--	0%
Ireland	2	3	100%	100%	61%
Japan	14	14	50%	52%	100%
Netherlands	0	0	74%	100%	100%
Nordic Dev. Fund	1	1	--	--	100%
Norway	1	2	50%	75%	67%
Sweden	1	2	43%	34%	57%
United Kingdom	1	1	78%	100%	77%
United Nations	19	30	51%	45%	64%
United States	42	54	19%	23%	77%
World Bank	4	4	--	46%	99%
Total	105	132	32%	34%	79%

Since 2005, Zambia has seen consistent progress in coordinated support by donors to strengthen capacity development. Data for 2010 indicate that 79% of technical co-operation is co-ordinated, which far exceeds the 2010 target of 50%. Major donors, including the United States, the United Nations, Germany, and Japan have all exceeded the 2010 target of 50% of their technical co-operation towards a country-led model. These four donors, which together provide 82% of the total technical co-operation, show an improvement over their performance in the 2008 Survey. The 2010 performance was impressive considering that a large amount of aid committed to the health sector-wide approach was suspended and some donors withdrew from the SWAp and sector budget support (*i.e.* health and roads). Even though the UN provided the second largest absolute amount of co-ordinated technical co-operation, as a proportion of its total technical co-operation it is the second lowest share of all donors. All donors moved forward on this indicator with the exception of the United Kingdom, the African Development Bank, Finland, Ireland and Norway.

According to the country-level qualitative assessment, with increased levels of commitment much could be achieved in co-ordinating support to strengthen capacity on the part of the government. From experience, donors also tend to provide co-ordinated technical co-operation in areas with programme-based approaches. Programme-based approaches exist in some sub-sectors but are not always clearly defined. In this context it is imperative for government to provide leadership in extending co-ordinated technical assistance to all relevant subsectors of the economy by defining capacity building needs more clearly in these sectors. However

government staff in sectors that have a sector-wide approach/programme-based approaches consider this to be potentially too demanding and risky because aid may be suspended if there are disagreements with donors. Some fear that donors use these kinds of arrangements to seek greater influence on policy issues.

Donor use of a partner country's established institutions and systems increases aid effectiveness by strengthening the government's long-term capacity to develop, implement and account for its policies to both its citizens and its parliament. The Paris Declaration commits donors to increase their use of country systems that are of sufficient quality, and to work with partner countries to strengthen systems that are currently weak. Indicator 5 is directly linked to indicator 2 on the quality of public financial management (PFM) and procurement systems.

INDICATOR 5

Using country systems

TABLE 6:

How much aid for the government sector uses country systems?

	Aid disbursed by donors for government sector (USD m) a	Public financial management						Procurement				
		Budget execution (USD m) b	Financial reporting (USD m) c	Auditing (USD m) d	2005 (for reference) e	2007 (for reference) f	2010 (%) g	Proc. systems (USD m) h	2005 (for reference) i	2007 (for reference) j	2010 (%) k	
							avg(b,c,d)/a					e / a
African Dev. Bank	58	50	50	50	0%	61%	86%	50	0%	61%	86%	
Belgium	1	0	0	0	--	--	0%	0	--	--	0%	
Canada	3	0	0	0	100%	65%	0%	0	100%	100%	0%	
Denmark	21	17	17	17	28%	73%	81%	21	49%	87%	100%	
EU Institutions	76	53	53	53	64%	78%	71%	53	65%	74%	71%	
Finland	16	11	9	11	46%	82%	65%	11	90%	84%	68%	
GAVI Alliance	6	0	0	0	--	--	0%	0	--	--	0%	
Germany	27	10	10	10	0%	35%	37%	20	43%	90%	74%	
Global Fund	6	0	6	0	67%	34%	33%	0	100%	25%	0%	
IFAD	5	0	0	0	--	--	0%	5	--	--	100%	
IOM	0	0	0	0	--	--	--	0	--	--	--	
Ireland	20	19	19	19	73%	91%	94%	19	81%	100%	94%	
Japan	37	1	0	0	0%	0%	1%	1	0%	0%	4%	
Netherlands	32	32	32	32	50%	47%	99%	32	79%	94%	99%	
Nordic Dev. Fund	3	0	0	0	--	--	0%	0	--	--	0%	
Norway	31	31	31	31	64%	63%	100%	31	100%	96%	100%	
Sweden	13	10	10	10	25%	60%	75%	11	53%	76%	88%	
United Kingdom	63	56	59	62	88%	92%	94%	58	88%	93%	92%	
United Nations	86	19	19	19	2%	8%	22%	15	25%	0%	18%	
United States	130	5	7	7	3%	22%	5%	7	0%	22%	6%	
World Bank	39	22	19	38	20%	57%	68%	28	20%	60%	72%	
Total	670	336	342	359	34%	59%	52%	362	44%	71%	54%	

Indicator 5a measures the extent to which donors use partner country PFM systems when providing funding for the government sector. It measures the volume of aid that uses partner country PFM systems (budget execution, financial reporting and auditing) as a proportion of total aid disbursed for the government sector. The 2010 target is set relative to indicator 2a on the quality of PFM systems. For partner countries with a score of 5 or above on indicator 2a scale the target is for a two-thirds reduction in the proportion of aid to the public sector not using the partner country's PFM systems. For partner countries with a score between 3.5 and 4.5 on indicator 2a, the target is a one-third reduction in the proportion of aid to the public sector not using partner country's PFM systems. There is no target for countries scoring less than 3.5.

In Zambia, stakeholders have noted that donors are committed to increasing the use of country systems if they meet recognised standards. In 2010, 52% of aid to the government sector made use of the country's public financial management systems, which shows a setback compared to 59% of aid using country systems in 2007. The majority of donors scored well above the Paris Declaration target, with some donors like Norway, the Netherlands and Ireland scoring between 94% – 100%.

INDICATOR 5a

Use of country public financial management systems

Donors in Zambia did not improve on the use of the country's public financial management systems, even though the majority of its donors scored above the target. This low score was the result of the United States and the UN, the two largest donors, delivering only 5% and 22% respectively of their aid through the country's public financial management systems.

Challenges remain with issues of perceived laxity on corruption control and enforcement of the laws on public financial management. In light of weak overall public financial management systems, programme-based approaches can help to leverage more use of country systems.

These results, and the differences in donor performance, indicate that performance on this indicator is not explained primarily by the quality of country systems. Donor country or agency policy and regulations as well as donor trust in country systems are of vital importance.

INDICATOR 5b

Use of country procurement systems

Indicator 5b follows a similar graduated target to indicator 5a which is set relative to indicator 2b on the quality of procurement systems. For partner countries with a procurement score of 'A', a two-thirds reduction in the proportion of aid for the public sector not using the country's procurement systems and for partner countries with a procurement score of 'B' to reduce the gap by one-third.

The use of country procurement systems by donors has increased in the five years since 2005 from 44% to 54%. As noted previously, the quality of the procurement systems was rated as C in 2007. Since no assessment was made of procurement systems in 2005, no target was set. Recently, two key sectors (*i.e.* transport and health) were beset by corruption scandals resulting from lack of proper discipline on corruption control and enforcement of laws in the country's public financial management systems. This development has raised serious concerns about government's commitment towards the fight against corruption.

Donors have made efforts to provide reasons for not using country systems, outside of sector-wide approaches and programme-based approaches. Often these systems are weak, with corruption, fraud and slow prosecution of offenders being evidence of this. But government staff consider that some donors lack trust government systems and seek reasons to set up parallel systems with procedures which may not be more transparent than government procedures. In some sectors, government staff have raised concerns over unclear and changing requirements from donors regarding PFM and procurement.

Some donors like the United Kingdom, Norway, and Denmark have scores above 90%. Between 2005 and 2010 the World Bank and the African Development Bank's scores increased from 20% to 72% and from 0% to 86% respectively. Some donors use country systems for delivering almost all of their aid; others like the United States (6%), Japan (4%), and the United Nations (18%) have very low scores; and others have improved remarkably over the years. This implies that donors' corporate rules strongly influence how they give aid, at least in the short-term. In the medium-term positive experience with use of country systems is what is most likely to influence changes in corporate rules. Thus the way to assure and entrench the continued use of country systems and deal with disbursement unpredictability is to rejuvenate and consolidate the PFM reform agenda under strong leadership, to ensure its wider and effective implementation in government.

INDICATOR 6

Avoiding parallel implementation structures

When providing development assistance, some donors establish dedicated project management units or implementation units (PIUs) – to support development projects or programmes. A PIU is said to be "parallel" when it is created by the donor and operates outside existing country institutional and administrative structures. In the short term, parallel PIUs can play a useful role in establishing good practice and promoting effective project management. However, in the long run, parallel PIUs often tend to undermine national capacity development efforts, distort salaries and weaken accountability for development.

To make aid more effective, the Paris Declaration encourages donors to "avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects

and programmes.” Indicator 6 counts the number of parallel PIUs being used in partner countries. The target is to reduce by two-thirds the number of parallel PIUs in each partner country between 2005 and 2010.

	Parallel PIUs		
	2005 (for reference)	2007 (for reference)	2010 (units)
African Dev. Bank	6	6	3
Belgium	--	--	0
Canada	0	1	0
Denmark	1	0	0
EU Institutions	3	1	0
Finland	2	1	1
GAVI Alliance	--	--	0
Germany	0	0	0
Global Fund	0	0	0
IFAD	--	--	0
IOM	--	--	0
Ireland	0	0	1
Japan	0	0	0
Netherlands	0	0	0
Nordic Dev. Fund	--	--	0
Norway	0	0	0
Sweden	1	2	0
United Kingdom	4	0	0
United Nations	3	8	9
United States	1	13	16
World Bank	3	3	0
Total	24	34	30

TABLE 7:
How many PIUs are parallel to country structures?

There was a marginal improvement in the reduction of parallel PIUs in 2010 to 30, compared to the 2008 Survey figure of 34 parallel PIUs. Despite this, progress is not significant enough to meet the 2010 Paris Declaration target of eight. One reason why progress in the reduction of the PIUs has been marginal is perceived mistrust between government and donors. The government perceives donors to be inconsistent in adhering to their commitments, and donors point to the slowness of government in prosecuting fraud and corruption cases. In order to make progress in reducing the number of PIUs, the Zambian government needs to step up efforts to progress public financial management reforms.

Aid is “tied” when restrictions are placed on the countries that goods and services may be purchased from, typically including the donor country and/or another narrowly specified group of countries. Untied aid not only improves value for money and decreases administrative burdens, but also supports the use of local resources, country systems and the harmonisation of donor support provided through pooled or joint aid instruments and approaches.

Data on the extent to which aid is tied are based on voluntary self-reporting by donors that are members of the OECD’s Development Assistance Committee (DAC). The Paris Declaration target is to continue progress towards untying all aid between 2005 and 2010.

The 2011 Survey shows that almost all bilateral aid to Zambia is untied although no progress has been made since 2005. However there is still room for improvement. Some stakeholders reported that some non OECD/DAC donors very often require the use of goods and services from their own respective country when providing grants to Zambia. An OECD study in Zambia on untying aid also mentions that challenges remain with regards to the reporting format of some donors, as well as the lack of financial and technical capacity of firms

INDICATOR 8
Untying aid

to tender for large donor projects, regardless of whether the aid is tied or not. The report recommended the strengthening of the local procurement systems, as well as transparent programme-based approaches better aligned to national priorities. Therefore, strategic efforts on the part of the Zambian government in this regard should focus on creating an environment for investment in the capacities of local entrepreneurs so that they qualify to meet certain specifications that may require sourcing from the donor country.

TABLE 8:
How much bilateral aid is untied?

	Total bilateral aid as reported to the DAC in 2009	Untied aid	2005 (for reference)	2007 (for reference)	Share of untied aid
Australia	1.2	1.2	0%	100%	100%
Austria	0.0	0.0	--	100%	--
Belgium	0.4	0.4	21%	100%	100%
Canada	0.8	0.8	97%	99%	100%
Denmark	21.2	21.2	100%	98%	100%
Finland	36.5	35.3	100%	100%	97%
France	5.6	5.6	100%	81%	100%
Germany	65.8	65.8	100%	100%	100%
Greece	0.0	0.0	100%	27%	--
Ireland	31.7	31.7	100%	100%	100%
Italy	1.4	0.1	0%	27%	10%
Japan	95.7	95.7	100%	100%	100%
Korea	0.3	0.3	--	0%	100%
Luxembourg	0.0	0.0	--	100%	--
Netherlands	19.9	19.9	93%	100%	100%
New Zealand	0.3	0.3	100%	100%	100%
Norway	21.3	21.3	100%	100%	100%
Spain	2.2	1.4	0%	100%	63%
Sweden	15.3	15.3	100%	100%	100%
Switzerland	0.3	0.1	54%	25%	35%
United Kingdom	16.3	16.3	100%	100%	100%
United States	285.0	279.0	68%	91%	98%
Total	621	612	99%	97%	98%

Source: OECD Creditor Reporting System.

CONDITIONALITY

The practice of conditionality varies with each donor. The 2010 Paris Declaration targets commit donors to be more prudent with conditionality and to derive any conditions from the national development plan. Currently, some of the outcome indicators derived from the national development plan are evidenced in the health sector-wide approach and in poverty reduction budget support. However, efficient data collection systems, particularly on the outcome indicators for monitoring progress on a continual basis, still pose a challenge. Civil society organisations in Zambia have been instrumental in ensuring that the citizenry are made aware of the conditions for aid delivery. Civil society organisations have advanced some concerns with regard to some of the conditionalities that government has accepted from donors and some of the conditions used by donors in suspending aid. ■

HARMONISATION

POOR CO-ORDINATION OF AID increases the cost to both donors and partner countries and significantly reduces the real value of aid. Harmonisation of aid delivery procedures and the adoption of common arrangements help reduce duplication of effort and lower the transaction costs associated with aid management. The Paris Declaration focuses on two dimensions of aid as a proxy for assessing overall harmonisation: the use of

common arrangements within programme-based approaches (PBAs) and the extent to which donors and partner countries conduct joint missions and co-ordinate analytic work.

Aid effectiveness is enhanced when donors use common arrangements to manage and deliver aid in support of partner country priorities. A good mechanism for aid co-ordination can be described as one that has shared objectives and integrates the various interests of stakeholders. Indicator 9 assesses the degree to which donors work together – and with partner governments and organisations – by measuring the proportion of total ODA disbursed within programme-based approaches (PBAs). In practice, there are many different approaches and modalities which can use PBAs and harmonisation takes place at various levels.

At one level, the partner country is responsible for defining clear, country-owned programmes (*e.g.* a sector programme or strategy) and establishing a single budgetary framework that captures all resources (both domestic and external). At another level, donors are responsible for taking steps to use local systems for programme design and implementation, financial management, monitoring and evaluation. Finally, partner countries and donors are jointly responsible for donor co-ordination and harmonisation of donor procedures. The 2010 target is that two-thirds of aid flows are provided in the context of PBAs.

INDICATOR 9 Using common arrangements

	Programme-based approaches			Total aid disbursed (USD m) d	2005 (for reference)	2007 (for reference)	2010 (%) e = c / d
	Budget support (USD m) a	Other PBAs (USD m) b	Total (USD m) c = a + b				
	African Dev. Bank	50	0				
Belgium	0	0	0	1	--	--	0%
Canada	0	0	0	7	28%	62%	3%
Denmark	0	17	17	21	51%	64%	81%
EU Institutions	53	0	53	84	64%	79%	64%
Finland	7	6	13	19	77%	79%	67%
GAVI Alliance	0	0	0	6	--	--	0%
Germany	10	10	20	29	5%	34%	71%
Global Fund	0	15	15	15	100%	64%	100%
IFAD	0	0	0	5	--	--	0%
IOM	0	0	0	0	--	--	0%
Ireland	0	20	20	25	54%	67%	78%
Japan	0	21	21	38	65%	6%	54%
Netherlands	13	18	31	36	73%	85%	87%
Nordic Dev. Fund	0	0	0	3	--	--	0%
Norway	27	0	27	42	51%	60%	65%
Sweden	0	15	15	20	45%	71%	74%
United Kingdom	49	12	61	67	87%	86%	91%
United Nations	0	19	19	95	51%	38%	20%
United States	0	3	3	265	5%	1%	1%
World Bank	19	11	30	39	20%	35%	77%
Total	229	167	395	882	47%	47%	45%

TABLE 9:
How much aid is
programme based?

No progress has been made by donors in using common arrangements or procedures to deliver and manage aid since 2005. However ten donors exceeded the target of 66%. Not all sectors use programme-based approaches. This can be attributed to a lack of donor interest in these sectors, or incompatible donor systems.

Sector-wide approaches are used in the health sector, while programme-based approaches are in use in thematic areas like gender and governance. Zambia has had to deal with the refusal of some donors to disburse aid in sectors like health, when some of the conditions under the sector-wide approaches were not met. This has led to greater uncertainty since many donors pooled their resources behind such SWAs. There is also growing concern about the risk associated with programme-based approaches, in that donor harmonisation may result in donors acquiring undue influence over the Government of Zambia.

INDICATOR 10a
Joint missions

A common complaint of partner countries is that donors make too many demands on their limited resources: country authorities spend too much time meeting with donor officials and responding to their many requests. The Paris Declaration recognises that donors have a responsibility to ensure that, to the greatest extent possible, the missions and analytical work they commission are undertaken jointly – *i.e.* that the burden of such work is shared. The 2010 target is that 40% of donor missions to the field are conducted jointly.

TABLE 10:
How many donor missions are co-ordinated?

	Co-ordinated donor missions* (missions) a	Total donor missions (missions) b	2005* (for reference)	2007 (for reference)	2010* (%) c = a / b
African Dev. Bank	5	39	14%	57%	13%
Belgium	0	0	--	--	--
Canada	1	2	0%	0%	50%
Denmark	7	8	17%	57%	88%
EU Institutions	2	11	33%	75%	18%
Finland	1	4	20%	100%	25%
GAVI Alliance	0	0	--	--	--
Germany	1	2	0%	50%	50%
Global Fund	0	7	0%	50%	0%
IFAD	0	11	--	--	0%
IOM	0	0	--	--	--
Ireland	9	10	75%	100%	90%
Japan	1	15	0%	4%	7%
Netherlands	11	14	75%	100%	79%
Nordic Dev. Fund	0	1	--	--	0%
Norway	4	9	67%	48%	44%
Sweden	0	3	0%	55%	0%
United Kingdom	13	16	11%	40%	81%
United Nations	17	37	14%	35%	46%
United States	9	15	67%	75%	60%
World Bank	19	40	34%	50%	48%
Total	65	244	15%	16%	27%

*The total of coordinated missions has been adjusted to avoid double counting. A discount factor of 35% is applied.

In 2010, 27% of donor missions were conducted jointly, which shows an increase over the 2007 figure of 16%. More than half of the donors did not increase the number of their missions, with nearly half of the missions conducted by only three of the multilateral donors. Major donors including the African Development Bank, the World Bank and the United Nations jointly conducted fewer than 50% of their missions, and the African Development Bank has co-ordinated only 13% of mission. Other major donors including the United States, the United Kingdom, Denmark, Ireland and the Netherlands jointly conducted more than 50% of their missions. Donor missions in Zambia often end up in the Ministry of Finance and National Planning. If increased co-ordination of missions is to be achieved, it is imperative for the Zambian government to extend joint missions to different parts of the government. This can be facilitated by the Zambian government developing norms for joint missions for different donors. This will ease the dependence of the country government on donor institutional arrangements for delivering aid.

INDICATOR 10b
Joint country analytical work

Country analytic work is the analysis and advice necessary to strengthen policy dialogue, and to develop and implement country strategies. It includes country or sector studies and strategies, country evaluations and discussion papers. The Paris Declaration foresees that donors should conduct analytic work jointly where possible as it helps curb transaction costs for partner authorities, avoids unnecessary duplicative work and helps to foster common understanding. Indicator 10b measures the proportion of country analytic work that is undertaken jointly. The 2010 target is that 66% of country analytic work is carried out jointly.

The 2011 Survey recorded an increase in the joint country analytic work from 46% in the 2008 Survey to 50% in 2010. Zambia has recorded progress in achieving programme-based approaches that pre-date the Paris Declaration. This move resulted in harnessing resources and technical co-operation to achieve a unified set of sector goals. Hence the Government of Zambia should take the lead and jointly decide with donors on extending joint co-ordinated work to more sectors of the economy, as this presents a very good way of harmonising donor processes and procedures.

	Co-ordinated donor analytic work* (units) a	Total donor analytic work (units) b	2005* (for reference)	2007 (for reference)	2010* (%) c = a / b
African Dev. Bank	3	13	100%	--	23%
Belgium	0	0	--	--	--
Canada	0	0	--	--	--
Denmark	3	4	100%	94%	75%
EU Institutions	1	2	100%	100%	50%
Finland	1	2	100%	100%	50%
GAVI Alliance	0	0	--	--	--
Germany	1	1	0%	83%	100%
Global Fund	0	4	--	20%	0%
IFAD	0	3	--	--	0%
IOM	0	0	--	--	--
Ireland	4	4	67%	88%	100%
Japan	1	1	50%	0%	100%
Netherlands	6	7	100%	95%	86%
Nordic Dev. Fund	0	0	--	--	--
Norway	2	3	100%	100%	67%
Sweden	5	6	33%	93%	83%
United Kingdom	12	13	80%	90%	92%
United Nations	32	38	21%	57%	84%
United States	3	13	67%	100%	23%
World Bank	4	4	46%	17%	100%
Total	59	118	46%	46%	50%

TABLE 11:
How much country analytic work is co-ordinated?

* The total of coordinated missions has been adjusted to avoid double counting. A discount factor of 25% is applied.

AID FRAGMENTATION

Fragmented aid – aid that comes in many small slices from a large number of donors – creates high transaction costs and makes it difficult for partner countries to effectively manage their own development. Aid fragmentation also increases the risk of duplication and inefficient aid allocation among donors. A pilot analysis on fragmentation of country programmable aid carried out at the country-level by the OECD in collaboration with the Deutsche Gesellschaft für Internationale Zusammenarbeit (German Development Agency) reveals that aid fragmentation increased from 2005-09 alongside an increase in country programmable aid (OECD 2011b).

According to the data from the OECD study on fragmentation and proliferation, 8 out of 12 sectors demonstrated increased fragmentation over the period 2005-09. In terms of proliferation by donors across sectors, worrying trends are observed for some donors, since proliferation across sectors has increased while the donors have reduced their overall country programmable aid (World Bank, Sweden – mainly due to non-disbursement of general budget support, and UNDP). Multilateral agencies are generally more concentrated than bilateral donors.

The main approach to dealing with fragmentation and proliferation is through division of labour initiatives. Recent studies show that Zambia has progressed slowly on this, because until recently donors and government have not engaged in effective dialogue over the issue. Proper division of labour is not just a technical exercise but a political decision. However, a new joint assistance strategy for Zambia, along with a new donor division of labour, is currently in the final stages of agreement by government and donors. This should significantly improve the situation on fragmentation and proliferation. To date, most of the division of labour work concentrates on OECD donors, yet the emerging donors contribute significant resources and they have been encouraged to take part in the recent division of labour exercise. ■

MANAGING FOR RESULTS

INDICATOR 11 Do countries have results-oriented frameworks?

BOTH DONORS AND PARTNER COUNTRIES should manage resources according to well-defined, desired results, measuring progress toward them and using information on results to improve decision making and performance. Achieving this implies strengthening capacity to undertake such management and emphasising a focus on results. Countries are expected to develop cost-effective and results-oriented reporting and performance assessment frameworks, while donors commit to use them and refrain from requiring separate reporting.

Indicator 11 assesses the quality of a country's results-oriented frameworks. In particular, it considers the quality of the information generated, stakeholder access to information, and the extent to which the information is utilised within a country-level monitoring and evaluation system. The government provides evidence against these criteria through the survey, and this is translated by the World Bank into a score running from A (highest score) to E (lowest score).

The Paris Declaration 2010 global target is to reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third. Zambia scored a D for its results-oriented frameworks in 2005, improving to a C in 2007.

Zambia maintained its C score in the 2011 Survey, falling short of the 2010 target of B or A. Zambia has monitorable frameworks that are embedded into the management information systems, and in various monitoring and evaluation arrangements. Each sector is supported by the Central Statistical Office to collect data on set indicators from an array of sources for all programmes. Information is made available to all stakeholders including civil society groups and donors through sector advisory group meetings. Individual sectors conduct in-depth studies in areas exclusive to their sectors. The Ministry of Finance and National Planning compiles an annual progress report which is submitted to the Cabinet. Key institutions and government department such as Parliament and the Auditor General are kept informed of the monitoring and evaluation information. In addition, infrastructure has been put in place to publish results electronically and also in a print form.

However, challenges remain due to weaknesses in the data collection and analysis systems. Surveys are not carried out regularly by the Central Statistical Office, hence there is a lack of baseline data on some indicators. Nonetheless, efforts are being made to address the data challenge under the National Strategy for the Development of Statistics. Another weakness is the lack of a plan for the timely analysis and reporting of data. ■

MUTUAL ACCOUNTABILITY

STRONG AND BALANCED MECHANISMS that support accountability are required at all levels for aid to be most effective. Donors and partner country governments should be accountable to their respective publics and to each other for implementing their commitments on aid, its effectiveness, and the results to which it contributes.

Indicator 12 examines whether there is a country-level mechanism for mutual assessment of progress on partnership commitments, including on aid effectiveness. There are three criteria that must all be met: the existence of an aid policy or strategy agreed between the partner country government and donors; specific country-level aid effectiveness targets for both the partner country government and donors; an assessment towards these targets undertaken by both partner and donors in the last two years, and discussed in a forum for broad-based dialogue. The 2010 target is for all partner countries to have mutual assessment reviews meeting these criteria in place.

Although Zambia reported not to have a mutual accountability mechanism in place, regular reviews are taking place. Efforts to implement aid effectiveness principles predate the Paris Declaration and have been made through its Wider Harmonisation in Practice (WHIP) approach and the Sector Advisory Groups (although the government suggests that the WHIP has not been a reference point for several years), which are used together with the poverty reduction budget support as an avenue for yearly reviews. Zambia also has an aid policy in place, although its use in guiding aid co-ordination is debatable, Zambia could not meet the 2010 Paris Declaration target due to the absence of a clear schedule for specific aid effectiveness targets for government and donors in relation to the Paris Declaration indicators, which are captured in broad terms the national development plans. In addition, mutual accountability mechanisms were not properly institutionalised. ■

INDICATOR 12

Mutual accountability

NOTES

The quantitative information presented in this chapter is taken from data provided by national co-ordinators up to 31 July 2011, following the data validation process with stakeholders at the country level. It was not possible to modify or correct any data received after this date.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

REFERENCES

Central Statistical Office, Zambia (2011), The Living Conditions Monitoring Survey. Available at www.zamstats.gov.zm/lcm.php, accessed 23 May 2011.

OECD (2011a), DAC Statistics, <http://stats.oecd.org/Index.aspx>.

OECD (2011b), Country aid fragmentation tables. Pilot analysis of aid fragmentation at the partner country level drawing on evidence sourced from the OECD-DAC Creditor Reporting System. WP-EFF Task Team on Division of Labour and Complementarity, OECD, Paris.

OECD (forthcoming), OECD Report on Division of Labour: Addressing Cross-country Fragmentation of Aid www.oecd.org/document/46/0,3746,en_2649_33721_46022446_1_1_1_1,00.html.

World Development Indicators, The World Bank Group, 2011. Available at <http://data.worldbank.org/indicator>, accessed 23 May 2011.

