

# Evaluation of the Implementation of the Paris Declaration in Zambia

## FINAL REPORT

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## Acronyms

AAA	Accra Agenda for Action
AfDB	African Development bank
AIDS	Acquired Immuno Deficiency Syndrome
CAS	Country Assistance Strategy
CP	Cooperating Partner
CPG	Cooperating Partner Group
CSO	Civil Society organization
DoL	Division of Labour
DRC	Democratic Republic of Congo
EU	European Union
FNDP	Fifth National Development Plan
GDP	Gross Domestic Product
GRZ	Government of The Republic of Zambia
HDR	Human Development Report
HIP	Harmonisation in Practice
HIV	Human Immuno-deficiency Virus
HQ	Head Quarters
JASZ	Joint Assistance Strategy for Zambia
MDRI	Multi-Lateral Debt Relief Initiative
MoFNP	Ministry of Finance and National Planning
MoH	Ministry of Health
NGO	Non-Government Organisation
OECD	Organisation for Economic Development and Cooperation
PAC	Parliamentary Accounts Committee
PAF	Performance Assistance Framework
PBA	Programme Based Approach
PC	Partner Country
PD	Paris Declaration
PEMFA	Public Expenditure Management Financial Accounts
PEPFA	President's Emergency Plan for Action
PIU	Project Implementation Units
SAG	Sector Advisory Group
USAID	United States Agency for International Development
WHIP	Wider Harmonisation in Practice
ZDAD	Zambian Development Assistance Database

# ***Executive Summary***

## **Background**

The last decade has seen a significant paradigm shift in terms of aid delivery mechanisms to improve aid effectiveness. This shift is embodied in the Paris Declaration on Aid Effectiveness signed on March 2, 2005. The main focus of the Paris Declaration (PD) is improving the effectiveness of aid through ownership, harmonisation, alignment, results and mutual accountability. Zambia is one of the 34 countries which participated in the 2006 Survey on the monitoring of the Paris Declaration. The country also volunteered to be part of the first few countries which would participate in the First Phase Evaluation of the PD whose results would inform the High Level Forum on Aid Effectiveness held in Accra Ghana in 2008. The emphasis of the First Phase Evaluation is on the assessment of tangible process towards attainment of targets set for 2010. However, due to unforeseen circumstances, Zambia was not able to conduct the First Phase evaluation on time for the 2008 Accra meeting. Though belated, the evaluation is still relevant as a mid-term review to the second crop PD evaluations which will start as from 2010 and will focus on assessment of outcomes results for the PD. The evaluation will also set the stage for the second-level evaluation by looking at targets that are on track, and suggesting possible mid-course corrections for targets that might appear off- track. Given that the harmonization and alignment process in Zambia predates the signing of the Paris Declaration in 2005, the evaluation will further assess implementation performance of the Harmonisation in Practice (HIP) and Wider Harmonisation in Practice (WHIP) processes from 2002.

## **Country Context**

Zambia is a land locked country in southern Africa with an estimated area of 752 600 square kilometres and an estimated population of 11.7 million people. Despite recent positive gains in growth in recent years, the country remains one of the poorest in the world. In such a context, the need for external support to address socio-economic challenges is inevitable. The significant proportion of donor support that Zambia receives suggests the need to increase the effectiveness of aid in order to generate positive development outcomes. Donors have taken measures to promote aid effectiveness in Zambia through the HIP and WHIP initiatives within the framework of Zambia's Vision 2020, Fifth National Development Plan, and *Aid Policy and Strategy*.

## **Objectives and Purpose of evaluation**

The objectives of the first phase country evaluation for Zambia, as spelt out in the Terms of Reference, are to:

- Summarise the implementation of the harmonization and alignment process (HIP and WHIP) since 2002 and of the Paris Declaration;
- Take stock of the implementation and progress made with the Paris Declaration;
- Identify the factors (issues, challenges and constraints) that influenced the implementation of the Paris Declaration in Zambia;

- Make specific recommendations regarding relevance and effectiveness of strategies to implement the PD and to facilitate a more efficient implementation of the Paris Declaration in Zambia to the Government of Zambia and the cooperating partners;
- Provide the basis for the second phase of the evaluation in Zambia; and,
- Facilitate learning at global level on aid effectiveness and to facilitate a more efficient implementation of the Paris Declaration.

## **Methodology**

The evaluation used a multiple research design that combined both secondary and primary data sources. The validity of the data was cross-checked and quality assurance ensured. The secondary data involve a documentary review of policy documents, instructions, guidelines, annual plans, including progress reports on the implementation of the PD in Zambia. The data was supplemented by primary data. This was done in order both to fill up the gaps in the data identified by the documentary review and to ensure the validity of data through triangulation. Data collection techniques included a review of secondary literature, the PD inception workshop – where stakeholders from CPs, GRZ and CSOs participated to brainstorm the key evaluation questions – in-depth interviews with key stakeholders who included GRZ (Ministry of Finance and line ministries), CPs (including the UN system) and CSOs. Most of these interviews were conducted in Lusaka, the Zambian capital. Field consultations were made at the district level where Departments of Health and Municipalities were consulted for consulted groups). In addition, a questionnaire covering key evaluation questions was distributed to both GRZ and CPs respondents. **Content analysis** was used to analyse the data from the respondents. This involved identifying and isolating the major themes, meanings, common explanations, patterns, trends and understandings in the respondents' responses. **Textual analysis** was used to extract information from documents.

## **Major Limitations**

The major limitations of this evaluation arise from what one would expect to find in a study of this nature – that is, the Evaluation Team relied on self-reporting by respondents. The Team did not have enough time to verify the evidence provided by interviews. However, this limitation was to a large extent managed by triangulating the findings by asking respondents (CPs, PC and CSOs) identical questions, seeking documentary proof whenever possible and asking both CP and PC respondents to complete a structured questionnaire.

## **Evaluation Management**

A system of quality assurance was put in place for this evaluation. A small group of stakeholders made up of a six member team from the Mutual Accountability Group – which is composed of both CPs and GRZ representatives – was set up to review the drafts of this evaluation. The consultants will present the preliminary findings of this evaluation to the Mutual Accountability Group in order to verify emerging findings from the evaluation. A second layer of quality involved a review and quality assurance by the Independent Evaluation Department of the Netherlands Ministry of Foreign Affairs (IOB). This level will go deeper to assess accuracy and comprehensiveness of the evaluation against the TOR. The Netherlands embassy is coordinating this evaluation given its role of coordinating the CPs in Zambia. The embassy is working in close consultation with the Ministry of

Finance and National Planning (MoFNP) which is the central Ministry coordinating the implementation of the PD in Zambia.

## Key Findings and Conclusions

The following are the main findings of the evaluation:

- The harmonisation and alignment (H&A) agenda has been advancing relatively well in Zambia. Despite this, there are some procedural and operational challenges that have affected the implementation of the JASZ/DOL process;
- Government ownership of the development process and leadership of the H&A agenda is still weak. GRZ has not been forceful in stating its preferences for the CP division of labour in the 20 priority sectors identified in the FNDP;
- The Paris Declaration is widely seen as an important international normative framework guiding relations between donors and the Zambian government. However, the level of clarity on the PD principles varies and is low among GRZ officials;
- There is also the challenge of policy dialogue between CPs and GRZ. Despite the best intentions, the donors, through the CPG, CPs have their own forum where they talk and entrench their positions vis-a-vis GRZ which tends to threaten local ownership; [too negative]
- The non-inclusion of crucial cross-cutting issues, such as human rights, the environment and HIV/AIDS, is seen as major weakness in the PD;
- The Cooperating Partners have demonstrated some positive behaviour with regard to the use of common arrangements, joint analytical work, and operationalisation of the DoL framework. However, there is need to improve effectiveness of the DoL architecture. The CPs have not performed well in the area of Joint Missions. More work still need to be done in order to meet the PD target of 2010;
- GRZ has also demonstrated some positive behaviour with regard to ownership of the development process through the launch of the FNDP and the *Aid Policy and Strategy Document*; domestication of the alignment process; creation of an enabling policy, legal and institutional framework to enhance the aid harmonisation process; and, taking measures to strengthen managing for results and mutual accountability. However, there are contradictions and paradoxes in the notion of commitment (especially ownership); capacity; and, incentives;
- The implementation of the PD principles in the case studies of the Health Sector and the Water and Sanitation Sector presents a mixed picture, with the process being relatively more advanced in the former than the latter; and,
- Overall, the findings highlight the need for a more balanced donor-recipient relationship in Zambia which requires fundamental changes in the underlying principles and incentives of aid.

## **Recommendations:**

Based on the above findings, this study makes four key recommendations on the need to:

- Strengthen National Ownership and Management of the Development Process;
- Broaden Country-level Policy Dialogue on Development and Aid Management;
- Strengthen the use of Country Systems; and,
- For a Review of the WHIP Matrix and Division of Labour Processes.

### ***Strengthening National Ownership and Management of the Development Process***

Based on the above findings, the main recommendation of this evaluation is that there is a critical need for the Zambian government to take strong ownership of the development process and id management, which will require strengthened institutional capacity:

- a) As a first step, GRZ should convene a meeting between the MoFNP, line ministries and local authorities to systematically identify areas where there is a need to strengthen the capacity to perform and deliver services at all levels—national, sub-national, sectoral, and thematic, and design strategies to address them;
- b) GRZ should convene a meeting with the CPs through the CPG to discuss how donors can help to strengthen local capacity for the implementation of the PD without undermining local ownership;
- c) Donors' support for capacity development should be demand driven and designed to support and strengthen GRZ ownership;
- d) GRZ and CPs should intensify efforts to strengthen the Zambia Development Database;
- e) GRZ should, through broad consultations, clarify the role that Parliament, CSOs, Media and other civic institutional should play in national development matters;
- f) The UN should play a more leading role in supporting the capacitation of GRZ, especially MoFNP and subsequently line ministries, in the implementation of the PD to strengthen country ownership efforts; and,
- g) CPs should, through the CPG, make serious efforts to gain greater understanding of domestic political and cultural realities and how they can fit these into their country programmes.

### ***Broadening Country-level Policy Dialogue on Development and Aid Management***

To satisfactorily deal with the concerns raised around the roles of non-state holders and issues of clarity, relevance and coherence of the PD, it is recommended that:

- a) GRZ should consult widely with CPs on further in-country clarification on critical aspects of the PD principles and the PD indicators;
- b) The MoFNP should design an effective communication strategy to raise awareness on the PD among all stakeholders, including line ministries, local authorities and CSOs;
- c) GRZ should devise ways of working more closely with Parliament, local authorities and CSOs in preparing, implementing and monitoring national development policies and plans;
- d) Donors should devise means of increasing the capacity of all development actors – Parliament, local authorities, CSOs, research institutes, media and the private sector – to take an active role in dialogue on development policy and on the role of aid in contributing to Zambia’s development objectives;
- e) CPs should, through the CPG, ensure that their respective country programmes are designed and implemented in ways consistent with Zambia’s development priorities, especially in light of the preparation of the Sixth National Development Plan (SNDP);
- f) GRZ and CPs should find ways to strengthen the role of SAGs as key dialogue platforms between GRZ and donors; and,
- g) GRZ and CPs should make efforts to combine the currently separate and seemingly parallel policy dialogue groups, namely, the SAGs and Donor Group

### ***Strengthening use of Country systems***

To strengthen and increase the use of country systems, CPs should take the following actions:

- a) Convene a meeting with GRZ to discuss any concerns on the use country of systems;
- b) CPs that choose to use PIU as aid delivery mechanisms outside country systems, depending on the circumstances, should establish additional safeguards and measures in ways that strengthen rather than undermine country systems and procedures;
- c) CPs should work with GRZ to jointly assess the quality of country systems in a country-led process using mutually agreed diagnostic tools; and,
- d) Where country systems require further strengthening, GRZ should lead in defining reform programmes and priorities, while CPs should be willing to support these reforms and provide capacity development assistance.

### ***Review of the WHIP Matrix and Division of Labour Processes***

Based on the evaluation findings on the HIP/WHIP initiative on the need to assert the ownership/leadership role of GRZ in the WHIP Matrix and implementation of the five PD principles, the following recommendations are suggested:

- a) GRZ should immediately initiate the dialogue on the review of the DoL Matrix by convening a meeting with CPs to discuss the terms for the review;
- b) GRZ and the CPG should ensure that the existing structures/organisational arrangements in the WHIP Matrix are streamlined and rationalised to clarify leadership roles, congestion, duplication of efforts among donors, etc.;
- c) GRZ should lead in determining the optimal roles of donors in supporting the country’s development efforts, given the on-going review of the FNDP;

- d) The CPG should help donors strengthen their own capacity and skills to be more responsive to Zambia's development needs;
- e) GRZ and CPs should agree on measures to effectively manage development partner relationships; and,
- f) GRZ should, through broad consultations, explore and clarify the role of emerging donors.

# 1. Introduction

The last decade has seen a significant paradigm shift in terms of aid delivery mechanisms in an attempt to improve aid effectiveness. This shift is embodied in the Paris Declaration on Aid Effectiveness signed on March 2, 2005. The main focus of the Paris Declaration (PD) is improving the effectiveness of aid through ownership, harmonisation, alignment, results and mutual accountability. Zambia is one of the 34 countries which participated in the 2006 Survey on the monitoring of the Paris Declaration. The country also volunteered to be part of the first few countries which participated in the First Phase Evaluation of the PD whose results informed the High Level Forum on Aid Effectiveness held in Accra Ghana in 2008. The emphasis of the First Phase Evaluation is on the assessment of tangible process towards attainment of targets set for 2010. However due to unforeseen circumstances, Zambia was not able to conduct the First Phase evaluation in time for the 2008 Accra meeting. Though belated, the evaluation is still relevant as a mid-term review to the second crop PD evaluations which will start as from 2010 and will focus on assessment of outcomes results for the PD. The evaluation will also set the stage for the second-level evaluation by looking at targets that are on track, and suggesting possible mid-course corrections for targets that might appear off- track. Given that the harmonization and alignment process in Zambia predates the signing of the Paris Declaration in 2005, the evaluation will further assess implementation performance of the Harmonisation – In – Practice (HIP) and Wider Harmonisation – In – Practice (WHIP) processes from 2002.

## 1.1 Objectives and Purpose of the Evaluation

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- Provide the basis for the second phase of the evaluation in Zambia; and,
- Facilitate learning at global level on aid effectiveness and to facilitate a more efficient implementation of the Paris Declaration.

### ***Main Evaluation Questions***

According to the TOR, the following are key evaluation Questions

1. Quality of the HIP, WHIP and JASZ documents
  - What is the relevance (ex ante) of the JASZ? To what extent does the JASZ reflect the three documents on which it is founded: The Fifth national Development Plan (FNDP), Zambia's Vision 2030 and Zambia's Aid Policy and Strategy (2007)?

- What is the clarity and coherence of the JASZ (and its predecessors)?
2. Input provided by the Cooperating Partners (CPs) and the Government of the Republic of Zambia (GRZ)
    - Have the signatories (GRZ and CPs) of the HIP, WHIP and JASZ, contributed their inputs and accomplished their activities as agreed in the Action Matrixes?
    - Which factors have been influential in realizing inputs and activities?
    - What is the role and contribution of those CPs (Global HIV/AIDS Fund) who have not signed up to the HIP, WHIP and JASZ?
  3. Expected Outputs (Against the five PD Principles)
    - What are the tangible outputs?
    - What are the behavioural changes of the GRZ with regard to ownership, harmonisation, alignment, results management and mutual accountability?
    - What are the changes with regard to country capacity to make and implement policies focused on development results, making optimal use of concessional finance and aid?
    - What are the behavioural changes of the CPs with regard to ownership, harmonisation, alignment, results management and mutual accountability?
    - Have the objectives of HIP, WHIP and JASZ in respect to the five areas been met?
    - Are there unintended changes?
    - Which factors have been influential in achieving the outputs?
    - What has been the influence of the inputs on these changes and which other factors have been influential?
    - How efficient was the process in achieving the outputs?
    - What is the clarity, coherence and relevance (*ex ante*) of the Paris Declaration?
    - What is the relevance (*ex post*) of the outputs to the context in Zambia?
  4. Emerging Issues (development of TOR) for Consideration During the Evaluation
    - Disparity between sectors with regard to the role of lead, active, and background cooperating partner (Lack of clarity regarding the distinction between these three roles)
    - The consequences of the implementation of the Paris Declaration for non-state actors (NGOs, private sector, academia)
    - The consequences of the “emerging donors” (china, India, South Africa) for the implementation of the PD
    - The political dimensions of the development process in relation to a sometimes more technical approach of CPs
    - The Desire from CPs to get feedback from GRZ about their PD performance
    - The future role of the early initiators (Nordic +)
    - The CP capacity in-country?

## 1.2 Scope of the Evaluation

The country evaluation covered the period 2002 to date. According to the TOR, the year 2002 is key because, at the time, the NORDIC+ CPs proposed a joint study on aid harmonization in Zambia and took the initiative to push forward the donor harmonization effort. This led to agreement to facilitate the Harmonisation in Practice mapping exercise in Zambia. The focus of this evaluation is the implementation of the HIP Framework for Action (2003). With more CPs signing the MoU on harmonization, the HIP gave way to the WHIP Framework (2006).

This first phase evaluation involved covering the following tasks:

- a) Implementation of the harmonization and alignment of HIP and WHIP
- b) Implementation of the Paris Declaration:
  - Assessment of the Utility of the PD as a Tool for Aid Effectiveness, focusing on clarity, relevance and coherence;
  - Assessment of the Change of Cooperating Partner Behaviour; and,
  - Assessment of the Change of Partner Country Behaviour.
- c) Emerging Results in terms of the following:
  - Commitment;
  - Capacity; and,
  - Incentives.
- d) Sector Studies
  - Health; and,
  - Water and Sanitation
- e) Gender

The evaluation treated gender as a cross-cutting theme that was incorporated in both the health and water and sanitation sectors since: 1) data are readily available compared to other possible subjects; 2) it has a direct link with poverty reduction; and, 3) many cooperating partners and the government have an interest in this subject.

## 1.3 Methodological Approach

The evaluation used a multiple research design that combined both secondary and primary data sources. Data collection techniques included review of secondary literature, a PD inception workshop – where stakeholders from CPs, GRZ and CSOs participated to brainstorm the key evaluation questions – in-depth interviews with key stakeholders who included GRZ (Ministry of Finance and line ministries), CPs (including the UN system) and CSOs. Most of these interviews were conducted in Lusaka, the Zambian capital. Field consultations were made at the district level where Departments of Health and

Municipalities were consulted (see annex 3a) for consulted groups). In addition, a questionnaire covering key evaluation questions was distributed to both GRZ and CPs respondents.

#### **1.4 Evaluation Management**

A system of quality assurance was put in place for this evaluation. A small group of stakeholders made up of a six member team from the Mutual Accountability Group – which is composed of both CPs and GRZ representatives – was set up to review the drafts of this evaluation. The consultants will present the preliminary findings of this evaluation to the Mutual Accountability Group in order to verify emerging findings from the evaluation. A second layer of quality involved a review and quality assurance by the Independent Evaluation Department of the Netherlands Ministry of Foreign Affairs (IOB). This level will go deeper to assess accuracy and comprehensiveness of the evaluation against the TOR. The Netherlands embassy is coordinating this evaluation given its role of coordinating the CPs in Zambia. The embassy is working in close consultation with the Ministry of Finance and National Planning (MoFNP) which is the central Ministry coordinating the implementation of the PD in Zambia.

#### **1.5 Major Limitations**

The limitations of this evaluation arise from what one would expect to find in a study of this nature – that is, the Evaluation Team relied on self-reporting by respondents. The Team did not have enough time to verify the evidence provided by interviews. However, this limitation was to a large extent managed by triangulating the findings by asking respondents (CPs, PC and CSOs) identical questions, seeking documentary proof whenever possible and asking both CP and PC respondents to complete a structured questionnaire

## 2. Country Context

Zambia is a land locked country in southern Africa with an estimated area of 752 600 square kilometres and an estimated population of 11.7 million people. It shares borders with eight countries, namely, Tanzania and the Democratic Republic of Congo (DRC) in the north, Malawi and Mozambique in the east, Zimbabwe, Botswana and Namibia in the south and Angola in the west. The country has nine administrative provinces: Lusaka, Central, the Copperbelt, Eastern, Northern, North/Western, Western, Southern and Luapula provinces.

### 2.1 Economic Situation

After a prolonged secular decline since the mid-1970s, Zambia's economic performance improved considerably after 2000. Real annual Gross Domestic Product (GDP) averaged 4.6 percent in the five years from 2002 to 2007, reversing the negative trend in previous years.<sup>1</sup> The main drivers of this growth were increased agricultural production and significant new investments in key economic sectors, especially mining. Zambia's growth has further been boosted by improved economic management, especially with respect to the budgeting process, expenditure management and financial accountability.

The Government's initial response to these developments has been to stabilise the fuel and food prices in order to cushion the vulnerable from the negative impact of the crisis. Further, to mitigate the effects of the global economic meltdown, which has drawn the world economy into a recession, GRZ is implementing the following measures:

- Consolidating the macro-economic stability gains through minimising exchange rate volatility and moderating inflation;
- Realigning resource allocation towards infrastructure development in energy, agriculture and tourism;
- Intensifying efforts to attract foreign and domestic investment which has significantly reduced globally;
- Enhancing budget implementation;
- Monitoring budget implementation through the cabinet ; and,
- Stepping up the implementation of the public expenditure management and financial accountability programme, including the implementation of the integrated financial management information system.

However, the Government is facing a number of challenges in implementing the budget. Among the key challenges are:

- Domestic revenue collection has fallen below the projected levels. This is negatively impacting on the implementation of priority programmes;
- Pressure to pay wages above the budgeted amounts;

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<sup>1</sup> Lennart Wohlgemuth and Oliver Saasa (2008), "Changing Aid Relations in Zambia". Discussion paper No. 83, European Centre for Development Policy Management.

- Payments for the purchase and import of maize to ensure adequate supplies of maize meal;
- Payments to stabilize the prices of food and petroleum supplies ; and,
- Delay and in some cases withdrawal of financial support by cooperating partners.

Consequently, the Government still needs external support to finance its development programme. This is especially so given the identified funding gap in the country's Fifth National Development Plan. However, donor contribution to the national budget has been going down from a high of over 50 percent in the early 2000s to less than 20 percent today.

## **2.2 Social Situation**

Despite positive growth in recent years, Zambia remains one of the poorest countries in the world. In 2007, it had a Human Development Index (HDI) of 0.434 in 2007 and currently ranks 165 out of 177 countries.<sup>2</sup> The low ranking is believed to be predominantly due to low life expectancy at birth as a result of High HIV prevalence. However, there has been an improvement in Zambia's HDI in the 2009 Human Development Report to 0.481, which gives the country a ranking of 164 out of 182 countries.

### **Poverty**

Poverty remains entrenched in Zambia, although there have been some reductions in urban poverty in recent years. Poverty levels have risen from 58 percent in 2004 to 64 percent in 2006. About 10 percent of the population have very little or no productive capacity and an estimated 75 000 children are living on the streets.<sup>3</sup> Poverty has rural dimensions affecting as much as 81 percent of the rural population.

### **Education**

The Education Sector is an area where Zambia is performing relatively well. As of 2005, the adult literacy rate was 68 percent compared to 42 percent in 2004.<sup>4</sup> Primary Education is the area in which Zambia is most likely to meet the MDGs with net enrolment in primary education of more than 90 percent and gender parity achieved.<sup>5</sup> According to the Annual Progress Report of the FNDP for 2007, the net enrolment rate for grades 1-7 increased by 3.9 percent between 2006 and 2007. During the same period, 7100 teachers were recruited and deployed.

### **Health**

The Health Sector is also viewed as performing relatively well. However, there is a need to improve in outcomes around maternal and infant mortality, which is one of the highest in the world. Performance in outcomes for malaria and tuberculosis also lags behind set FNDP targets. Despite the increase in the MoH budget over the years, the infant mortality has worsened from 95/1000 births in 2002 to 103/1000

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<sup>2</sup> UNDP (2008) *The Human Development Report, Zambia, 2008 Statistical Update*. HDI provides a composite measure of three dimensions of human development: living a long and healthy life (measured by life expectancy), being educated (measured by adult literacy and enrolment at the primary secondary and tertiary levels) and having a decent standard of living (measured by purchasing power parity-PPP- and income)

<sup>3</sup> AfDB/OECD *ibid*.

<sup>4</sup> Human Development Report Zambia (2008).

<sup>5</sup> AfDB/OECD *ibid*.

births in 2007. The under-five mortality rate has almost remained the same with 168/1000 births in 2002 to 170/1000 births in 2007 and the maternal mortality ratio (MMR) has not improved since 2002 which recorded 729/100 000 live birth compared to only 730/100 000 live births. Life expectancy continues to deteriorate. It stood at 51.9 years in 2002 and was 42 in 2007. Sanitation is a huge challenge in both urban and rural areas, with only 43 percent of the population in urban areas having access to adequate sanitation.

### **HIV and AIDS**

Although declining, the HIV prevalence rate is still high in Zambia. According to the UNAIDS Zambia 2008 Country Progress Report, the HIV prevalence rate among the 15-49 age group has declined from 24 percent ten years ago to the current 14 percent. However, the prevalence rate is higher among women than males, at 17.8 percent and 12.6 percent, respectively. Further, women are 1.4 times more likely to be HIV positive than men. In particular, the HIV infection rates among women aged 15-24 are five times higher than those for young men in the same age groups. Approximately, one million Zambians are HIV positive, of whom over 295 240 are in need of anti-retroviral therapy.<sup>6</sup> The Fifth National Development Plan (2006-2010) rightly notes that HIV and AIDS limits the realization of economic development and has the potential to continue diminishing the chances of alleviating poverty and hunger, achieving universal primary education, promotion of gender equality and reducing child maternal mortality.

## **2.3 Donor Dependence**

In recent years, Official Development Aid (ODA) to Zambia has shown significant fluctuations with respect to commitments, with bilateral donors assuming dominance. The main development partners in the period 2000-2003 were Germany, UK, the US, Japan, and increasingly, the EC. Over this period of four years, EU Member States provided almost half (59.5 percent) of the Official Development Aid (ODA) to Zambia, and the EC added another 10.5 percent.

Official Development Assistance (ODA) to Zambia averaged US\$ 951 million annually between 1990 and 1994. It reached record high of 2.1 billion in 1995. Aid declined by as much as 70 percent by 1996 reaching US\$ 636 million as donor started to question government policies. It has fluctuated around that level since.<sup>7</sup> As of 2007, total Aid flows were estimated at USD 556 million which constituted 4.9 percent of GDP.<sup>8</sup> About 20 percent of the aid is disbursed in the form of budget support from the EU, World Bank, African Development Bank, and other Bi-lateral donors. Out of this, Zambia also receives sector budget support in the health and roads sectors.

The importance of aid to Zambia is illustrated by its contribution to the Government Budget. Between 2000-2005, aid accounted for an average of 43 percent of the total state budget, having peaked at 53 percent in 2001.<sup>9</sup> Between 2006 and 2007, the proportion of aid dropped below 30 percent. In the 2008

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<sup>6</sup> Ministry of Health and national AIDS Council Zambia (2008), Zambia Country Report: Multi-Sectoral AIDS Response, Monitoring and Evaluation Biennial Report 2006-2007. Updated version.

<sup>7</sup> European Center for Development Policy Management- Wohlgemuth and Saasa (2008) Ibid.

<sup>8</sup> AfDB/OECD (2008) *ibid*.

<sup>9</sup> GRZ 2005b.

Budget Speech, foreign aid was said to have fallen to 24 percent from 28 percent the previous year and in 2009 to about 20 percent. The relative fall in the contribution of aid to the government budget is mainly due to reduced debt relief after the country reached the HIPC completion point, rising copper prices and strong economic growth, which have led to an appreciation of the Kwacha. It should be noted, however, that not all aid is captured in the budget.

In recent years, GRZ has taken measures to improve aid coordination in order to improve development effectiveness. In June 2005, the Ministry of Finance and National Planning published a document on its relationship with donors called *Aid Policy and Strategy*. In this document, GRZ observed that the impact of development aid could be improved and that the government was aiming for well articulated aid policies and strategies which would provide sufficient direction during dialogue between the Government and its cooperating partners. The publication of the aid policy followed initial attempts by Cooperating Partners to harmonise their bilateral support to Zambia through what became known as the HIP and WHIP initiatives.

## **2.4 Summary**

Despite recent positive gains in growth in recent years, Zambia remains one of the poorest countries in the world. In such a context, the need for external support to address socio-economic challenges is inevitable. The significant proportion of donor support that Zambia receives suggests the need to increase the effectiveness of aid in order to generate positive development outcomes. Donors have taken measures to promote aid effectiveness in Zambia through the HIP and WHIP initiatives within the framework of Zambia's Vision 2030, Fifth National Development Plan, and *Aid Policy and Strategy*.

### 3. The Implementation of the HIP and WHIP Initiatives

This section assesses the performance of the implementation of the HIP/WHIP processes in Zambia in terms of origins, performance, adherence to the HIP/WHIP principles, procedures among CPs, dialogue between CPs and the recipient country, and the role of GRZ in assuming leadership of the development process. In so doing, it further seeks to examine the extent to which the JASZ reflects the three documents on which it is founded: The Fifth national Development Plan (2006-2010), Vision 2030 and the Aid Policy and Strategy (2005). The clarity and coherence of the JASZ are also examined.

#### 3.1 Origins of the H&A Agenda in Zambia

The Aid Effectiveness Agenda or what is known as the Harmonization and Alignment (H&A) process in Zambia predates the signing of the Paris Declaration in 2005.<sup>10</sup> Its origins, which can be traced back to the late 1980s and 1990s, assumed a sense of urgency in early 2000, following the Monterrey Conference on Financing for Development (2002), the Rome Declaration on Harmonisation (2003), and the Marrakech Round Table on Managing for Development Results (2004). Zambia participated in all these important international debates and dialogue and, thus, got the motivation to operationalise the emerging development paradigms on aid effectiveness.

Responding to the Zambian government's efforts to take the lead in the domestic development process after many years of having to respond to external conditionalities<sup>11</sup>, and also in response to the Declaration on Harmonisation formulated at the first high-level meeting on aid effectiveness, in Rome in 2003, seven donors (Denmark, Finland, Ireland, the Netherlands, Norway, Sweden and the United Kingdom) agreed to join together in support of harmonisation and alignment, resulting in the formation of the Harmonisation in Practice (HIP) initiative. However, this initiative was considered inadequate as it left out several other important development partners.<sup>12</sup>

In April, 2004, the HIP-aligned group of donors signed a Memorandum of Understanding (MoU) on *Coordination and Harmonisation of GRZ/Donor Practices for Aid Effectiveness in Zambia* with the Zambian Government through the MoFNP.<sup>13</sup> The initial seven like-minded bilateral partners had now been joined by Germany, the World Bank and the United Nations mission in Zambia. In due course, Japan, Canada, France, Italy, the European Union, and by July 2006, the United States, appended their signatures to the MoU. The new MoU replaced the earlier one signed on March 19, 2003, resulting in the creation of the Wider Harmonisation in Practice (WHIP). Notable absences have been the African Development Bank (AfDB) and the International Monetary Fund (IMF).<sup>14</sup>

A key element of the WHIP MoU is an annex with specific actions and associated deadlines. The implementation of the MoU annex is intended to promote ownership, alignment, and harmonisation

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<sup>10</sup> Mutesa (2006).

<sup>11</sup> Wohlgemuth and Saasa (2008).

<sup>12</sup> Mutesa (2006).

<sup>13</sup> The MOU was intended to harmonise programmes, increase the share of budget support the donors provided and to coordinate policy inputs.

<sup>14</sup> With the IMF justifying its self-exclusion on the grounds that it is not a donor.

through such actions as increased use of budget support, establishment of more SWAps, increased reliance on government systems for procurement, fund management and auditing. The WHIP agreement also calls for support in strengthening the Office of the Auditor General and monitoring and evaluation (M&E) systems.

To achieve the objective of harmonisation and alignment, GRZ has in the FNDP identified national development priorities around which it seeks to rally donor funding. The FNDP outlines Zambia's development priorities for the period 2006-2011, while the *Aid Policy and Strategy* defines the terms and conditions under which Zambia would like to acquire external assistance in a manner deemed expedient for achieving the development priorities set out in the FNDP.

Policy-dialogue between GRZ and CPs has driven the H&A process in Zambia. However, the process has also been characterized by both periods of inactivity and accelerated progress (Mutesa, 2006). Nonetheless, remarkable progress has been made as reflected in the completion of several key policy documents, in particular the FNDP, the *Aid Policy* and the Joint Assistance Strategy for Zambia (JASZ). The JASZ specifically represents the coordinated strategy of Zambia's CPs to the priorities set out in the FNDP and is guided by the *Aid Policy*.

### **3.2 The Joint Assistance Strategy for Zambia/Division of Labour Process**

The JASZ is a national medium-term framework (2007-2010) which was designed to cement the new aid relations between the Cooperating Partners and GRZ. It represents the CPs' joint response to Zambia's newly developed Vision 2030 and the Fifth National Development Plan (FNDP), which together constitute the national framework for reducing poverty and promoting sustainable expansion of the economy. The JASZ also attempts to strengthen local ownership of the development process and enhance official development assistance (ODA) effectiveness and mutual accountability by linking the international arrangements endorsed under the PD and the effectiveness criteria in Zambia's *Aid Policy and Strategy* to the FNDP. The intention is that this document will substitute for all of the separate strategies of the CPs.

The JASZ has seven key objectives:

1. Establish a shared vision and guiding principles for CPs' support to the objectives of the FNDP, which is the first stage in meeting the Vision 2030;
2. Articulate priorities for support during the Plan period;
3. Replace or better align CPs' country strategies (including resource allocations) with FNDP priorities, targets and country systems;
4. Improve aid delivery by achieving a more effective Division of Labour (DoL) and allocation of CPs' resources;
5. Deepen the results focus of assistance programmes;
6. Simplify aid management and improve aid predictability; and,
7. Reduce transaction costs for the GRZ.

The idea of the JASZ was mooted in the April 1, 2004, MoU on *Coordination and Harmonisation of GRZ/Donor Practices for Aid Effectiveness in Zambia* signed by GRZ and its major CPs. The signatories

to the JASZ are 12 bilateral donors, the European Commission, the United Nations, the World Bank and the African Development Bank.

One core principle of the JASZ is the 'Division of Labour' process or WHIP Matrix based on the Poverty Reduction Strategy Paper (PRSP) (now the FNDP) themes and objectives. As previously noted, the FNDP is a macro policy document which articulates GRZ priorities in its 20 sectors of development. To ensure that donors support GRZ – selected priorities in the 20 sectors, the PC and the CPs initiated the Division of Labour (DOL), where CPs were allocated areas of focus (Annex I). This is intended to ensure that the CPs effectively support GRZ in the priority areas of development. In this sense, the JASZ is relevant to the development needs of Zambia.

As shown in Annex I, the DOL process assigns the donors a lead, active or background role in each sector. The rationale for DOL is multi-faceted. It aims to reduce transactional costs, congestion and duplication in sectors. The DOL is also intended to strengthen government leadership and ownership of the development process in accordance with the Aid Policy and Strategy.

### **Performance of the JASZ/Division of Labour**

The evaluation notes that there is some evidence of progress towards enhancing aid effectiveness in Zambia following the operationalisation of the JASZ. This progress has, however, been slowed down by some operational and structural challenges.

### ***Progress and achievements***

The evaluation noted the following, among others, as some of the positive outcomes of the DOL matrix:

- *Deepening coordination and harmonisation among CPs:* CPs have organised themselves in a Cooperating Partner Group, and regular consultations with GRZ is handled by a lead troika. This has made it possible for donors to harmonise positions on most of the issues they raise with the government. Through information and knowledge sharing, and regular meetings, donors are able to harmonise and align their assistance with the AID Policy and Strategy and with national priorities set out in the FNDP. As discussed later in this document, this is evident in the increasing adoption of new aid modalities such as general budget support among donors.
- *Simplified dialogue and discussions between CPs and GRZ:* Policy dialogue between GRZ and its CPs has deepened around the core principles of the Paris Declaration.<sup>15</sup> The donors and GRZ have agreed on lead agencies (the Troika) in all sectors, which has resulted in better prepared coordination meetings with fewer donors holding meetings with the government. Wohlgemuth and Saasa (2008) note that this has enabled the Zambian government, in turn, to take leadership, with most coordination meetings now being held in government offices.
- *Improved coordination between GRZ and CPs:* Coordination between donors and GRZ has gradually expanded and improved. For instance, donor coordination is being managed through the Poverty Reduction Budget Support (PRBS) group, comprising all donors providing macroeconomic support. It was further claimed that the number of joint missions between GRZ

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<sup>15</sup> See also Mutesa (2006).

and CPs is rising, while some donors are using government procedures for aid disbursement and the accountability of funds.

- *Reduction in transaction costs for GRZ:* the general consensus among both CPs and the PC during the course of the evaluation is that *the WHIP Matrix is contributing to a reduction in transaction costs for government, as GRZ has to communicate and interact directly with a fewer number of donors in each sector than before.* It was also noted that the demand on GRZ to meet separate financial and reporting requirements is going down as donors gradually move towards common approaches in aid delivery.
- *Strengthening the Office of the Auditor General:* To a large extent, the CPs, through the JASZ, have succeeded in building the capacity of the Auditor General's Office. This is reflected in recent public revelations of misuse and abuse of public funds by the Auditor General. These revelations have been widely reported in the media.

### **Challenges**

Despite these achievements, both the Government and CPs note that there are a number of challenges in the performance of the JASZ/DOL process which have somewhat slowed down progress. In interviews, some CPs expressed scepticism that the WHIP Matrix had worked very well, citing the following as major challenges:

- *Congestion in some sectors:* Despite the stated aim of the DOL process as reducing the number of CPs that GRZ has to deal with in various sectors, many respondents noted that donors are still not evenly distributed across sectors, which leaves some sectors congested or overcrowded (Annex I). As shown in Annex I, membership of the Working Groups varies considerably. This congestion is mostly due to donor preferences for certain sectors. The Macro-Economics Group is the most crowded with 14 members, while the Science and Technology Group is the least popular with only one member. Membership in the Macro-Economics Group has increased from nine in 2006, while that in the Science and Technology Group did not have a single donor in 2006. The specialisation or comparative advantage of donors in certain areas complicates the situation. Despite this observation, one view argues that congestion should be seen as a natural process for programme-based efforts.
- *High transaction costs for donors:* The donors also expressed concern that the division of labour process had resulted in high transaction costs for CPs. Some CP respondents commented that the high transactional costs could be temporary. However, noting that this was more than five years following the operationalisation of PD principles (Zambia started early with HIP and WHIP), one could argue that indeed the transactional costs are not a temporary phase of the PD processes. Several PCs noted that the HIP/WHIP matrix is a very intense process, which requires a lot of resources, time and effort, resulting in an increased burden for some CPs. This confirms the view by Wohlgemuth and Saasa (2008) that transaction costs during the first couple of years could actually increase as a result of the required consultation and re-orientation of systems to align to new ways of doing things.

- *Insufficient adherence to WHIP/PD principles:* The level of adherence to the HIP/WHIP principles among CPs was also seen as inadequate. In interviews, respondents described the adherence to the HIP/WHIP principles among CPs as 'low'. Despite recognising the need for harmonisation and alignment of donor systems and processes to local ones, many CPs were still relying on their own systems and processes, mainly due to difficulties arising from their headquarters or foreign policy requirements. As a result, many of the expected benefits from greater transparency and oversight have not yet materialised.
- *Too much focus on process:* GRZ officials and some CPs expressed concern that the WHIP matrix is increasingly being seen as an end itself rather than a means towards achieving development effectiveness. Another problematic area was the structure of dialogue between CPs and the recipient country. In interviews, many donors described the existing dialogue mechanism between GRZ and CPs as 'insufficient'. It was noted that, while CPs invest in and have access to quality information, the government does not do so, resulting in an equal relationship between the two. This seems to affect the capacity of GRZ to effectively negotiate with donors.
- *Leadership of the DoL:* Issues of concern around leads were raised by respondents, with some CPs suggesting the need to review the purpose of the lead and clarify expectations of leads. The weak capacities among some CPs to lead was said to undermine the performance of the sectors. Strong working group performance requires a lot of sustained energy. It was noted that some CPs have not been able to build or maintain capacity to carry out their lead roles and have had to step down from earlier commitments, while other partners are willing to take on new responsibilities. Difficulties in reaching consensus among CPs was cited as another challenge. So were the difficulties that some CPs or institutions, such as the UN system, faced in leading the groups due to the restrictive nature of their mandates.
- *Representation:* Some members of sectors who belong to categories of Active, Background and Phasing Out, feel that their technical issues are not adequately presented by leads when they engage with GRZ. The CPs noted that in some cases Leads do not invite all key stakeholders when they engage with Government.
- *Non-inclusion of cross-cutting issues:* Although the WHIP Matrix covers a range of thematic areas that are relevant to aid effectiveness in Zambia, it poorly addresses cross-cutting issues such as gender, HIV/AIDS and the environment. This is mainly because the current matrix is still based on the implementation of the 2004 MoU. Despite suggestions for a more streamlined matrix of eight Working Groups incorporating issues from the old matrix and largely reflecting the Paris Indicators, as noted above, nothing much has been achieved in this regard.
- *The role of emerging donors:* The other challenge is that some emerging donors, such as China and Brazil<sup>16</sup>, who seem not to be participating in efforts by other CPs to operationalise the PD in Zambia. In the interest of harmonisation, the majority of CP interviewed preferred that the merging donors be encouraged to join the CP group. Interviews with traditional donors suggest that this is weakening the H&A agenda in Zambia. The challenge for GRZ is to clarify how the

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<sup>16</sup> A representative of the Brazilian embassy attended the Inception Workshop.

contributions of emerging donors and vertical funds should relate to the FNDP, Aid Policy and the mechanisms under the DoL process.

### **3.3 Role of the Government in the WHIP Matrix**

What emerges from this evaluation on the WHIP Matrix in Zambia is that the role of GRZ in driving the process is weak. Donors expressed strong doubt that the implementation of the HIP/WHIP processes had enhanced the role of the government in the development process. The Evaluation Team takes the view that, despite the publication of an *Aid Policy and Strategy*, there is presently no effective and sophisticated aid coordination system at the MoFNP, but especially in line ministries and at sub-national level. Many CPs believe that the MoFNP is overburdened due to lack of capacity (such as high staff turnover and a small team dealing with aid coordination). As will become clear throughout this document, this has created an unequal relationship between GRZ and CPs both in the WHIP Matrix and in the implementation of the PD, with weak capacity limiting the ownership and leadership role of the former. The challenge is for GRZ to come up with a clear framework in the form of an Aid Effectiveness Action and Implementation Plan on how to mobilise, receive, plan and manage external resources and strengthen weak accountability systems. Although some donors may oppose this, the Plan would help the recipient country address current weaknesses in the aid management system.

### **3.4 Summary**

Since the launch of the HIP initiative in 2003, the H&A agenda has been advancing relatively well in Zambia. Various agreements and instruments have been developed with a view to enhancing the effectiveness of aid. The HIP initiative was expanded in 2004 to create the Wider Harmonisation in Practice (WHIP) group, following the decision of all the remaining major donors in the country to join the initiative. A key initiative of the HIP/WHIP initiatives is the JASZ/DOL process. There is some evidence of progress towards enhancing aid effectiveness in Zambia following the operationalisation of the JASZ/DOL process. This progress has, however, been slowed down by some procedural and operational challenges in the implementation of the JASZ/DOL process. These challenges raise some questions regarding the donors' willingness to effectively implement the PD in Zambia. There are also doubts about the extent to which the JASZ/DOL process has strengthened government ownership of the development process.

#### *Recommendations:*

To enhance aid effectiveness through the HIP/WHIP process, there is need to:

- Establish a clear framework driven by GRZ for managing and coordinating the WHIP Matrix;
- Review and streamline the JASZ/DOL process (especially concerning overcrowding in some sectors, transaction costs for donors and CP representation);
- Explore and clarify the role of emerging donors and parallel funds; and,
- Strengthen the capacity of some CPs to effectively implement the PD in Zambia under the WHIP Matrix.

## 4. Utility of the Paris Declaration

This section assesses the degree to which the Paris Declaration is a useful tool for development, mainly focusing on three areas: its clarity, relevance and coherence. The Paris Declaration groups aid delivery principles into five broad categories. 'Ownership' is the first category which requires the Partner Country to exercise effective leadership over the development policies and strategies and coordinate development actions. The second and third categories, 'alignment' and 'harmonization', require donors to base their overall support on the partner countries' national development strategies, institutions and procedures, and ensure that their actions are more harmonized, transparent and collectively effective. 'Managing for results', the fourth category, means managing and implementing aid in a way that improves decision-making to achieve development objectives. The last category, 'mutual accountability', requires both donor and partner countries to be responsible for development outcomes.

### 4.1 CP and GRZ Perceptions of the Utility of the PD

To a large extent, the Cooperating Partners and GRZ viewed the PD as a very useful tool for guiding development operations and effective aid management. Both see the PD as the basis for the JASZ, which, as previously noted, forms CP's common views and recognition on assistance to Zambia. To some extent, this has served to utilise and localise the PD principles in Zambia. However, there were some concerns raised around its clarity, relevance and coherence.

#### Clarity

Clarity speaks to the degree of understanding of meaning of the five PD principles namely: ownership, alignment, harmonisation, managing for results and mutual accountability. Overall, both the GRZ and the CPs described the level of clarity of the PD principles as 'insufficient'. Further clarifications on the five PD principles and indicators, especially on the interpretations of the role of programme-based support and project aid, are, therefore, needed.

However, the assessment noted a higher level of clarity of PD among the CPs than the government officials. But clarity on PD among government officials was not uniform. Knowledge about PD issues was higher among senior officials in the MoFNP and in those line ministries where sector programmes were most advanced. Awareness of the PD was very weak in many line ministries and municipalities. Despite weak capacity, the MoFNP can do more to enhance awareness and knowledge of the PD in line ministries and at sub-national level (i.e. municipalities). But considerable efforts have been made by the MoFNP to enhance knowledge and awareness of the need for alignment and harmonisation among CPs. These efforts include formulation of Vision 2030 and the Fifth National Development Plan; and publication of the *Aid Policy and Strategy*.

The evaluation noted concern among CPs for the need to broaden the scope of definition of ownership. In the PD, ownership only has one indicator, namely, existence of operational development strategies. What is not discussed is GRZ capacity to prepare its development documents. Some respondents

cautioned that too much involvement by CPs in crafting country priority documents (FNDP, Vision 2030, Aid Policy and Strategy) may alienate the GRZ from true ownership of the policy frameworks that articulate their development priorities. In the case of the Aid Policy and Strategy, some CPs reiterated that the document was prepared by two CPs, after which it was handed over to GRZ for ownership. With regard to the FNDP, the criticism was that the document is an excellent piece of work – a master piece even – but written in the right language mainly to sell to donors. The respondents further noted that very few senior officials in GRZ were knowledgeable of the contents of this document. The critics pointed out that there was very little inclusion of local issues in the FNDP.

## Relevance

Both the PC and the CPs find the PD commitments and indicators generally relevant in terms of the local situation pertaining to aid delivery, effectiveness and the development needs of the host country. GRZ is making a serious attempt to ensure compliance with the commitments under the PD. The development context in Zambia well before 2005 warranted the need to apply the well-crafted and chosen guiding principles of Zambia’s AID Policy and Strategy which were similar to, if not better than, the five PD principles. As outlined in both Zambia’s AID Policy and Strategy (2005) as well as the JASZ (2007), both the government and CPs had development issues which militated against development and aid effectiveness. Table 1 summarises these challenges.

**Table 1: Development Obstacles Confronting Zambia Prior to 2005<sup>17</sup>**

Donor's Side	Government Side
<ul style="list-style-type: none"> <li>• Weak involvement of the Government during CPs preparation of respective Country Support Programmes</li> <li>• Limited level of predictability of Aid flows in terms of volume and time of disbursements</li> <li>• A general avoidance of direct or general budget support in spite of promise for the better integration of external resources into national budgeting and planning</li> <li>• Weak management of technical assistance with PC possessing little influence over its sourcing, targeting and monitoring</li> <li>• Multiplicity of donor financial reporting and accounting systems</li> <li>• Tendency to pay more attention on monitoring expenditures than actual outcomes and impact of supported programmes</li> <li>• Too many and often uncoordinated donor missions with little consideration of the pressure this introduces on the government official's times</li> </ul>	<ul style="list-style-type: none"> <li>• Weak institutions within the PC for effective resource management</li> <li>• Inadequate and often unclear procedures regarding how best to mobilize, receive, plan/budget and manage external resources</li> <li>• Inadequate and at times inappropriate systems of monitoring programme or project implementation and, consequently inability to determine level of impact</li> <li>• Weak PC accountability system mainly due to weaknesses in oversight institution and mechanisms as well as frail legal frameworks</li> <li>• Weak coordination within the government system in areas of aid management resulting in many line ministries getting marginalized in the process.</li> </ul>

**Source:** Developed by Consultants from the JASZ (2007) and Aid Policy (2005).

<sup>17</sup> Government of the Republic of Zambia (2005), *Zambia Aid policy and Strategy*.

It should, however, be noted that these development challenges were noted well before the signing of the PD, and were the cornerstones for the development of the AID Policy and Strategy for Zambia (2005) and the JASZ in (2007). Although the JASZ was signed in 2007, work towards its development dates back as far as 2004, with the signing of an *MOU on coordination, and harmonisation of GRZ/Donor Practices for AID effectiveness in Zambia*.

The Aid Policy and Strategy's Guiding Principles are robust and comprehensive. The principles emphasise the relevance for application of new ways of doing development work. A comparison of the eight guiding principles and the five PD principles show a lot of resemblance and also that the eight guiding principles were even more comprehensive than those articulated in the PD. For Zambia, the eight guiding principle constitute the primary frame of reference in the interaction between the government and its cooperating partners. Table 2 makes an effort to compare the similarities of the eight guiding principles and the five PD principles as well as showing the comprehensiveness of the former.

**Table 2: Comparison of the Eight Guiding Principles and the Five PD Principles**

Highlights of the Eight Guiding Principles	5 PD Principles				
	1	2	3	4	5
1. <b>Country ownership is cardinal:</b> setting its development vision and goals, a conscious effort towards country ownership which entails building of a supportive policy environment and a country led system that would increase space for Zambian people to take the lead in ownership of own development	x	X			
2. <b>Promotion of justice and equity in the country is essential:</b> GRZ to promote equity in the distribution of resources, the focus on wealth creation that addresses the existing disparities between regions and among different social groups shall be part of the GRZ's effort to promote social justice the Zambian people				X	
3. <b>The promotion of International justice and equity:</b> Extent support to, and participate in international initiatives that strive to restructure the national relations for equity and justice.				X	
4. <b>Enhancement of true partnership through dialogue, coordination, harmonisation, alignment and information sharing:</b> cooperating partners shall be guided by inclusive and well informed dialogue in the spirit of genuine partnership, development of effective dialogue mechanisms		x	x		X
5. <b>Simplification of processes and procedures:</b> The GRZ shall make a deliberate effort towards simpler, harmonized and more flexible procedures in the management of projects and programmes.		x	x		
6. <b>Grants as Preferred Form of Assistance:</b> The GRZ to progressively reduce its dependency on external assistance. Where aid is required, the GRZ shall give preference to grants as opposed to loans.	x				
7. <b>All external assistance shall contain clear capacity building components:</b> The GRZ expects that development assistance shall always be provided in ways that build rather than inadvertently undermine Zambia's institutional and human resource capacities. The GRZ shall identify weaknesses in institutional capacities an in human resource development and retention in close collaboration with CPs.	x			X	
8. <b>The promotion of strong partnerships with non-state actors:</b> The GRZ shall continue to recognize importance of partnerships with non-state actors (including private sectors and NGOs). External assistance that strengthen the management and implementation capacities of development oriented state actors shall be encouraged and supported.	x			X	X

**Source: Developed by the Consultants: Dr Neddy Matshalaga and Dr Francis Chigunta.**

\*Key: 5 PD Principle 1=Ownership, 2=Alignment, 3=Harmonisation, 4= Managing for results, 5= Mutual Accountability.

An analysis of the plotting in Table 3 demonstrates the richness of the eight guiding principles as well as the linkages of the guiding principles to the 5 PD principles. Five of the eight guiding principles (1, 4, 5, 7, and 8) embrace aspects of more than 1 PD principle. Information on Table 2 further emphasises and endorses the relevance of development principles embodied in the AID Policy and Strategy for Zambia and indeed the subsequent PD principles. It, should, however be noted that the PD principles are silent on observed importance of cross cutting issues such as gender, HIV and AIDS and environment, which are critical for development effectiveness. Also a broad understanding of democracy and development is absent from the PD.<sup>18</sup> In addition, *there is little or no emphasis on an aid exit strategy from aid dependence.*

## **Coherence**

On the whole, the PD principles and the accompanying indicators are clear. However, an analysis of some of the indicators revealed areas where the PD principles were not coherent:

*Too many indicators for alignment and not enough for harmonisation:* Observations were made that the indicators for alignment are rather too ambitious and that those for harmonisation could be improved. Harmonisation is an area which was also noted as one where there was relatively poor performance by CPs. There is room for PCs to utilize country ownership to design localized modalities that could enhance and motivate CPs to perform better in this area. As already noted, there was also an observation that the alignment and harmonisation process had significantly increased transactional costs for the CPs (too many coordination meetings against small staff complement at country office). On the positive side, the processes are believed to have reduced transactional cost for the government side especially for the MoFNP which is the focal ministry for dealing with CPs.

*Non-inclusion of cross cutting issues:* As in the case of the HIP/WHIP process, the PD principles are relatively silent on observed importance of cross cutting issues such as gender, HIV and AIDS and environment, which are critical for development effectiveness.

*Too much emphasis on aid effectiveness at the expense of development effectiveness:* As previously noted, there has been too much attention given to the importance of processes on aid effectiveness at the expense of looking at development effectiveness. There is need to combine the importance of both aid and development effectiveness for improved results in efforts made by both government and CPs. Critical aspects of development that would potentially make a difference to development effectiveness include the importance of decentralization, addressing the cross cutting issues in development (see above), greater involvement and participation of CSOs and the private sector in policy and strategy formulation and financial and technical support to sub-national administrative structure such as districts and municipalities.

## **4.2 Summary**

The Paris Declaration is widely seen as an important international normative framework guiding relations between donors and the Zambian government. However, the level of clarity on the PD principles varies.

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<sup>18</sup> Jonathan Glennie, (2008), *The Trouble with Aid: Why Less Could Mean More for Africa*, (Zed Books, London).

Clarity was higher among CPs than it was among GRZ officials. Among GRZ officials, those in MoFNP were more conversant with the meaning and understanding of the PD principles than their counterparts in line ministries. Much work is, therefore, still required to bridge the gap between MoFNP and line ministries regarding the implementation of the PD. Overall, however, PD principles are widely seen as relevant to the development and aid effective needs of Zambia. But there are some concerns with regard to its coherence. Thus, whilst most respondents would agree that the PD is a robust document, it could be strengthened to become more coherent. In particular, locally adjusted definitions and understandings are required to ensure that the PD speaks to the local reality. Gaps in acknowledging the importance of cross cutting issues such as gender equality, environment and poverty reduction in contributing to aid effectiveness is noted.

*Recommendations:*

To satisfactorily deal with the concerns raised around the clarity, relevance and coherence of the PD, it is recommended that:

- The MoFNP should strengthen its awareness campaign on the importance and implementation of the PD through the design of an effective communication strategy, specifically targeted at all line ministries and sub-national levels (local authorities);
- Further in-country clarification is needed on critical aspects of the PD principles; and,
- PD indicators should be adapted to the local situation.

## 5. Assessment of Cooperating Partner Behaviour

This section presents an assessment of the degree to which CPs have changed their behaviour against the broad expectations in the PD. Behaviour change will be evaluated against three variables: i) **commitment** to the five principles of the PD; ii) **capacities**, and iii) **incentives**. Assessment of capacities is embedded in alignment indicators.

### 5.1 Commitment to the PD Principles

The five principles of the PD are ownership, alignment, harmonisation, managing for results and mutual accountability.

#### Ownership

The 2006 baseline monitoring survey rated Zambia's ownership of the development process as 'moderate' on a scale of 'Low – Moderate – High'. The main challenges at that time were cited as the need to prioritise and implement a large number of sectoral development plans, the need to complete Vision 2030 and FNDP and improve intra-government coordination. This section presents an assessment of the degree to which CPs have committed to respect partner country leadership and helped GZR to exercise it. An analysis of ownership notes some dilemmas around ownership.

#### Efforts by CPs on supporting country ownership commendable

The Evaluation Team was informed that CPs have worked towards the development of modalities that enhanced country ownership. CPs efforts in contributing to the development of the FNDP and the Aid Policy and Strategy are highly commendable. Most CP interviewed indicated how they had contributed towards the development of Zambia's development planning frameworks, especially the FNDP. The development of the final version of the JASZ in 2007 was the culmination of many years of consultation and efforts by the CPs to concretise HIP and WHIP. As noted in Section 3, the JASZ represents the CPs' joint response to FNDP, Vision 2030 and the Aid Policy and Strategy. The JASZ is intended to strengthen national ownership by linking commitments under the PD and the Aid Policy and Strategy to the FNDP to encourage donors to focus on certain sectors and ensuring even coverage of all priority sectors. Despite the positive developments by CPs towards supporting country ownership, the assessment notes interesting debates around dilemmas related to ownership.

#### The dilemma of CP support in crafting country ownership documents

The evaluation noted some behaviour of CPs which can undermine CP ownership. Some respondents cautioned that too much involvement by CPs in crafting country priority documents (FNDP, Vision 2030, Aid Policy and Strategy) may distance the GRZ from true ownership of the policy frameworks that articulate their development priorities. While the DOL was hailed as a positive behavior for the CPs, a number of issues were raised which questioned true country ownership by GRZ. As noted in Section 3, there was a view that government was not forceful in stating its preferences for CP division of labour in the 20 sectors.

### Unbalanced application

The evaluation noted unbalanced application of the five principles by the CPs, who placed greater emphasis on alignment and harmonisation at the expense of other important principles such as supporting efforts towards country ownership, managing for results and aspects of mutual accountability. The result is lack of comprehensiveness in dealing with other PD principles.

### Reduction of PIUs

While the PD document highlights the importance of reducing Project Implementation Units (PIUs) by two thirds as a target for 2010, both CPs and GRZ appreciate the difficulties involved. Some CPs noted that the issue is not so much focusing on the reduction of the PIUs but whether the PIU is contributing to strengthening capacity in the recipient country by, among other means, by transferring skills. In the same vein, the assessment noted that many line ministries preferred PIU as this gave them the leverage to manage resources for their respective sectors without having to depend solely on the decisions from the treasury.

### Ganging up of donors versus lack of capacity of GRZ

A close analysis of CP behaviour points to the strong cohesion and resultant strength of the CPs group which could, to some extent, undermine GRZ ownership. The revelations of financial abuse in the MoH is illustrative here. The CPs are reportedly putting in place new conditionalities for GRZ which may drive the later to some outcomes seen as desirable to CPs. (See Box 1)

#### **Box 1: Donor Response to the Ministry of Health Scandal**

Donors met more often than before as a CP group and strategized on how to approach the government to respond to the scandal in the health sector. Opinions of some CPs who followed the health sector issues closely, were that the CPs were now ganging up. A withdrawal or rather delayed disbursements of funds by one CP in this sector was followed by yet another CP in the same sector also withholding funding to the government. One CP was of the opinion that the CP group was taking advantage of the situation to advance other development agenda at the time when the GRZ was at its weakest. The Health Sector crisis gives CPs leverage on government which may challenge country ownership. CPs are reported to be requesting for a complex matrix of governance, which points out issues the GRZ should address.

### **Alignment**

According to the PD, donors are expected to align with partner strategies, support PCs to strengthen country systems and development capacities, commit to provide indicative commitment of aid over a multi-year framework, disburse aid in a timely and predictable fashion, rely on partner PC system for procurement and commit to untying aid.

In the 2006 Survey, Zambia got a rating of low/moderate for alignment. The main challenge was inefficient country accountability systems. The key recommendations were for the CPs at HQ level to establish decision-making processes that would support efforts to operationalise the PD in field offices. CPs were highly recommended to support the improvement of country systems, especially institution of the Public Expenditure Management and Financial Accountability programmes. During the baseline year, Zambia received a World Bank Country Policy and Institutional Association (CPIA) rating of score 3 (on a scale 1-6) which was slightly below the international expected rates of 3.2. The evaluation noted that alignment is an area which had the greatest volume of activities among CPs and also an area

where CP performance is relatively good. The following section looks at CP performance against the relevance alignment indicators.

### Indicator 3: Aligning aid flows on national priorities

The baseline value for indicator 3 was 52 percent against the PD target of 85 percent of aid on budget.<sup>19</sup> The consultation with donors revealed a positive trend in CP aligning their support to GRZ priorities through use of general budget support, basket and sector funding modalities. The JASZ also provided an opportunity for CPs to harmonise and align assistance with the AID Policy and Strategy and national priorities. Other positive aspects of CP behavior change, noted in this evaluation, was the tendency for CPs to engage the GRZ a lot more in the development of the Country Assistance Strategies. The extreme side of this trend was the direct use of FNDP and JASZ as planning tools as opposed to development of CASs. However, only few CPs, such as the Danes, have taken this position. The majority of CPs were aligning their support to the FNDP, Vision 2030. The alignment was also reflected in most of the CP policies, guidelines and manuals.

### Lack of trust between CP versus the need for use of national systems

The average baseline score for use of country public financial systems stood at 34 percent in 2006. There was progress made between 2005 and 2007 where the score rose from 34 percent to 59 percent. On the whole, the assessment noted positive trends among CP for the need to use country systems. In interviews, the Evaluation Team noted a common standpoint for most donors to use country systems and support GRZ in strengthening the systems where major challenges were identified. Since the baseline survey in 2006, there has been growing confidence in the country systems. Following the success of the harmonisation process in the Health Sector, some CPs moved to general budget support (GBS). There are now nine CPs using GBS. The experience in abuse of donor funds by civil servant in the health sector has provided CPs with a major lesson to constantly improve mechanisms for review of country systems, more so when the confidence is growing. Although the largest proportion of donor aid used national auditing systems, budget execution mechanisms were least used. Interviews with CPs reflected a fair number of donors using auditor general reports (including Sweden, Norway, Irish Aid, EU and World Bank). The evaluation noted challenges around use of country systems. Some CPs noted weak linkages between budget speech, Yellow Book, Appropriation, Action Approved Budget and Control of Commitments. The weak financial monitoring system, especially regular internal audits, was identified as a major gap. The absence of strategies in some sectors also made it difficult for some CPs to use country systems as there is nothing to align to. The health sector scandal was also contributing to lack of trust among CPs to use the country systems. This could potentially limit the number of CPs moving towards budget support.

### Indicators 5a&b: Use of (quality) Country Procurement Systems

In 2006, about 44 percent aid used country procurement systems. There was no rating used for this indicator and hence no target set for 2010. The Health and Education sectors show the most encouraging use of country systems. This assessment noted that a procurement Act is in now in place. The development of procurement guidelines is taking a much longer time than expected. Consequently, most CPs are not following procurement procedures. There are, however, some CPs who use country

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<sup>19</sup> OECD 2006: *2006 Survey on Monitoring the Paris Declaration: Country Chapters: Zambia*.

procurement systems despite the absence of guideline. In the Education Sector, for example Irish Aid used country procurement systems. Responding to concerns on the delays for development of procurements systems, one CP noted that procurement systems take long and that it takes political capital and leadership to build the systems.

Indicator 7: Aid is more predictable

CPs in Zambia made significant progress on predictability of aid. They have moved from a baseline of 50 percent in 2005 to an impressive 85 percent in 2007. Given this rising level, CPs have surpassed the 2010 targets. Factors that have contributed to these impressive results include better notification of aid disbursements by CPs to GRZ, improved ability to accurately record aid disbursements at a centralized level. Despite this progress, the assessment noted some challenges which include lack of effective mutual accountability mechanisms allowing the government to hold donors to their commitments, lack of specialized personnel in line ministries to mobilize external resources and need for swift operationalisation of the Zambia Development Assistance Database (ZDAD) to provide a uniform system for data collection and verification across ministries. The relatively weak governance system is viewed as an obstacle to improve aid predictability.

Indicator 8: Untying Aid

The PD expects CPs to provide untied aid to PCs. Already at the 2006 baseline level, Zambia had scored performed very well with most aid being untied. In interviews, most CPs claimed that by 2007, nearly all aid to Zambia was untied.<sup>20</sup> However, it was difficult to verify this claim. Nonetheless, some CPs indicated that technical support was not included in these claims.

## **Harmonisation**

Harmonisation has two monitoring indicators: i) Using common arrangements; and, ii) Joint Missions and shared Analysis. The principle of harmonisation also emphasises complementarity which calls for effective division of labour among CPs. It also encourages incentives for collaborative behaviour. The 2006 baseline survey graded Zambia's performance on harmonisation as 'moderate'. The challenges then were cited as the need to maintain momentum of existing processes (JASZ) and strong government leadership. The survey recommended rationalising division of labour in the context of the JASZ.

*More effective division of labour:* According to the PD, CPs should commit to make full use of their respective comparative advantage at sector or country level by delegating where appropriate authority to lead donors for the execution of programmes, activities and tasks. Under the JASZ, as noted in Section 3, GRZ and CPs agreed on the Division of Labour (DOL) process. As previously noted, the rationale for DOL was multi-faceted. Within the DoL framework, each sector is jointly led by 2-3 partners, who take turns in chairing the CP Group in that sector, including taking on the main responsibility for joint dialogue with GRZ and coordinating joint responses. Besides the CP sector group meeting, leads in the various sectors meet as a group in what are termed CPG meetings. At the time of this evaluation, the Netherlands Embassy was coordinating the CPG meetings.

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<sup>20</sup> However, this does not include technical aid which is still contentious.

*Positive Outcomes of DOL:* As noted in Section Three, the evaluation identified the following as some of the positive outcomes of DoL: improved coordination among CPs, regular CP sector group meetings, increased coordination among CPs, and information sharing.

*Challenges:* As discussed in Section Three, the Evaluation Team identified a number of challenges in the operationalisation of the DOL process, especially congestion<sup>21</sup>, lack of clarity on expectations of lead CPs, lack of capacity of some CPs to lead<sup>22</sup>, and poor representation of some donors<sup>23</sup>.

### The large number of CPs versus the cost of harmonisation

Harmonisation is an area which was also noted as one where there was relatively poor performance by CPs. There is room for PCs to utilize country ownership to design localized modalities that could enhance and motivate CPs to perform better in this area. There was also an observation that the alignment and harmonisation process had significantly increased transactional cost for the CPs (too many coordination meetings against small staff complement at country office). On the positive side, the processes are believed to have reduced transactional cost for the government side especially for the MoFNP which is the focal ministry for dealing with CPs.

### Indicator 9: Using Common Arrangements

At the baseline in 2006, 47 percent of aid to Zambia made use of common arrangement through Programme based Approach (PBA). At the time, sectors which used PBA included Health, Governance, Education, Macro-economics, Private sector development and Transport. This evaluation noted that additional sectors (Environment, Water and Sanitation and Agriculture) were working towards a PBA modality of programming. The increase in the number of CPs who use GBS could imply an increase in the use of common arrangements. CPs agreed on a Code of Conduct on Allowances not to pay additional top up and not to undermine government structures. During the inception workshop and in interviews, the majority of CPs indicated that they were adhering to the guidelines in the Code of Conduct for allowances. CPs also indicated increasing the number of joint financing among donors. Given this trend, there is a possibility that Zambia can meet the 2010 PD target of 66 percent of aid using common arrangements.

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<sup>21</sup> Decongestion has not always been achieved in sectors since there are still a large number of CPs having a lead or active role. A good example is the Public Expenditure Management Financial Accounts, where there are 13 CPs and in Education and Health which are the “*Darling Sectors*” for most CPs as they are viewed to be easier with regards showing results. Some CPs noted that DoL could improve as there is still congestion in sectors such as PEMFA. Sometimes the decision to stay in a sector is determined by the HQ thereby contributing to congestion.

<sup>22</sup> The capacity of CP to lead was viewed as critical. There were weak capacities (skills and personnel in field) among CPs to lead was seen to undermine performance of sectors. Some CPs have not been able to build or maintain capacity to carry out their lead roles and therefore have had to step down from earlier commitments while other partners are willing to take on new responsibilities.

<sup>23</sup> In interviews, some members of sectors who belong to categories of Active, Background and Phasing Out, felt that their technical issues were not adequately presented by leads when they engage with GRZ. These CPs noted that Leads do not invite all key stakeholders when they engage with Government. There was a suggestion to have all members of a sector sit at the same table when the lead is presenting CP sector issues to GRZ.

### Indicator 10: Joint Missions and Joint Analysis

According to the PD, CPs should commit to working together to reduce the number of separate duplicative missions. Consultations with MoFNP, line ministries and some CPs revealed that donors had made some improvements in the use of joint analysis. Examples of this positive behaviour included joint analytic work in the Ministries of Health and Education as well as the development and use of the Performance Assessment Framework (PAF) which includes participation of all key stakeholders. During the PD inception workshop, both CPs and GRZ concurred that good progress had been made by the Macro-Economic Group in the area of joint analytic work. The SAGs, which are involved in participation of multi-stakeholders, are another example of joint analytical work. It should, however, be pointed out that some Sector Advisory Groups (SAGs) are active, while other are not. Working towards effective operation of SAGs in all sectors would improve the country's performance on joint analysis.

The 2006 PD baseline study for Zambia indicated that 15 percent of donor missions were coordinated out of a total of 155 missions. Consultation with both CPs and GRZ all concurred that CPs had performed badly in this area. The MoFNP also noted that, despite CPs endorsing the three month *Missions Free Period* January to March, CPs continued to make separate missions even within the free zone period. CPs at the PD Inception workshop agreed that there was only one Joint Mission in 2002 and none other since then. One of the major challenges among CPs for poor performance in this area is the desire by CPs to raise their flags and maintain visibility. The Japanese, for example, strongly pointed out that, missions by individual CPs was a necessary cost of doing development business.

### **Managing for Results**

According to the PD, managing for results means using aid in a way that focuses on the desired results and uses information to improve decision-making. CPs are expected to link country programming and resources to results and align them with effective partner country performance assessment frameworks. They are further expected to rely on performance assessment frameworks that are linked to PC national development strategies. CPs are also expected to rely as far as possible on partner country results-oriented reporting and monitoring frameworks. Zambia got a grading 'low' as a baseline measure for performance on this principle in 2006. Factors that contributed to this low performance included lack of linkages among the different strategies and intended results and limited capacity for data collection. A recommendation was made for Zambia to put in place a consistent and realistic monitoring evaluation system under the FNDP and build capacity for regular data collection and treatment.<sup>24</sup>

An annual review of the FNDP is conducted on the performance of the sectors against the agreed indicators. This is a commendable effort. The Ministries of Health and Education have a sound system of tracking progress on the key indicators. The HQs of most CPs put a lot of pressure on field offices on performance. As a result, most CPs are knowledgeable on the approach on managing for results. A system of tracking progress by both GRZ and CP was also put in place through the development of the Performance Assessment Framework.

There is room for improving the result approach to development initiatives. Capacity on concepts and content on managing for results among GRZ can be enhanced. In most sectors other than health and

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<sup>24</sup> OECD (2006), *Ibid.*

education, a system to manage results does not exist. The CPs can do better in building the capacity of GRZ in different sectors. There was, however, some concern from some GRZ officials that sometimes the agenda for performance using the results approach is driven by CPs when it comes to planning and reporting for results. This could be due to lack of political commitment to results based management by or lack of relevant skills by the GRZ.

### **Mutual Accountability**

The PD highlights Mutual Accountability as a major priority for PCs and donors to enhance mutual accountability and transparency in the use of development resources. Mutual Accountability helps strengthen public support for national policies and development priorities. CPs and PCs are expected to jointly assess through existing and increasingly objective country level mechanisms progress in implementing agreed commitments on aid effectiveness.<sup>25</sup> A recommendation was made for Zambia to develop a framework for monitoring accountability within the JASZ framework.

Since the 2006 baseline survey, Zambia has made some positive steps towards improving mutual accountability. A Performance Assessment Framework was developed with indicators that assess progress by both parties on mutually agreed targets. A high level meeting between CP and GRZ is held once a year to assess progress against key mutually agrees milestones. The donors have set up a Mutual Accountability Group which also involves key stakeholders from the government. The group is responsible for coordinating PD monitoring. As discussed in an earlier section, there have been some improvements in aid disbursements by CPs.

However, this evaluation noted that some donors are only able to commit funding projections for only one year which affects planning. While they provide some projections for 2-3 years, there is a clause on subjectivity to availability. The evaluation also noted some delays in aid disbursements by some CPs. The need to enhance the role of parliament and CSOs in mutual accountability issues is also critical. However, such a role can only be effectively performed if the capacities of CSOs are adequately built in areas like budget processes and tracking resources.

An important observation from some CPs was the need to strengthen formal channels of mutual accountability (parliament and CSOs), particularly when CPs are moving to higher levels of funding modalities, from project, to basket funding, to sector programme support to Direct Budget support. The higher CSOs go on this aid modality ladder, the greater the need to have strengthened mechanisms for transparency and accountability

Overall, the assessment has noted some positive steps taken by CPs in consultation with GRZ to improve mutual accountability. The development of PAF, establishment of Mutual Accountability Group as well as CSO support on issues of governance, accountability and transparency are milestones in the implementation of the PD in Zambia. There is, however, need to strengthen formal mechanisms of tracking mutually agreed targets by both sides as the country graduates to higher levels of funding modalities. The Inception Workshop for this evaluation noted disagreement on the role of CSOs in

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<sup>25</sup> The CPs are expected to commit to provide timely and comprehensive information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislatures and citizens. Zambia got a grading 'low/ moderate' as a baseline measure for performance on this principle. Factors that contributed to this low performance included: the need to maintain momentum of existing processes like the Wider Harmonisation in practice and JASZ.

national development discourse. GRZ representatives had reservations on full participation of CSOs in national policy issues, while the CPs held the view that their full participation would increase accountability on the part of GRZ and also provide a mechanism for good governance.

## **5.2 Capacity**

The PD document calls for a coordinated effort by CP to strengthen the capacities of the GRZ in order to contribute to aid effectiveness, and hence improve development effectiveness. The evaluation noted some efforts effort by the CPs towards improving GRZ capacities.

As of 2006, Zambia scored 32 percent for coordinated support to strengthen capacity, which was mainly attributed to efforts of the Wider Harmonisation-in-Practice. As already alluded to in earlier sections, the CPs cited their contribution towards support of the GRZ in developing their national priority documents such as the FNDP, Aid Policy and Strategy and support to sectors in the development strategy documents. With the support of CPs, ambitious reform programmes were began over the last few years in several areas ranging from public sector management and decentralisation to private sector and financial sector development.<sup>26</sup> About 13 CP were reported to be working on the Public Expenditure Management Financial Accountability (PEMFA).<sup>27</sup> In interviews, about five CPs indicated that they had provided support to the GRZ in the development of the procurement systems and the strengthening of the Auditor General's Office which seeks to strengthen internal controls and increase the capacity to assess the effectiveness of spending.

## **5.3 Incentives**

The evaluation observed two main approaches for the incentives system by CPs on operationalising the PD Principles. Interviews with a majority of donors indicated that there was no need for incentives for CP staff since the motivation to operationalise PD principles is already given in the mandates and job specifications of PD staff. Further discussion with CPs revealed that some CP field officials were mandated by their HQ offices to report regularly on efforts to operationalise the PD. The same interview revealed that staff had to report regularly on the CP efforts towards general operationalisation of the PD principles. As an incentive, most HQs have included the need to adhere to the PD in the performance appraisal systems and contracts.

A number of disincentives were noted by some of the CPs which, in a way, is a disincentive to effectively operationalise the PD. Interviews with the UN family noted the need by their HQ to articulate agency contribution to development efforts at country level. Equally, some donors continued to raise their flag both at country offices and in reports to their HQ. This tends to contradict the PD principles of harmonised joint efforts in development which sometimes makes it difficult to pin point individual efforts. Clearly, connected to this is the fact that most HQs prefer reports that will demonstrate clear contribution by individual CPs which contradicts expectations of operationalising the PD principles.

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<sup>26</sup> AfDB/OECD 2008), Ibid.

<sup>27</sup> PEMFA is a comprehensive reform programme targeting areas from debt and aid management to public procurement.

## 5.4 Summary

The evaluation of CP behaviour change has revealed a relatively high degree of commitment to the principles of the Paris Declaration by the donors. This broad commitment is reflected in the relatively high level of commitment to the PD by the Head Quarters of some CPs, most of whom had also signed the PD at the global level. During the interviews, almost all CPs were conversant with PD issues. A review of sampled policies, administrative and programming guidelines used by CPs in Zambia, made good reference to CP's commitments to the PD. However, commitment of the donors to harmonisation, particularly on conducting joint missions, remains weak. In terms of capacity, the evaluation noted significant support by CPs to GRZ in the development of national priority documents such as FNPD and the Aid Policy and Strategy. Support has also been offered on strengthening country systems such as PEMFA, development of procurement guidelines, strengthening of information management systems, and national financial management systems. The evaluation observed capacity gaps among GRZ staff on appreciation of the PD. The development of sector strategies outlining sector priority areas of support is another capacity gap. There is room for CPs to design a well thought out strategy for strengthening capacities for GRZ to deliver on their development priorities and thus enhance aid and development effectiveness. The evaluation observed that, overall, there are inherent incentives for CP field staff to operationalise the PD principles. This is because field staff job mandates and HQ development agendas both collide to reinforce the importance of operationalisation of the PD principles.

### *Recommendations:*

Against these observed challenges for operationalisation of the PD involving the role of CPs, the following recommendations are suggested:

- CPs should devise strategies for inclusiveness around policy dialogue issues where the harmonisation meetings (currently donor group meetings) include both CPs and GRZ;
- CPs should make efforts to combine the currently separate and seemingly parallel policy dialogue groups namely the SAGs and the CPG; and,
- The UN should play a more leading role in supporting the capacitation of GRZ, especially MoFNP and subsequently line ministries, in the implementation of the PD to strengthen country ownership efforts.

## 6. Assessment of GRZ Behaviour

This section assesses the extent to which the Recipient Country has changed its behaviour with regard to the implementation of the Paris Declaration on Aid Effectiveness. Behaviour change is evaluated in terms of commitment, ii) capacities; and, iii) incentives.

### 6.2 Commitment

As noted elsewhere, the five principles of the PD are ownership, alignment, harmonisation, managing for results and mutual accountability. The behaviour of the PC in terms of commitment to the PD will be assessed against the following: PC understanding of ownership, national development and aid policy objectives, and key claimants and inclusivity of ownership. It will also be assessed in terms of the extent to which it has created an enabling environment for alignment and harmonisation as well as managing for results and mutual accountability.

#### Ownership

The principle of ownership under the PD is primarily the responsibility of the partner country. Zambia finds the commitments and the target under this clear. Accordingly, the country has placed considerable emphasis on ownership of the development process, and is seeking ways of further strengthening this. As previously noted, the 2006 baseline monitoring survey rated Zambia ownership as 'moderate', on a scale Low - Moderate – High.

Several development plans and strategies have come full circle since the 2006 survey. The FNDP, which is the overall development framework for the country highlighting Government development priorities, was launched in 2007, and is currently being revised. The Government has also launched the *Aid Policy and Strategy* document whose objective is to ensure that Zambia has a systematic and coordinated approach for soliciting and managing aid. In addition, there is the Joint Assistant Strategy for Zambia which is a donor response to the FNDP and the Aid Policy. As result, Zambia has since 2008 considerably strengthened its ownership of the development. For instance, as shall be discussed in more detail in Section 6.1.3, important instruments that GRZ is using to strengthen ownership in Zambia is direct budget support and the Poverty Reduction Budget Support (PRBS) group, comprising all donors providing macroeconomic support.

While there have been serious attempts to strengthen ownership at national level, it is important to highlight its claimants. At the national level, particularly within the MoFNP and some line ministries where the H&A is advanced, ownership is very strong. However, in other line ministries ownership is weak. The roles of Parliament and civil society organisations (CSOs) are also not clear. As will be discussed in more detail in Section 7, ownership is particularly weak at sub-national level.

Consequently, there is little evidence of the PD being debated in Parliament, in public or in civil society. However, media reports indicate that corruption and misuse of donor's funds are of considerable concern to the public, parliament and civil society.

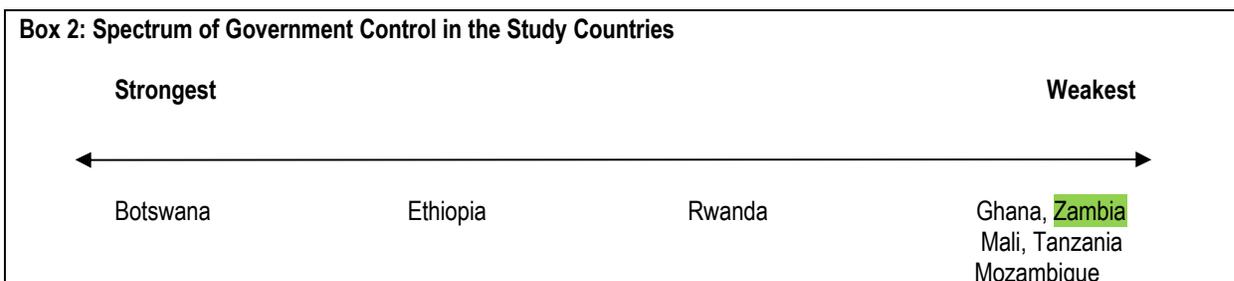
In general, ownership, as articulated under the PD, is highly contested in Zambia. As already noted in Section Five, the evaluation noted some concerns among respondents for the need to broaden the scope of definition of ownership. In the PD, ownership only has one indicator, namely, the existence of operational development strategies. This indicator could potentially be enhanced if it included issues of capacities of government partners, especially in line ministries and at sub-national administrative structures such as districts and municipalities.

The level of GRZ funding was also cited as an indicator of ownership. An increase in GRZ funding is seen as commitment by many CPs. The decision by some CPs to withhold DBS and funding to the Health Sector has exposed the weaknesses in the current notion of ownership. The withholding of aid has further revealed the negative impact of aid which has compromised the ability of GRZ to develop alternative sources of finance for its development programmes.

This has led to the view that there is a need to expand the meaning of ownership. While MoFNP officials seem satisfied with the notion of ownership as defined by the PD (i.e. leadership and coordination), others, especially those in line ministries, and even some CPs, felt that there was a need to broaden the measurement of ownership.

Generally, ownership is perceived by CPs to mean *commitment* to policies, irrespective of how those policies were developed.<sup>28</sup> This perception of ownership ignores the degree of *control* that the Partner Country has or is able to exercise over policy design and implementation. Taking this line, effective ownership of the development process is still weak in Zambia. Despite the best intentions, the heavy involvement of donors in supporting the development of government policies has, on the one hand undermined local ownership, resulting in what is now known as 'donor-driven ownership' while on the other hand there is an anticipation for support from CPs from the GRZ. This becomes difficult to balance.<sup>29</sup>

This appears to support the findings of a recent study by Paolo de Renzio, Lindsay Whitfield, and Isalie Bargamaschi (2008) which compared the degree of ownership in eight African countries, including Zambia.<sup>30</sup> From their study of policy-making in then eight African countries, they placed their results on a scale ranging from strong to weak ownership (Box 2).



**Source:** Paolo de Renzio, Lindsay Whitfield, and Isalie Bargamaschi (2008), "Reforming Foreign Aid Practices: What Country Ownership is and what Donors can do to support it".

<sup>28</sup> Paolo de Renzio, Lindsay Whitfield, and Isalie Bargamaschi (2008), "Reforming Foreign Aid Practices: What Country Ownership is and what Donors can do to support it", Department of Politics and International Relations, Oxford University.

<sup>29</sup> Paolo de Renzio and Sarah Mulley (2006), "Donor Coordination and Governance: Donor-led and Recipient-led Approaches", Oxford University.

<sup>30</sup> These countries are Ghana, Mali, Mozambique, Rwanda, Tanzania, Zambia, Ethiopia and Botswana.

As shown in Box 2, at the strong end of the scale sit Botswana, which has shown the strongest degree of ownership, and Ethiopia. At the weak end of the spectrum are the other five countries in the study: Ghana, Zambia, Mali, Tanzania and Mozambique. The challenge is for CPs to help the recipient country in a way that does not merely ascribe ownership to GRZ, but allow it to actually exercise genuine development leadership.

Overall, it should be stressed that ownership is not something that will result just from a shift in aid modalities and practices. Respecting country ownership requires a change in the perspective of donors and their role in the partner country. The government should define the development agenda and set expectations from CPs as well as take the lead in convening meetings with CPs. Although the partners should be actively involved in the implementation of the PD, it is the government which is ultimately held accountable for the success or failure of its development programmes. A more effective way of ensuring government leadership in all aspects of the five PD principles would be to prepare an *Aid Effectiveness Action and Implementation Plan* based on the *Aid Policy and Strategy* document, the FNDP and the JASZ.

### **Alignment**

Since the 2006 survey, some progress has been made in domesticating the H&A agenda in Zambia, with the FNDP seen as the main reference point for policing and programming among CPs. In the *Aid Policy and Strategy* document, GRZ has stated that GBS is its most preferred mode of aid delivery, while project support is considered the least favourable. In this respect, important reforms in government systems, processes and procedures have been made, or are in the process of being effected in order to encourage CPs to switch over to GBS.

In response to national demands and CP concerns, GRZ has re-aligned the budget cycle to the calendar year which will entail that the government financial year will be commencing January of each year. It is hoped that this will help speed up implementation of programmes.

The last few years have also seen some progress in institutional development and capacity building, as GRZ has taken action to strengthen fiduciary systems, especially the financial management systems, through the launch of the Public Expenditure Management and Financial Accounting Reforms. PEMFA is aimed at improving fiscal discipline, effectiveness in resource allocation and realization of value for money in the execution of expenditures. Specific measures initiatives introduced under PEMFA are the Integrated Financial Management and Information System (IFMIS) and the Commitment Control System (CCS) which attempts to match expenditure with revenue. On the other hand, the Medium Term Expenditure Framework (MTEF) is a medium-term (three-year) budget framework within which resources, from government and donors, are allocated to achieve set objectives.

Measures are also being taken to strengthen the procurement process. Government is addressing corruption in public procurement by enacting a new *Zambia Public Procurement Act* and establishing the Zambia Tender Authority to ensure that all procurements in public institutions are undertaken within the stipulated guidelines.

GRZ has also re-affirmed its resolve to fight corruption. To this effect, the Government officially launched the *National Anti Corruption Policy (NACP)* on 26<sup>th</sup> August, 2009 and is now working on an

Implementation Strategy and Plan. The Anti-Corruption Commission Act is also being revised to incorporate good governance practices contained in the International Anti-Corruption instruments to which Zambia is a signatory.

The Government has also announced the following measures:

- 1) a *serious frauds unit* be established under the strengthened Anti-Corruption Commission to specifically investigate complex corruption cases; and
- 2) a *financial intelligence unit*, which will be an independent institution to monitor suspicious financial transactions, be set up immediately.

In addition, GRZ has directed that:

- forensic systems and procurement audits be undertaken in the major spending ministries, provinces and spending agencies to ensure that weaknesses are identified and addressed;
- the funding to the office of the Auditor General (AG) and the ACC be increased; and,
- the procurement systems be strengthened so that the loopholes can be closed through the enactment of the new procurement regulations.

The Government has further taken the following measures:

- Established Integrity Committees in some key public service institutions prone to corruption, such as ZRA, Ministry of lands, Immigration Department, Patents and Companies Registration Office;
- Developed a Code of Ethics for the public service. Each sector or ministry is expected to adopt these codes and adapt them to address specific governance issues in their sector or ministry; and,
- Developed Clients or Service Charters to improve on efficiency of service delivery. ZRA and the Ministry of Lands have since developed Charters and they are being disseminated.

The potential impact of these measures on the socio-economic environment in the country is likely to be positive. There is likely to be increased confidence in the systems of governance. This situation is likely to result in efficient service delivery, growth and poverty reduction. However, the recent media revelations about corruption in government ministries suggest that there are still some challenges in addressing corruption.

Despite these attempts, other CPs, especially JICA, feel that the use of PIUs is still necessary to guarantee development results, especially for some sectors. Their interpretation of the PD principles re-affirms their support this aid modality.

In interviews, the CPs using project-type support noted that:

- PD principles and indicators are too 'radical';
- PD principles and indicators are not so appropriate to every situation;
- Each partner has its own comparative advantage; and

- Aid should go directly to beneficiaries.

Specifically, Japanese officials noted that:

- It is technically difficult to adapt the Japanese system to the local system;
- PIUs accelerates project implementation; and,
- PIUs facilitate technology transfer.

However, the evaluation could not ascertain the extent to which skills transfer occurs as a result of project aid. Secondly, it is not clear whether currently the enabling factors for skills transfer are in place.

## Harmonisation

Both Zambia and the CPs agree that successful development cooperation rests on harmonization of systems and processes. As previously noted, the 2006 baseline survey graded Zambia's performance on harmonisation as 'moderate'. The present evaluation indicates that GRZ has since created the necessary institutional and legal environment to facilitate harmonization of donor aid.

As noted in Section Three, GRZ in 2006 produced an *Aid Policy and Strategy* document to support harmonisation. Harmonisation was made easier with the completion of the Fifth National Development Plan launched in 2007. GRZ is also using direct BS<sup>31</sup> not only to strengthen ownership in Zambia but also to harmonise donor support. As stated in the *Aid Policy and Strategy* document, the preferred modality of aid in Zambia is direct BS.

Under the WHIP process, as noted elsewhere, the CPG coordinates overall donors, re-draft all paragraph]. Following intense work between GRZ and representatives of some donors (Netherlands, Norway, DFID and Sweden), along with the World Bank and the EC, an MoU on budget support was signed in April 2005. The IMF, though not a formal signatory, has been actively engaged in the process. Since then, Germany, Finland and the Africa Development Bank have joined the PRBS Group.

The PRBS MoU sets out principles regarding the implementation of budget support, with particular emphasis on the importance of dialogue around key policy issues, including Underlying Principles related to good governance. The MoU also emphasizes the need to ensure predictability in the disbursement of funds.

The expected effects<sup>32</sup> of the Poverty Reduction Budget Support were an increase in the share of externally-funded activities now channelled through the national budget; a lively policy dialogue focussed on key budgeting issues; and, an improvement in donor harmonisation of activities. However, it is not clear the extent to which this has occurred. But adhering to donor conditions is a major challenge for GRZ given current capacity constraints and the pace of progress in strengthening public finance

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<sup>31</sup> General Budget Support (GBS) and Sector Budget Support (SBS) are jointly referred to as Direct Budget Support (DBS). The use of DBS is intended to get aid on the budget.

<sup>32</sup> The term 'Immediate effect' refers to the process of transferring inputs (GBS funds, conditionalities, policy dialogue, TA, donor harmonisation, etc) into the (expected) results.

management systems.<sup>33</sup> Another challenge is to ensure that money is timely disbursed from the treasury to spending agencies. In interviews, Ministry of Education officials reported delays in receiving funding from the central treasury (Box 3).

**Box 3: Evolution of Harmonisation and Alignment in the Education Sector**

Education is a key priority sector in Zambia. Currently, under the Ministry of Education, education provision is guided by the education policy document, *Educating Our Future* (1996). This policy focuses on equitable access to quality education at all levels. The Government has implemented the Education Strategic Plan which was presented to the donors in February 2003. A memorandum of understanding was signed at the same occasion, providing the framework for donor support. Several EU – member states have already signed the MOU. This strengthened harmonization among the donors according to their comparative advantages, through dialogue. The ESP is articulated in Annual Work Plans (AWP), which follow the National Implementation Framework (NIP). There is direct donor support to the Ministry of Education (MoE) towards pool funding. Since 2007, the level of harmonisation among CPs has deepened. The MoE is now able to articulate its expectations to CPs. Prior to 2008, CPs used to dictate. The Education Sector SWAp was transformed under JASZ. SWAp had existed from 2005-2007. Donors (Netherlands, Ireland, Norway, USAID, DfiD) would identify a specific activity and pool funds. CPs would sign an MoU. This resulted in Basic Education Sector Investment Programme (BESSIP) (i.e. emphasis on basic schools). This was before FNDP. Following FNDP, MoE was compelled to re-align its programmes to NDP. The ministry came up with an operational tool known as NIF (National Implementation Framework). Some CPs resorted to GBS, while others have continued to fund sector projects. NIF outlines FNDP programmes; set a NIF account. The Netherlands and Irish Aid fund NIF programmes, especially infrastructure. Before the introduction of GBS, CP funds were readily available. SWAp meant desks were procured in time, basic schools were constructed, and the MoE had money. Currently, the MoE is constrained – in June no money had been released. Difficult to achieve construction target by Dec. CPs want to track how funds are used. Under SWAp, there were immediate tangible results i.e. procurement of desks, construction, vehicles, etc. MoE now funded according to funding profile submitted to MoF. Money released on a monthly basis. Following switch to DBS, delays in release of funds, resulting in delays in project implementation.

At the results level, the PRBS has contributed to a more favourable budget financing structure for GRZ, by improving the predictability of resource allocation and enhancing the fungibility of funds. It has also empowered GRZ in its dialogue with cooperating partners and it has reinforced the internal GRZ dialogue between the MFNP and line ministries. However, as noted above, officials from line ministries complained about delays in receiving funding from the central treasury, resulting in delays in project implementation. This confirms earlier research findings that the move towards GBS would result in some funding delays to line ministries.<sup>34</sup> Additional funding for the budget provides the financial resources for essential public services, based on the premise that the PRSP can only be implemented with continued concessional external financial support.

The growing emphasis on programme-based approaches (PBAs) through what is commonly referred to as a Sector Wide Approach (SWAp) has further strengthened domestic ownership and harmonisation. Compared to PIUs, PBAs focus on pooling resources together.

The Evaluation Team noted that GBS plays an important role in encouraging GRZ to improve its performance in this domain. However, there are a number of issues that need to be addressed in the future and which could be addressed under PEMFA. The Public Accounts Committee (PAC) of Parliament and the Office of the Auditor General have also played a critical role in revealing the mismanagement and misapplication of funds in many government departments.

<sup>33</sup> As Mutesa (2006) observes, further progress on PRBS is predicated upon GRZ fulfilling certain important conditions to deal with fiduciary risk which is the main concern of the donors. These conditions have to do with strengthening the public financial management system to improve transparency and accountability in the use of funds, and putting in place a robust monitoring and evaluation system to measure poverty reduction outcomes.

<sup>34</sup> See Mutesa (2006).

However, there are still a number of weaknesses in public funds management which has resulted in the continued abuse, mismanagement and misapplication of funds, according to the Auditor General's reports. This is reflected in the recent revelations of theft of public funds at the MoH. But, as previously noted, some CPs are providing support aimed at strengthening capacities in government ministries. The challenge is to ensure that this support does not undermine local ownership.

The Evaluation Team observed that, although several CPs are making some efforts to use country systems, the process of harmonising donor systems and processes to local ones is more advanced in some line ministries than others. In the Ministry of Education (MoE), community management committees are responsible for identifying and implementing projects. In contrast, in some line ministries, such as Local Government, and at district level, attempts at harmonization are still at embryonic stage. It was also noted that weak government systems tend to delay implementation of CP programmes.

Another issue of concern among CPs relates to non-adherence to the WHIP Matrix among 'emerging donors'. With China and other 'emerging donors' providing aid without raising the same concerns about the quality of governance, there is fear that the effort in the donor community to harmonise aid and speak with one voice under the CPG is bound to fail.

There were also concerns about the frequent donor missions. Interviews with respondents indicate that, despite attempts to reduce the missions in line with the spirit of the Paris Declaration, the number is rising. Government officials stated that there more missions from multilateral institutions than from bilateral institutions, with donors coming at different times. The officials described the missions as stressful and inefficient. The missions entail spending a lot of time on processes, with the risk of losing sight of the greater issue of poverty reduction. To address this, the MoFNP has introduced what is known as a 'mission silent' period during which no missions from donors are allowed. But some donors do not observe this period.

## **Managing for Results**

As earlier noted, Zambia got a grading of 'low' as a baseline measure for performance on this principle in the 2006 survey. Since then progress has been made in strengthening the monitoring mechanism and capacity for data collection. This is especially the case in line ministries, such as Health and Education. The Evaluation Team was also informed that there is a progressive move towards the use of joint reviews between GRZ and donors. In line ministries with relatively advanced harmonized systems, such as Health and Education (See Box 4).

### **Box 4: Managing for Results in the Education Sector in Zambia**

In an effort to strengthen the monitoring system, the respondents in the MoH informed the Evaluation Team that they undertook the following:

- Joint annual reviews to assess the performance for given year;
- Senior ministry officials visit selected schools;
- Quarterly progress reports are prepared;
- Half yearly, technical experts visit sites and prepare reports;
- CPs also do their own visits; and
- In the third quarter, GRZ and CPs visit sites leading to a joint Annual Report.

Despite this progress, managing for results still remains a critical challenge. The factors that contributed to Zambia's low rating in the 2006 Survey, especially limited capacity for data collection, are still major challenges today. The general view is that a gap in RMB (project management, time management and monitoring and evaluation) exists at all levels of government.

The quality of national statistics, especially those generated by the Central Statistical Organisation (CSO), is another issue. Many of the donors noted that the national statistical base was not strong enough. It was also claimed that the data were not coherent and some information on some indicators was missing. The CPs complained that this makes policing and programming difficult.

### **Mutual Accountability**

In the 2006 survey, Zambia got a grading of "Low/ moderate" as a baseline measure for performance on this principle. Since then, the Government has taken some positive steps towards improving mutual accountability, including the use of the Performance Assessment Framework to assess progress by both GRZ and donors on mutually agreed targets.<sup>35</sup> In addition, the CPs, as noted elsewhere, have set up a Mutual Accountability Group which also involves key stakeholders from the GRZ. The group is responsible for coordinating PD monitoring. However, the PAF is widely seen as being too general and, therefore, not focussed. Although there has been a lot of consultation on performance indicators, many respondents complained that PAF had too many indicators, many of which were unrealistic. An important avenue for accountability is the SAG. The general consensus among both government officials and CPs is that SAGs are an important forum for an exchange of views between the two sides. But the SAGs currently face serious challenges (Box 5).

#### **Box 5: The Role of SAGs in Mutual Accountability**

The Sector Advisory Groups (SAGs) are a consultative forum made up of representatives from key stakeholders active in a particular sector. The groups were involved in the formulation of the Fifth National Development Plan. Following the completion of the FNDP, their role has been transformed into that of implementation and monitoring. The stakeholders involved in the SAGs include the Government, CPs, Civil Society Organisations and representatives of the private sector. At present, there are over 20 SAGs, covering a range of areas, including Health and Water. Generally, respondents felt that the SAG membership and their Terms of Reference were inadequate. Government officials also felt that the frequency of meetings needs to be reduced. Another area for improvement is the organisation of meetings, while there is also a high level of dissatisfaction with the content and quality of discussions. The quality of representation at the meetings should also be addressed. Respondents from line ministries complained about poor representation from the Ministry of Finance and National Planning. They noted that MoFNP had a tendency of sending junior officers to SAG meetings who can't take decisions. They, however, praised the commitment shown by donors to SAG meetings as they were always represented by senior officials.

The marginalisation of Parliament in the implementation of the PD has further served to undermine accountability. Although Parliament has an active Public Accounts Committee (PAC), its oversight function over the national budget is weak. Historically, the executive organ of the state has been very dominant in Zambia. This has rendered the other two organs, and especially Parliament, weak.

Another critical challenge is the role of civil society organizations in promoting accountability at the local level. *The structure of the dialogue between GRZ and CPs is such that it excludes CSOs from any meaningful participation in the implementation of the PD.* The ongoing absence of CSOs from mutual

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<sup>35</sup> A high level meeting between CP and GRZ is held once a year to assess progress against key mutually agrees milestones.

accountability processes raises questions about how applicable the existing mechanisms are to ensure aid effectiveness. Reduced funding to CSOs has not helped their cause (Box 6).

**Box 6: Marginalisation of CSOs in the Implementation of the PD in Zambia**

In a focus group discussion, CSO representatives complained about funding difficulties they were encountering under the new aid modalities, especially GBS. But views on funding to CSOs differ. During the survey, most CPs stressed that there was no reduction in funding to CSOs. In contrast, CSOs maintained that there has been a noticeable decline in donor funding to CSOs. However, at the time of the evaluation, no data was available on donor support to CSOs. The absence of a strong development data base in the form of the Zambia Development and Assistance Database (ZDAD) – which is meant to track the inflow of aid – has worsened the situation.

## 6.2 Capacity

The Evaluation Team was informed that capacity in government is a serious challenge due to lack of adequate human resources and infrastructure. To address this challenge, GRZ has been implementing the Public Sector Reform Programme (PSRP). However, the implementation of the reforms so far has been below expectations. It is critical that barriers that have constrained effective implementation of the PSRP are addressed.

In the case of financial management capacity, there are some obvious weaknesses in PEM as the revelations of thefts of public funds in the health sector suggest. Respondents from the government observed that accounting for funds in government is generally weak. They attributed this to the poor or low qualifications of government accountants. Poor remuneration in the civil service also makes it difficult to attract or retain qualified accountants. As one respondent put it: “If you pay peanuts, you attract monkeys”. It is revealing that the scandal in the Ministry of Health involves a good number of accountants and internal auditors.

One way in which CPs support capacity building is the use of technical assistance, which many respondents saw as still requiring more alignment. Technical assistance is often used by donors to ensure the quality of policies and projects that donors fund, but this undermines the morale of the civil service. In interviews, many government officials stressed that they needed financial assistance more than technical assistance. This preference suggests that technical assistance should, as articulated in the *Aid Policy and Strategy* document, be demand-driven and support what GRZ says it needs.<sup>36</sup>

## 6.3 Incentives

In interviews with GRZ officials, the Evaluation Team learnt that *there is no specific and formal incentive structure that has been deliberately created to promote the implementation of the PD*. But there was much concern over the demand for allowances among civil servants working on donor projects. Several donor representatives complained that this was undermining commitment to projects. In interviews, civil servants admitted that they demand for allowances when they attend seminars and workshops in order to compensate for low salaries. This has created what is euphemistically referred to as the ‘imprest economy’. The challenge is to improve the conditions of service for civil servants.

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<sup>36</sup> Unreformed supply-driven technical assistance tends to favour policy conditionalities and undermines ownership (Jonathan Glennie, 2008, Zed Books, London).

## 6.4 Summary

The evaluation findings indicate that there have been some changes in the behaviour of the partner country with regard to the implementation of the PD. The new aid modalities are contributing to the consolidation of a centralized aid management system in Zambia under the MoFNP. Consequently, aid is becoming increasingly coordinated to support the FNDP. Line ministries own the development process through sector strategies. However, lack of capacity and a formal incentive structure are major constraints to effective or genuine government ownership and leadership in the implementation of the Paris Declaration. The situation has not been helped by the absence of a strong data base on development.

### *Recommendations:*

To enhance local ownership and leadership of the development process, it is recommended that Zambia, through the *Aid Effectiveness Implementation Plan*, should:

- Develop and strengthen the capacity of government to develop and implement development plans;
- Take the lead in promoting increased use of the PC's country systems and exploring the CP's role in strengthening Zambia's systems to make them more effective and efficient;
- Develop a mutually agreed framework with CPs on modalities for reporting on results;
- Strengthen the role of SAGs as key dialogue platforms between GRZ and donors;
- Work with CPs to develop a common understanding of mutual accountability through further debate;
- Efforts to strengthen the Zambia Development Database should continue and receive sufficient capacity and resources to help speed up the process;
- Strengthen the oversight function of Parliament in the implementation of the PD;
- Explore and clarify the role of CSOs within the PD context; and,
- Strengthen incentives for civil servants dealing with the implementation of the PD.

## 7. Case Studies

This section assesses the degree to which the PD principles have been applied in two sector case studies in seven selected districts: the Health Sector and the Water and Sanitation Sector. A useful entry point in understanding the dynamics of coordination in the Health Sector and the Water and Sanitation Sector is to look at the planning processes at district level. Cooperating Partners at district level are rarely the same as at national level, as few bilateral and multilateral donors have direct presence. Instead, CPs tend to work through NGOs and other civil society organizations in specific areas, such as HIV/AIDS and Water and Sanitation. The mandate for each local authority is rural water supply and sanitation. However, each council is a shareholder in the utilities that are responsible for water supply and sanitation in urban areas. The Evaluation Team was informed that there is poor coordination and uncoordinated planning at district level. Respondents from local authorities stated that it was difficult to include NGOs and other partners in their planning as their activities were pre-determined and district authorities had little or no power over these activities. Examples were given of CPs or NGOs who took advantage of the weaker ownership at municipal level to push their own agendas. Further, although the DDDC<sup>37</sup> exists, its operations are not effective in most districts due to lack of legal backing.

At present, most aid flows are not tracked and recorded within the governance system at sub-national level. Funding from the CP goes directly to implementing agents at the local level. As a result, resources from local partners are not reflected in district budgets. As in the case of planning, district authorities have no power over priority setting in the use of funds and activities of partners. The Evaluation Team was informed that partners often propose support for specific activities that districts could only approve. Despite the existence of wards at sub-district levels, through which local people are supposed to participate in development planning, the wards are not linked to Local Government and are no longer functional in most districts. This has led to a lack of forum for community participation in decision-making on their local development activities and affairs at the sub-district level.

### 7.1 The Health Sector

This sub-section looks at the application of the PD principles in the Health Sector in terms of commitment. Commitment was assessed in terms of the five principles of the PD (ownership, alignment, harmonisation, managing for results and mutual accountability).

#### **Ownership**

The evaluation noted that the MoH demonstrates strong ownership of its programmes. The sector has a strategy which articulates country priorities. During the last couple of years, the ownership has even been enhanced through different approaches to health sector delivery. The decentralized 'District Basket' approach to programming is viewed as critical to increasing country ownership at sub-national level. The broad purpose of the "district Basket" was to increase the amount of resources channelled to the district level and improve *district autonomy* with regards to planning and setting priorities. Some

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<sup>37</sup> The DDDC is the main forum for consultations between local authorities and their partners. The DDDC works through sub-committees, each of which is required to present a report at the full DDDC meetings. In this sense, the DDDC serves as a mechanism for accountability between local authorities and their partners. In some districts, rivalries between the government leadership and council leadership make it difficult to hold meetings.

research on application of PD principles at district level, also noted that the fact that responsibility for the delivery of primary health care that is bestowed on districts, also increased country ownership, at levels, where ownership is usually a challenge.<sup>38</sup>

The evaluation noted that the health sector has a mix of all funding modalities: stand-alone project pooled funding and general budget support. A review of PD in the health sector at district level noted that the mix in funding modalities did not affect the degree of aligning to national priorities. Consultations at Monze District Health Offices revealed some interesting dynamic, with regards to ownership. Staff at the district level was in charge of the development process. The practices regarding the way of doing business, spoke volumes of positive behaviours around operationalisation of the PD. The health staff highlighted how their district programme activities were guided by the sector priorities that were outlined in the Yellow Book. The officers pulled out the Yellow Book, and share the outlined priorities for the sector activities. This went to demonstrate the level of alignments to country priorities.<sup>39</sup> Ownership at national central level was even much stronger. This was confirmed through consultations with both CPs and GRZ officials. The evaluation noted that

### ***Alignment/Harmonisation***

The evaluation observed some positive trends in harmonisation in the delivery of development assistants by key stakeholders. The health sector has a joint plan, conducts joint annual reviews and has joint working groups. Having to work with one lead ministry also has contributed to better harmonisation. There is more trust and more partnership in the sector. At the district level, planning and programming is done by district teams. The district teams are made up of various stakeholders who including NGOs, Civil Society Organization, Public Sector staff, municipal and to a less extent CPs. One advantage of the district teams approach is that there general consensus on priority activities. At the national level, donor resources are coordinated under the Zambian Health SWAp. Both CPs and GRZ meet regularly on key issues. The Zambian SWAp has strong support from both parties and formal structures for coordination, alignment and harmonisation are in place and functional. Despite long standing SWAPs, there is a growing increase in the number of stand-alone projects. The increase in stand-alone project funding modalities tends to increase transactional costs for the GRZ and strains capacity of local staff who have to coordinate the projects. Similarly, despite the existence of SWAPs, the regularity of meetings and follow-up activities is reported to be increasing transactional costs on the part of the CPs, particularly against a background of thin staffing of most CP field offices. This points out that if not well designed and fine-tuned, harmonised approach may not necessarily equal reduced transactional costs.

Challenges for greater alignment and harmonisation in the health sector include:

- Limited involvement of CSOs at district level.
- The PFM systems which are critical for transparency and accountability are relatively weak in the sector. The Governance fund remained not institutionalised.
- Health services delivery is dependent on other ministries which provide ancillary services, such as water and sanitation, transport and energy. As such the health sector should involve other relevant sector ministries more often.

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<sup>38</sup> Jesper Sundewall *et al.* 2008: "The Paris Declaration in Practice: Challenges of health-sector aid coordination at the district level in Zambia" in *Health Research Policy and Systems* 2009, 7.14.

<sup>39</sup> Interview with a team of Health Officer in Mwanza District. (See list of official interviewed in the annex)

## ***Managing for Results/ Mutual Accountability***

The general consensus among key stakeholders was that health was the most organized sector in the implementation of Information Management Systems on tracking progress on sector indicators. The Ministry of Health publishes annual health statistical bulletin which capture rich information of health indicators, health service delivery indicators and trends in key diseases burdens. The sector conducts annual reviews and provided up to date information of key health indicators. This evaluation made observation that the HIV AIDS pandemic has contributed to the performance of the Health sector, with regards to key areas. Performance at district level on the 10 top diseases were captures in forms of bar graphs, pie charts by years and months that were pinned on to the walls for public consumption. Overall, the health sector at district levels had over the past years recorded increased support to “District Basket”, some of which was attributed to the increase in HIV PEPFAR Funds.<sup>40</sup> However the health crisis in which resources were misused by government officials put to test issues of mutual accountability and predictability of funding. Two CPs had withheld their funding support to the sector pending developments in the legal cases involving misuse of funds by GRZ officials. The officials at district levels were knowledgeable about these developments and had this to say:

*Some funds by the donors have not yet come through to our basket fund and this has affected our planned activities. We have to cut down on some of our field activities such as immunizations in the furthest points of the district and monitoring of pregnant mother in these distant areas. Health District Official*

The case study demonstrated some good practices in experiences at both national and district levels on managing for results. The issues of mutual accountability, which were triggered at national level, affected operations at district levels.

### **Gender Issues in Health**

The GRZ has made considerable efforts to promote gender equality in the health sector. The 2004 Action Plan which preceded the National Health Strategic Plan (2001- 2005) underscores the importance of developing tools and guidelines for mainstreaming gender in planning, implementation and monitoring process of the health sector. The Strategic Plan emphasises the importance of establishing clear linkages between gender equality and the objectives and goals of the Health Sector.

However, the MoH has faced constraints in mainstreaming gender in health delivery. Although the ministry has made strides in the formulation of the Health management Information System for collection of data and monitoring of programme progress, the data is not disaggregated by sex. This makes it difficult to implement specific interventions because disease patterns for men and women cannot be established apart from those which are sex specific like reproductive health. The Gender in Health initiative aims to improve efficiency in the targeting and delivery of specific services to women and men, improve gender equity in access of health services, health outcomes for men and women and participation of women and men in health sector development. Improvement of equity and efficiency of health services increases sustainability of the health sector and that can be achieved by recognition of inequalities and disparities between men and women in the sector.<sup>41</sup>

<sup>40</sup> Jesper, *et al.*, 2009. Ibid.

<sup>41</sup> Ministry of Health (2006) Consultancy Report on Gender Mainstreaming in the Health Sector of Zambia.

## 7.2 Water and Sanitation

This sub-section looks at the application of the PD principles in the Water and Sanitation Sector in terms of commitment, capacity and incentives. Compared to health, Water and Sanitation is a complex sector, as it cuts across several ministries and government departments, including the Ministry of Local Government and Housing (MLGH), Ministry of Energy and Water Development (MEWD), Ministry of Education and Ministry of Health.

In general, the water sector is divided into two:

- i. Water development and resource management; and,
- ii. Water supply and sanitation.

The focus in this report is on the Water and Sanitation Sector (WSS) which is divided into the Rural Water Supply Sector and the Urban Water Supply Sector. In accordance with the Local Government Act, the National Water Policy and the Water Supply and Sanitation Act, the Ministry of Local Government and Housing (MLGH) and the Local Authorities have the main responsibility over Rural Water Supply and Sanitation (RWSS).<sup>42</sup> In recent years, both urban and rural water supply has benefited from significant donor assistance. Bilateral and multilateral agencies have financed capital development, and institutional strengthening projects all over the country. In addition, a number of NGOs have implemented projects with their own funds or resources from bilateral and multilateral agencies. In contrast, sanitation issues in the above policies are not given enough attention. Whereas detailed institutional, financial, implement and operation and maintenance arrangements are presented for water, this is not the case for sanitation. This confirms the findings of a study by Mulenga, Manase and Ben (2002).<sup>43</sup>

The application of the PD principles in WSS was assessed in terms of commitment, focusing on ownership, alignment, harmonisation, managing for results and mutual accountability.

### **Ownership**

Some respondents from the MLGH indicated that there is local ownership of the development programmes in the Water and Sanitation Sector as indicated in the Fifth National Development Plan. During the period 1993 – 1994, GRZ established a more comprehensive policy framework for the water sector. In 1993, seven policy principles were adopted as a basis for restructuring the sector. This was followed in 1994 by the adoption of the National Water Policy (NWP) which covers water resource management, water use and water quality aspects.<sup>44</sup> Although the development of the NRWSSP was

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<sup>42</sup> MLGH provides policy guidance, technical and financial control, and facilitates mobilisation of foreign and local funds for capital development. The Ministry of Health has responsibility over sanitation and hygiene promotion, Ministry of Education (MoE) has responsibility over school sanitation, and Ministry of Energy and Water Development (MEWD) is responsible for water resources management. Private commercial utilities are mainly responsible for water supply and sanitation in urban areas.

<sup>43</sup>Manase, M. et al., (undated), 'An Analysis of Sanitation Policies in Southern Africa: the case of Gender Policies in Sanitation in South Africa, Zambia and Zimbabwe' (Southampton University).

<sup>44</sup> The NWP aims at promoting sustainable water resources development with a view to facilitating adequate, equitable and good quality for all users at acceptable costs and ensuring security of supply under varying conditions.

led by the Department of Infrastructure and Support Services through the Rural Water Supply and Sanitation Unit, cooperating partners and NGOs, through the Water and Sanitation lead donor, Danida, provided financial and technical support to the planning process. In particular, the Water and Sanitation Programme Africa and Irish Aid played a key role in assisting the MLGH to lead the process. Again this raises questions between what is donor-driven and locally-driven. Not surprisingly, some respondents in the MLGH described ownership as 'tricky' as CPs have different approaches to policing and programming. Moreover, some CPs working in WSS claimed that it lacked proper strategic direction. The issue of weak ownership is further reflected in the financing of the programme. Counterpart funding from GRZ is insignificant compared to donor funding. The FNDP envisages investments in RWSS of ZK292.74 billion (US\$69.7 million) for the planning period or an average of ZK58.8 billion (US\$14 million) per year. The investment cost is proposed to be shared with nine percent coming from GRZ and 91 percent from CPs. In reality, the RWSS sector is heavily reliant on CPs for investments. The Government's financial commitment to the sector amounts to a tiny 0.8 percent of 'core' expenditure and 0.5 percent of total national expenditure.

### ***Alignment***

The NRWSS document is the guide to all stakeholders, including cooperating partners and non-governmental organizations on the entry points for implementation of rural water supply and sanitation activities. The strategy is to be implemented through a programme-based approach or SWAp. Government's preference is for pooled funding under government leadership, for harmonization and aid effectiveness.<sup>45</sup> The Evaluation Team noted that there have been some attempts by CPs working in WSS base their support to the water sector on Zambia's national development priorities as they are outlined in the Fifth National Development Plan (FNDP) 2006-2011.<sup>46</sup> This assistance is also aimed at supporting the Zambian government's efforts in reaching the Millennium Development Goals in the water sector.

### ***Harmonisation***

Despite attempts to strengthen alignment of donor programmes to local systems and processes, the Evaluation Team observed that harmonisation is weak in the WSS. The major mode of aid disbursement in the sector is project aid. Although the MLGH is encouraging the use of PBA, some CPs, especially JICA, have strong reservations against this modality. Resistance is mainly due to the desire by CPs to have control over their own programmes. The respondents informed the Evaluation Team that some CPs were rigid in their approaches. However, the MLGH is beginning to address this issue. The ministry is discouraging the tendency by CSOs to go directly to line agencies or beneficiary communities without oversight steering. Ministry officials stressed that this practice distorts the system of prioritization within the WSS. In this respect, the MLGH has instituted measures towards the introduction of basket funding in the Rural Water and Sanitation Sector. In 2008, key donors in the WSS signed an MOU to signify acceptance of the need for harmonization of procedures and processes in the implementation of programmes in the Water and Sanitation Sector. However, despite this apparent willingness, most

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<sup>45</sup> In an attempt to align donor projects, the MLGH uses project proposals to identify areas for help. A national multi-sectoral Steering Committee comprising Permanent Secretaries from key line ministries and the lead donor, which is chaired by the Permanent Secretary in the MLGH, attempts to promote alignment of donor programmes to local systems. Another committee comprising directors from line ministries meets with donors to discuss technical aspects of projects.

<sup>46</sup> For Danish support to the Water and Sanitation Sector in Zambia, visit: <http://www.ambulusaka.um.dk/en/menu/Development+Assistance/WaterandSanitation/> (16/07/09).

donors in the sector have not yet reached consensus on how to implement 'basket funding' or other common mechanisms. Harmonisation in WSS has further been weakened by the tendency by other line ministries, such as MoE and MoH, to budget for water and sanitation. The apparent conflict of interest between MEWD and MLGH also causes confusion to CPs. This conflict has been worsened by the presence of NWASCO (water regulator) which reports to MEWD. But there is a cabinet memorandum to transfer NWASCO to MLGH. The failure to implement the Decentralisation Policy has worsened the situation.

### ***Managing for Results***

In WSS, CPs meet at two levels: sector level and CPs as a group. Generally, monitoring is very weak and so is data collection. The Evaluation Team was informed that M&E were done at different levels and CPs hired private firms to conduct the M&E. This does not seem to contribute to capacity building in M&E in the WSS. To address this challenge, the respondents indicated that the MLGH is in the process of establishing an information collection system.

### ***Mutual Accountability***

At the moment, accountability in the WSS is done mainly through the sector advisory group. There are two SAGs in the water sector: Water and Energy. The SAGs are supposed to meet quarterly. Contrary to the situation in other sectors, the MLGH respondents stated that Water Sector SAG was one of the strongest and it holds meetings as scheduled. In this sense, it serves as a useful platform for consultations between the PC and CPs.

### **Gender Issues in Water and Sanitation**

The main gender issues in the WSS concern access. Although Zambia is endowed with relatively abundant water resources, there is a serious challenge concerning access to water and sanitation in the country. This is particularly the case in rural areas. Based on constructed water and sanitation facilities, access to safe water in Zambia is estimated at 89 percent of the population in urban areas and 37 percent of the rural population. For sanitation, the estimated coverage is 73 percent for urban areas and 68 percent for rural areas. But real coverage is much lower and varies considerably from one place to another due to non-functioning facilities (broken down, abandoned, seasonal), and poor usage (especially with respect to sanitation facilities). In the peri-urban areas, where 50-70 percent of the urban population live, water supply and sanitation services are poor, inadequate and unreliable. At least, 56 percent of the population in these areas do not have access to safe water supply, and as much as 90 percent do not have access to satisfactory sanitation conditions.<sup>47</sup> As there are still disparities between men, women and children in their roles as regards provision of water and sanitation services for the family, the NRWS Programme aims at mainstreaming gender in the implementation modalities. Poor sanitation affects some groups more than others, often related to gender. Internationally the need to address gender issues in sanitation programmes and projects has long since been recognised. The

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<sup>47</sup> The 2004 *Living Conditions and Monitoring Survey in Zambia* indicates that in most of the rural districts, the majority of people do not have access to safe water and satisfactory sanitation conditions. In Western Province, more than 80 percent of the population in some districts have no access to satisfactory sanitation conditions, and in Northern Province, more than 86 percent in four districts have no access to safe water. In urban areas like the Copperbelt region, water contamination from industrial activities, especially copper mining, continues to be a problem.

crucial role of women in ensuring the health of the family and therefore the need for their participation in sanitation programmes is widely appreciated.

## **8. The Political Implications of Aid Management in Zambia**

Despite the broadly assumed technical nature of the Paris Declaration in aid management, aid dependence and management have serious political implications. The evaluation has noted the absence of a serious reflection and dialogue on the power relations that underpin the current development partnership between the CPs and GRZ. Yet, as Hyden (2008) observes, understanding better the role that power plays in the aid relationship is critical to the implementation of the Paris Declaration.

In Zambia, the links between aid dependence and domestic politics are very strong. These links must be understood in terms of the country's political and economic contexts. Zambia is a young democracy, in which political parties have fragmented and multiplied based on personalities, with no clear political programmes or ideological affinities. Political parties and personalities are often not able to assess (and contest) the government's policies and decisions and are unaware of agreements made with donors, especially in the area of aid management.

Secondly, economic dependence in Zambia has turned into aid dependence. Until recently, the country's economy faced serious structural constraints. Despite growth in recent years, as noted in Section Two, poverty remains widespread in the country. Consequently, the government is dependent on aid to sustain the provision of social services, especially in the health sector.

The dependence of GRZ on aid – as a way to increase its budget, and to deliver goods and services or other political promises made to the populations – has implications for the power relations between GRZ and CPs. As already noted, this is an issue that is underplayed in the PD which mainly focuses on the technical aspects of the H&A agenda.

### **8.1 The Nature of Power Relations between CPs and GRZ**

The power relations between CPs and GRZ are both manifest and latent. Hyde (2008) has discussed in some detail the perception of power as manifest or latent. Power is not only manifest in the policy making process when donor representatives, through the CPG, meet with GRZ representatives. It is also latent or evident in the way the CPs stick to their global agenda, which has the effect of prioritising certain issues at the expense of others (Amin, 2009).

This makes the government unwilling to take stronger policy positions or chart a development strategy outside of the purview of donors. Maintaining good relations with donors is seen as important for the political legitimacy of any government in power. Consequently, the government has often been afraid of risking reductions in aid that could undermine its political support and/ or cost the ruling party the next election. Until recently, the political authorities had delegated the formulation of their development strategy to the World Bank and IMF. The apparently fragile domestic political support of government, combined with heavy dependence on aid in key sectors such as health, has provided a strong incentive for the recipient country to remain in a subordinate position to donors.

But what emerges from this evaluation is failure on the part of CPs to appreciate the significance of domestic political and cultural realities in which development policies and new aid modalities are being implemented in Zambia. The country's reliance on donor support in the social sector implies that

competition for political power is, to some extent, dependent on service delivery by the government. Any withholding of donor support does not only negatively affect the provision of social services, but also poses serious legitimacy challenges for the government. The political cost of this de-legitimisation of government among people is seen by GRZ as a real threat to political power. This is not helped by the recent emergence of an aggressive and hostile opposition and CSOs which are quick to condemn the government for 'antagonising' the donors.

The criticism of donors by GRZ for 'interfering' in the internal affairs of a sovereign country should be seen in this context. With the 2011 general elections in mind, GRZ is sensitive to any criticism of its performance in service delivery. This political sensitivity tends to affect the existing cooperation between GRZ and CPs, with implications for the implementation of the PD.

Given this situation, there is a dilemma for the participation of CSOs, especially NGOs, most of which are donor-funded, in the implementation of the PD. While CPs see the NGOs as playing a critical role in promoting public accountability, especially in the use of public funds, and in the monitoring and evaluation of development programmes, GRZ views them as 'confrontational' and, therefore, a political threat. To a large extent, this explains the exclusion of NGOs from participation in government programmes. The passing of the NGO Act has given GRZ power over the operations of CSOs.

Although GRZ does appear to see the Paris agenda as an opportunity to be more assertive in taking leadership and negotiating aid, it acknowledges the realities of aid dependence. This reality dictates a subservient role for the government in the power relations. Consequently, GRZ, as the weaker partner in the relationship, has not been bold enough to take real ownership of the development process despite the existence of several development planning frameworks. Hyden (2008) points to a big gap between the CPs and the recipient governments in the interpretation of the partnership relationship. In the CP perspective, there is consensus that the use of power is constructive. But PCs take the view that there is conflict and the use of power (by donors) is potentially destructive.

There is no doubt that direct budget support, as the most prominent aspect of the new aid partnership, can strengthen the influence of GRZ if it leads to an improvement in service delivery. However, this strategy is now under threat as a result of recent public criticism of government's handling of high profile corruption cases by donors. Stronger consolidation of CP views is perceived as a way of CPs *ganging up* against GRZ, especially as the recent revelations of abuse of funds in the Health Sector, which resulted in some donors withholding GBS, suggest. The emergence of new donors, principally China, on the Zambian scene which do not stress the governance issues, is complicating the power relations between traditional CPs and GRZ.

At a local level, the imbalance in the power relations between CPs and GRZ is reflected in a similar imbalance between the latter and NGOs. The CPs have tried to involve NGOs in the policy process, but GRZ has been reluctant to extend consultation with other constituencies and the partners, such as the Swedish, have come up with an alternative strategy aimed at strengthening the participation of CSOs in the implementation of the PD.

The emerging scenarios in Zambia do not call into question the objectives of the PD, but serve as a reminder that the mutual accountability mechanism principle is not very effective, because either the CPs either choose to ignore the reality of the power factor or fail to appreciate that GRZ, like other African partners, may have a very different notion of how power operates.

## 8.2 The need to transform the Power Relations between CPs and GRZ

In view of this, the challenge for the effective implementation of the PD is to transform the power relations at two levels:

- i. Between CPs and GRZ; and,
- ii. Between GRZ and other constituencies (i.e. Parliament and CSOs.)

Culturally, there has also been failure by CPs to appreciate the nature of the local political system and how it operates. The prevalence of informal institutions is the dominant theme in the literature on African politics. As Hyden (2008) cautions, the challenge for the CPs is to learn how to live with these institutions and not dismiss them as irrelevant or backward. They constitute the reality with which they have to work if they are to ensure effective implementation of the PD.

The Evaluation Team suggests that it is important for both CPs and GRZ to narrow their differences in their perceptions of power and its role in the implementation of the PD. Until recently, the call for changing positions has always been made to recipient countries. The PD is calling on CPs to change as well. This situation highlights the need for a more balanced donor-recipient power relationship between CPs and GRZ in Zambia which is embedded in local cultural realities.

A more balanced donor-recipient relationship would require fundamental changes in the underlying principles and incentives of aid. This is what really matters for reforming the aid management system rather than merely focusing on effectiveness through a shift from project to programme aid modalities. Rather than calling for recipient governments to act first, there are changes that donors could make in their approach to giving aid in order to take ownership and other PD principles more seriously and to change the incentives facing African governments in the aid relationship.

## 8.3 Summary

The Paris Declaration has emerged as the major global normative framework for managing aid relations between CPs and PCs. The tendency is to view and treat the implementation of the PD as a technical process. This approach to harmonising aid and encouraging greater national ownership of donor aid by partner governments tends to result in conflict between CPs and PCs, as the case of Zambia illustrates. This is mainly due to failure by CPs to gain greater understanding of the political and cultural realities in partner countries. The new aid modalities which the PD calls for are political in nature and entail the application of political power. How power is applied in this situation has implications not only for relations between CPs and PCs, but also between governments and CSOs. The challenge is for CPs and partner governments to transform this power relationship through a more balanced donor-recipient relationship in aid management.

### *Recommendations:*

To address the challenges arising from the poor appreciation of the political and cultural realities and the role of power in CP/GRZ relations, there is need for a more balanced donor-recipient power relationship

between CPs and GRZ in Zambia which is embedded in local cultural realities. Such a relationship would be characterised by the following:

- Recognising the right of GRZ to choose its own policies;
- Encouraging a change in donor norms and attitudes towards the recipient country;
- Lobbying donor HQs for a change in the principles, not just the modalities of aid;
- Lobbying donors to reduce conditionalities and strengthening domestic accountability;
- Being more transparent in aid flows; and,
- Getting more serious about supporting institutions and capacity building.

## 9. Conclusions and Recommendations

This section discusses the emerging intended and unintended consequences from the implementation of the HIP/WHIP process and the Paris Declaration in Zambia in terms of commitment, capacity and incentives.

### 9.1 Conclusions

#### 9.1.1 Assessment of HIP and WHIP Processes

Our observation is that the HIP and WHIP processes have played a critical role in driving the H&A agenda in Zambia. This has generated a number of positive outcomes which have positively contributed to strengthened aid coordination in the country. But, while the DOL has been hailed as a reflection of positive behaviour among CPs, a number of issues were raised which question genuine country ownership by GRZ.

Our analysis of the findings suggests that GRZ has not been forceful in stating its preferences for the WHIP DOL process in the priority 20 sectors identified in the FNDP. This is reflected in the dramatic difference between the GRZ matrix of division of labour of 30 April 2006 and the one that was presented on 13 June 2006. It is argued that GRZ was made to backtrack on its preferences because various CPs had lobbied, bullied and threatened it. GRZ, on its part, has argued that it has a 100 percent desire to drive the process but this is tempered by the reality of the aid relationship.<sup>48</sup>

There is also the challenge of policy dialogue between CPs and GRZ. Through the CPG, CPs have their own forum where they talk and entrench their positions. They come up with a consistent and common position which they use to 'confront' government. The concern is that GRZ is confronted in a way that tends to reinforce donor dominance. There is also a growing concern that the strong cohesion among the CP group has strengthened their 'grip' on the policy formulation process in Zambia. Despite the apparent best intentions of CPs, the working groups under the WHIP Matrix or DOL process are being used to influence the policy choices of GRZ in various sectors. This raises concerns about the extent to which the HIP/WHIP process is leading to genuine local ownership of the development process.

Notwithstanding these concerns, we stress that it would be a mistake to underestimate the positive contribution that the HIP and WHIP processes have made in driving the H&A agenda in Zambia. Among the pioneer countries in the HIP and WHIP initiatives, Denmark has completely harmonized and aligned its programmes to local systems. The example of Denmark charts out the future role of the pioneer countries in the harmonization and alignment process in Zambia.

However, *understanding the future role of the early initiators (Nordic+CPs) would require an understanding of the characteristics of the ideal situation that the full implementation of the PD would logically lead to.* This is beyond the scope of this study.

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<sup>48</sup> F.Mutesa (2006) Ibid.

### 9.1.2 Assessment of Utility of the PD

The Paris Declaration is widely seen as an important international normative framework guiding relations between donors and the Zambian government. However, the level of clarity on the PD principles varies. Clarity was higher among CPs than it was among GRZ officials. Within the GRZ, MoFNP officials were more conversant with the meaning of the PD than their counterparts in line ministries. The evaluation noted different opinions on country ownership of the development process. There was concern among CPs for the need to broaden the scope of the definition of ownership, including the indicators of ownership to include such issues as capacities of government, especially in line ministries and at sub-national administrative structures such as districts and municipalities. In general, both the PC and the CPs find the PD commitments and indicators relevant in terms of the local situation pertaining to aid delivery, effectiveness and the development needs of the host country. But there are some concerns with regard to the coherence of the PD. Thus, whilst most respondents would agree that the PD is a robust document, it could be strengthened to become more coherent. In particular, locally adjusted definitions and understandings are required to ensure that the PD speaks to the local reality. Gaps in acknowledging the importance of cross cutting issues such as gender equality, environment and poverty reduction in contributing to aid effectiveness should be addressed. Further in-country clarification is needed on critical aspects of the PD principles; and, the PD indicators should be adapted to the local situation.

### 9.1.3 Assessment of Cooperating Partner Behaviour

The behaviour change of CPs is assessed against three variables: i) **commitment** ii) **capacities** and iii) **incentives**.

**Commitment:** Commitment was assessed in terms of the five principles of the PD (ownership, alignment, harmonisation, managing for results and mutual accountability). The evaluation noted unbalanced application of the five principles by the CPs, who placed greater emphasis on alignment and harmonisation at the expense of other important principles such as supporting efforts towards country ownership, managing for results and aspects of mutual accountability:

#### ***Ownership***

The 2006 baseline monitoring survey rated Zambia ownership as ‘moderate’ on a scale of ‘Low – Moderate – High’. The main challenges at that time were cited as: the need to prioritise and implement a large number of sectoral development plans, the need to complete Vision 2030 and FNDP and improve intra-government coordination. The assessment noted significant efforts by CPs on supporting country ownership such as: development of the FNDP, Aid Policy and Strategy as well as JASZ. Despite these positive efforts the evaluation notes interesting debates around dilemmas related to ownership. Some respondents cautioned, that too much involvement by CPs in crafting country priority documents (FNDP, Vision 2030, Aid Policy and Strategy) may distance the GRZ from true ownership of the policy frameworks that articulate their development priorities. While the Division of Labour (DOL) was hailed as a positive behaviour for the CPs, a number of issues were raised which questioned true country ownership by GRZ. There was a view that GRZ was not forceful in stating its preferences for the CP division of labour in the 20 priority sectors. A close analysis of CP behaviour points to the fact that the strong cohesion and resultant strength of the CPs group, could, to some extent undermine GRZ ownership. Stronger consolidation of CP views was perceived as a way of CPs “*ganging up*” against the

country especially in the context of the current crisis in the Health Sector where civil servant are reported in the media to have mismanaged donor funds.

### ***Alignment***

In the 2006 Survey, Zambia got a rating of low/moderate for alignment. The main challenge was inefficient country accountability systems. The baseline survey recommended CPs to put more effort on supporting the government with strengthening country systems especially institution of Public Expenditure Management and Financial Accountability programmes. The evaluation noted that alignment is an area which had the greatest volume of activities among CPs and also an areas where CP performance is relatively good. The evaluation noted a positive trend in CP aligning their support to GRZ priorities through use of general budget support, Basket and sector funding modalities. The JASZ also provided an opportunity for CPs to harmonise and align assistance with AID Policy and national priorities. A significant number of CP (about 9) now use direct budget support and other modalities which utilises country systems. Challenges such as weak linkages between budget speech, Yellow Book, Appropriation, Action Approved Budget and Control of Commitments, weak financial monitoring system especially regular internal audits, absence of strategies in some sectors limit the degree to which CPs can use country systems. There is a gradual increase in the number of CP using country procurement systems. Predictability of aid was also noted as an area of improvement.

### ***Harmonisation***

The 2006 baseline survey graded Zambia's performance on harmonisation as 'moderate'. The challenges then were cited as the need to maintain momentum of the JASZ process and recommended rationalising division of labour in the context of the JASZ. The evaluation noted positive outcomes from the DoL which included: improved coordination among CPs, CP sector groups meet regularly and this is reported to have contributed to increased coordination among CPs, information sharing and harmonised support of CPs as they are reported to speak with one voice on agreed common issues. Challenges around the DoL process included, among others, congestion of CPs in favourable sectors (health, education and public expenditure management) and insufficient adherence of CPs to WHIP/PD principles. For some CP, the decision to remain in sectors is an HQ decision, which, thus, undermines country ownership. The evaluation noted that harmonisation process for CPs have tended to increase transactional costs (in the short run). CPs could do better in improving efforts towards joint programming. CPs have not performed well in reducing the number of separate missions.

### ***Managing for Results***

Zambia got a grading "Low" as a baseline measure (2006) for performance on this PD principle. Factors that contributed to this low performance included lack of linkage among the different strategies and intended results and limited capacity for data collection. A recommendation was made for Zambia to put in place a consistent and realistic monitoring evaluation system under the FNDP and build capacity for regular data collection and treatment.<sup>49</sup> The evaluation noted positive aspects which include: annual reviews of the NDP5, sound monitoring and evaluation including information systems for the health and education sectors. The CPs reported using the results based approach to development as part of their

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<sup>49</sup> OECD 2006 *Ibid*.

development work. The evaluation noted room for improvement in this area with regard to increased support to capacity enhancement in this area.

### ***Mutual Accountability***

Zambia got a grading 'low/ moderate' as a baseline measure for performance on mutual accountability (2006). Factors that contributed to this low performance included: the need to maintain momentum processes like the Wider Harmonisation in practice and JASZ. A recommendation was made for Zambia to develop a framework for monitoring accountability within the JASZ. Since the baseline, Zambia has made some positive steps towards improving mutual accountability. A Performance Assessment Framework (PAF) was developed with indicators that assess progress by both parties on mutually agreed targets. A high level meeting between CP and Govt held once a year to assess progress against key mutually agrees milestones. The CPs have set up a Mutual Accountability Groups which also involves key stakeholders from the GRZ. However, challenges include: short term predictability of funding. Few CPs commit funding for longer periods that align to the national strategic plan. The need to enhance the role of parliament and CSOs in mutual accountability issues was observed as paramount.

### **Capacity**

In 2006, Zambia scored 32 percent for coordinated support to strengthen capacity, which was mainly attributed to efforts of the Wider Harmonisation in practice. The evaluation noted CP efforts in contributing towards enhancing development capacities of the government. The CPs have supported the GRZ in developing their national priority documents such as the FNDP, *Aid Policy and Strategy* and support to sectors in the development strategy documents. With the support of CPs, ambitious reform programmes were began over the last few years in several areas ranging from public sector management and decentralisation to private sector and financial sector development.<sup>50</sup> About 13 CP were reported to be working on the Public Expenditure Management Financial Accountability (PEMFA). Some CPs have provided support to the GRZ in the development of the procurement systems and the strengthening auditor general office. Despite these positive developments, improvements could be made with regards enhanced capacities of the government officials in PD issues, capacity on concepts and content on managing for results among GRZ and support in the development sector strategies in some sectors.

### **Incentives**

The majority of CPs indicated no need for incentives since the motivation to operationalise PD principles is already given in the mandates and job specifications of PD staff. Further discussion with CP revealed that some CP field officials were mandated by their HQ offices to report regularly on efforts to operationalise the PD. As an incentive, most HQ have included in the performance appraisal systems and contract, the need to adhere to the PD. A number of disincentives were noted by some of the CPs which in a way present as a disincentive to effectively operationalise the PD. Some CPs continue to raise their flag both at country offices and in reports to their HQ. This tends to contradict the PD principles of harmonised joint efforts in development which sometimes makes it difficult to pin point

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<sup>50</sup> AfDB/OECD 2008) Ibid.

individual efforts. Clearly connected to this is the fact that most HQ prefer reports that will demonstrate clear contribution by individual CPs which contradicts expectations of operationalising the PD principles.

#### **9.1.4 Assessment of GRZ Behaviour**

The behaviour change of the PC is assessed against three variables: i) **commitment** ii) **capacities** and iii) **incentives**.

**Commitment:** This focuses on ownership, alignment, harmonisation, managing for results, and mutual accountability.

##### ***Ownership***

Accordingly, the country has placed considerable emphasis on ownership of the development process, and is seeking ways of further strengthening this. Several development plans and strategies have come full circle since the 2006 survey. While there have been serious attempts to strengthen ownership at national level, it is important to highlight its claimants. At national level, particularly within the MoFNP and some line ministries where the H&A is advanced, ownership is very strong. However, in other line ministries ownership is weak. The roles of Parliament and civil society organisations (CSOs) in the implementation of the PD are not clear. Ownership is particularly weak at sub-national level. However, measuring how much ownership the Zambian government has over its development process is not only difficult, but also contradictory. Although CP efforts in contributing to the development of the FNDP, Aid Policy and Strategy as well as JASZ is highly commendable, it becomes difficult to clearly distinguish what is government-owned and what is donor-driven. This has led to the view that there is a need to expand the meaning of ownership. While MoFNP officials seem satisfied with the notion of ownership as defined by the PD (i.e. leadership and coordination), others, especially those in line ministries, and even some CPs, felt that there was a need to broaden the measurement of ownership. The current PD meaning of ownership only explores the existence of a national development strategy.

##### ***Alignment***

Since the 2006 survey, some progress has been made in domesticating the alignment agenda in Zambia, with the FNDP seen as the main reference point for policing and programming among CPs. Important reforms in government systems, processes and procedures have been made, or are in the process of being effected. As a result, the process of alignment is taking place at various levels of government in Zambia. However, alignment at the sectoral and district levels is a more difficult challenge, which depends on the state of planning processes and structures in the sectors, as well as on the quality of donor engagement. There is significant variation across sectors on the extent of alignment. In the most advanced sectors, such as Health and Education, line ministries are planning and implementing their activities against a common resource envelope, which includes both national resources and ODA. In contrast, in some line ministries like agriculture, community development and local government and housing, this has not yet happened and external aid is fragmented. This means that a significant amount of ODA to Zambia is still in the form of stand-alone projects, which makes it difficult to maintain strategic oversight.

## ***Harmonisation***

Zambia is committed to establishing a supportive environment for the harmonization of donor aid to domestic systems and processes. This has helped CPs to work more efficiently as coordination has improved. CPG, and to some extent SAG, meetings have increased information sharing, promoted a more structured dialogue, better coordinated views and have provided a forum to discuss and resolve issues. Donors are honouring their commitment not to create parallel structures for aid delivery in respect of new aid projects. Due to harmonised CP work in the sectors, it is now difficult for CPs to introduce sector development issues which are outside the agreed parameters of all stakeholders. However, there are challenges, as buy-in from HQ still remains a challenge for some donors. Some CPs are still required to meet the foreign policy objectives of their governments. Moreover, GRZ was not successful in realising the DoL matrix as originally desired.

## ***Managing for results***

Meaningful progress is being made in strengthening the monitoring and accountability mechanism in Zambia. The Government has initiated joint reviews with donors to have a common understanding of the barriers to successful implementation of programmes. Despite this progress, managing for results still remains a critical challenge. The factors that contributed to Zambia's low rating in the 2006 Survey, especially limited capacity for data collection, are still major challenges today. The general view is that a gap in RMB (project management, time management and monitoring and evaluation) exists at all levels of government. Improving the quality of national statistics, especially those generated by the Central Statistical Organisation (CSO), is another issue.

## ***Mutual accountability***

Mutual accountability remains a major challenge in the implementation of the PD in Zambia. Accountability always involves asking GRZ to respond to a list of donor demands. We get the impression that targets and indicators are turning into subtle conditions for aid. This challenges one of the key assumptions of the PD which is to reduce overloading GRZ. Donors should keep conditionalities to a bare minimum, in order to give the recipient government more flexibility and control over the policy agenda. This situation highlights the need for a balanced donor-recipient relationship.

On the basis of the above, a more balanced donor-recipient relationship would require fundamental changes in the underlying principles and incentives of aid. This is what really matters for reforming the aid management system rather than merely focusing on effectiveness through a shift from project to programme aid modalities.

## ***Capacity***

Capacity remains a serious challenge in Zambia. The PD principles of ownership, harmonisation and alignment, and the emergence of new aid modalities, such as budget support, signify the importance of effective institutions and regulations in the country. Donor support to help GRZ strengthen its capacity to effectively manage development is welcome. But the contradiction is that, as donors align their support, they become a powerful block which threatens to reverse the recent gains in ownership. Due to insufficient data, it was difficult to determine whether current capacity building initiatives in Zambia were being efficiently deployed in realising the PD principles.

## **Incentives**

The incentive structure affects morale to work among civil servants. Poor conditions of service tend to undermine commitment to work. With their low salaries, over burdened civil servants seemed reluctant to take on what they saw as 'extra work' from outside in the absence of allowances. Although it is correct to argue that civil servants are paid a salary and it is, therefore, not justified to give them allowances, their salaries are low. This tends to justify the demand for allowances from civil servants. However, addressing the incentive structure for civil servants is a systemic issue which goes beyond mere administrative changes required in the management of aid to encompass issues of conditions of service.

### **9.1.4 Case Studies and Gender**

#### **Case Studies**

The application of PD principles in ministries and local authorities varies considerable, with relative advancement in the Health Sector. Overall, however, there is presently poor coordination and uncoordinated planning at district level. Most aid flows are not tracked and recorded within the governance system at sub-national level. Funding from the CP goes directly to implementing agents at the local level. As a result, resources from local partners are not reflected in district budgets and local authorities are not involved in determining the development priorities funded by donors.

#### **Gender**

The main gender issues in the Health Sector and Water and Sanitation Sector concern access. Despite recent reforms and some improvements in recent years, the challenge of mainstreaming gender in both sectors still remains.

### **9.1.5 The Political Implications of Aid Management in Zambia**

The Paris Declaration has emerged as the major global normative framework for managing aid relations between CPs and PCs. Contrary to the tendency to view and treat the implementation of the PD as a technical process, this evaluation has noted that the new aid modalities under the PD are political in nature. The current approach to harmonising aid and encouraging greater national ownership of donor aid by partner governments tends to ignore the political and cultural realities in partner countries, resulting in conflict between CPs and PCs, as the case of Zambia illustrates. How power is applied in this situation has implications not only for relations between CPs and PCs, but also between governments and CSOs. The challenge is for CPs and partner governments to transform this power relationship through a more balanced donor-recipient relationship in aid management.

## **9.2 Recommendations**

Based on the above findings, this study makes four key recommendations on the need to:

- Strengthen National Ownership and Management of the Development Process;

- Broaden Country-level Policy Dialogue on Development and Aid Management;
- Strengthen the use of Country Systems; and,
- For a Review of the WHIP Matrix and Division of Labour Processes.

### ***Strengthening National Ownership and Management of the Development Process***

Based on the above findings, the main recommendation of this evaluation is that there is a critical need for the Zambian government to take strong ownership of the development process and id management, which will require strengthened institutional capacity:

- a) As a first step, GRZ should convene a meeting between the MoFNP, line ministries and local authorities to systematically identify areas where there is a need to strengthen the capacity to perform and deliver services at all levels—national, sub-national, sectoral, and thematic, and design strategies to address them;
- b) GRZ should convene a meeting with the CPs through the CPG to discuss how donors can help to strengthen local capacity for the implementation of the PD without undermining local ownership;
- c) Donors' support for capacity development should be demand driven and designed to support and strengthen GRZ ownership;
- d) GRZ and CPs should intensify efforts to strengthen the Zambia Development Database;
- e) GRZ should, through broad consultations, clarify the role that Parliament, CSOs, Media and other civic institutional should play in national development matters;
- f) The UN should play a more leading role in supporting the capacitation of GRZ, especially MoFNP and subsequently line ministries, in the implementation of the PD to strengthen country ownership efforts; and,
- g) CPs should, through the CPG, make serious efforts to gain greater understanding of domestic political and cultural realities and how they can fit these into their country programmes.

### ***Broadening Country-level Policy Dialogue on Development and Aid Management***

To satisfactorily deal with the concerns raised around the roles of non-state holders and issues of clarity, relevance and coherence of the PD, it is recommended that:

- a) GRZ should consult widely with CPs on further in-country clarification on critical aspects of the PD principles and the PD indicators;
- b) The MoFNP should design an effective communication strategy to raise awareness on the PD among all stakeholders, including line ministries, local authorities and CSOs;
- c) GRZ should devise ways of working more closely with Parliament, local authorities and CSOs in preparing, implementing and monitoring national development policies and plans;

- d) Donors should devise means of increasing the capacity of all development actors – Parliament, local authorities, CSOs, research institutes, media and the private sector – to take an active role in dialogue on development policy and on the role of aid in contributing to Zambia’s development objectives;
- e) CPs should, through the CPG, ensure that their respective country programmes are designed and implemented in ways consistent with Zambia’s development priorities, especially in light of the preparation of the Sixth National Development Plan (SNDP);
- f) GRZ and CPs should find ways to strengthen the role of SAGs as key dialogue platforms between GRZ and donors; and,
- g) GRZ and CPs should make efforts to combine the currently separate and seemingly parallel policy dialogue groups, namely, the SAGs and Donor Group

### ***Strengthening use of Country systems***

To strengthen and increase the use of country systems, CPs should take the following actions:

- a) Convene a meeting with GRZ to discuss any concerns on the use country of systems;
- b) CPs that choose to use PIU as aid delivery mechanisms outside country systems, depending on the circumstances, should establish additional safeguards and measures in ways that strengthen rather than undermine country systems and procedures;
- c) CPs should work with GRZ to jointly assess the quality of country systems in a country-led process using mutually agreed diagnostic tools; and,
- d) Where country systems require further strengthening, GRZ should lead in defining reform programmes and priorities, while CPs should be willing to support these reforms and provide capacity development assistance.

### ***Review of the WHIP Matrix and Division of Labour Processes***

Based on the evaluation findings on the HIP/WHIP initiative on the need to assert the ownership/leadership role of GRZ in the WHIP Matrix and implementation of the five PD principles, the following recommendations are suggested:

- a) GRZ should immediately initiate the dialogue on the review of the DoL Matrix by convening a meeting with CPs to discuss the terms for the review;
- b) GRZ and the CPG should ensure that the existing structures/organisational arrangements in the WHIP Matrix are streamlined and rationalised to clarify leadership roles, congestion, duplication of efforts among donors, etc.;
- c) GRZ should lead in determining the optimal roles of donors in supporting the country’s development efforts, given the on-going review of the FNDP;
- d) The CPG should help donors strengthen their own capacity and skills to be more responsive to Zambia’s development needs;
- e) GRZ and CPs should agree on measures to effectively manage development partner relationships; and,
- f) GRZ should, through broad consultations, explore and clarify the role of emerging donors.

**Annex 1: Division of Labour Matrix under the Joint Assistance Strategy for Zambia**

Sector from NDP	Lead Ministry	China	ADB	BADEA	EC (excl. EIB)	IMF	KUWAIT FUND	OPEC	UN SYSTEMS	WB	CANADA	DENMARK	FINLAND	FRANCE	GERMANY	IRELAND	JAPAN	NETHERLANDS	NORWAY	SWEDEN	UK	USA	Total lead/active
Agriculture	MACO		☑		●			●	☑			●					●		●	☑		☑	9
Decentralization	MLGH							●	●						☑	●	☑	○					5
Education	MoE		○	○	○			●	●		●				○	☑	●	☑	○		○	●	7
Energy	MEWD		●		○			●	☑								●		○		☑		5
Gender	CO-GIDD							☑									●	●	●			●	5
Governance	MOJ				●			☑	●		●	○			●	●		●	●	☹	☑	○	9
Health	MOH		○		●			☑	●	●	☹					☹	●	☹		☑	☑	●	8
Housing	MLGH, MOL								○								●	☹		☹	☑	○	0
HIV/Aids	MOH							☑	●	○					○	●	●	●	○		☑	☑	7
Macro-economics	MOFNP		●		☑	●		●	☑	●	●	●			●	○		●	●	●	☑	●	14
Private Sector Dev.	CO-DSC/MCTI		●		●			●	☑			●					●	●		☹	●	☑	9
Social Protection	MCDSS		○					☑	○							●					☑		3
Science and Tech.	MTEVT							●	☹														1
Tourism	MTENR								☑								●					●	3
Water (WR and WSS)	MEWD/MLGH		☑		○			●	●		☑				☑	●	●	☹				○	7



## Annex II: Suggestions for the new WHIP Matrix

The objective of this paper is to review the old WHIP Matrix with 22 Groups and make suggestions for a more streamlined matrix of 8 Working Groups incorporating issues from the old matrix and largely reflecting the Paris Indicators.

The old matrix was partly based on implementation of the MoU on Harmonization. The proposed matrix incorporates the Paris Indicators and the JASZ process and could work towards a more harmonized grouping that would reduce the transactions costs.

In reaching the proposed matrix, we review the old matrix for relevance and continuity of issues; we state the “Paris Indicators” and then in the proposal we attempt to draw up 8 Groups that reflect some combinations; securing that all the Paris Indicators will be covered. Some Groups may have to deal with more than one Paris Indicator.

### A. Analysis of the current WHIP matrix.

The current WHIP Matrix, based on the implementation plan of the MoU on Harmonization covered various issues. CPs and Government institutions were assigned to each Group. There were some 22 Groups in the matrix. The actual membership of the Group indicated here may not have been the final one since shifts happened and so it is simply indicative. Note the high transaction cost for government in this matrix: the same GRZ officials dealing with different donors in different groups!

**A1. Aid Policy and Strategy: (MoFNP, ETC, UNDP, Sweden).** There is still a need to have a group to deal with Aid Policy since it is still on the Drawing Board. The next steps will be defined after Government approval.

**A2. Joint Strategic Plan: (MoFNP, PEMD, ETC, Denmark, World Bank).** This relates to the JASZ, based on the existence of the national development plan, the FNDP.

**A3. CDF Type matrix division of Labour: (MoFNP, PEMD, ETC, Denmark, World Bank).** Was combined with A2. Also to be absorbed by JASZ. The CDF type matrix may be related to the FNDP, the sectoral definitions and the division of labour and the alignment which was concluded on

**A2/A3 were actually combined as one Group (MoFNP, PEMD, ETC, Denmark, World Bank):** Realising that the JASZ will not necessarily be a replacement of all countries’ “Country Assistance Strategies”, there remains a need to secure information flow among all CPs on their respective “Country Assistance Strategies” beyond the JASZ.

**A4. Common MoU in substantive Programmes/Baskets and SWAps: (MoFNP, ETC, Ireland)** This remains important but has to be operationalised through Joint Financing Agreements.

**A5. PRSP Monitoring: (MoFNP, PEMD, ETC, Germany and Japan)** Could be replaced by FNDP Monitoring.

**A6. Implementation of PEMFAR: (MoFNP, PEMD, ETC, UK)** Remains relevant.

**A7. Support to NGOs: (MoFNP, ETC Germany, USAID)** May need to be discussed in the WHIP Group since it is not part of the Paris Declaration.

### B. Funding mechanisms:

B1. Silent Partnerships: **(MoFNP, ETC, Netherlands)**

B2. Multi-year funding: **(MoFNP, ETC, UK)** Linked to DBS and MTEF

B3. Financed resource Flows: **(MoFNP, ETC, UNDP)**

B4. Integration of Donor Funds into Government Budget. **(MoFNP, BO, Norway)**

B5. Number of bank Accounts used to manage donors funds. **(MoFNP, ETC, Norway)**

B6. Use of the Auditor General for Audit of donor funded GRZ Programmes. **(MoFNP, OAG, Norway and Netherlands)**

- B8. Increased use of SWAp (*MoFNP, BO, Plannin, UNICEF*)  
 B9. Increased use of DBS. (*MoFNP, BO, ETC, PEMD, EC, UK*)

**Proposal:** All above remain relevant and should be part of one Group on **Funding Mechanisms or Modalities**.

**C. Human resources:**

- C1. Technical Assistance Pools (*MoFNP, ETC, HRA, Netherlands*)  
 C2. Involvement of other donors and GRZ in Joint Training (*MoFNP, ETC, Netherlands and Japan*)  
 C3. Human resources Allowances and Salaries. (*MoFNP, ETC, BO, HRA, Sweden and UK*)  
 C4. Remuneration of Local Consultants (*MoFNP, HRA, ETC, Sweden*)

**Proposal:** Make one Group to cover issues around Human resources.

**The Paris Declaration Indicators:**

1. Existence of National Development Strategy. (This relates to NDP and Aid Policy)
2. Reliable country systems: Procurement and Financial management.
3. Aid Flows aligned to national Priorities. (Donor activities appearing in the GRZ Budget)
4. Capacity development through coordinated CP efforts
5. Use of country systems: good practices or existence of reforms
6. Strengthen capacity by avoiding use of parallel implementation structures
7. Aid more predictable
8. Aid is untied
9. Use of common arrangements /procedures (SWAPs and Pools or Baskets)
10. Shared Analysis: Field missions coordination and Analysis
11. Use of Results oriented Frameworks (PAF?)
12. Mutual Accountability.

Some of the indicators could be grouped together. In combination with some issues and groups from the previous Matrix, an entirely new Grouping around which various CPs could align, is attempted below.

**C. Towards a New Matrix (Proposal):**

The new Matrix is a combination of the old matrix and the Paris Indicators. There are 8 Groups around which CPs and other stakeholders could gather through own choice and interest. The first Group however may need to be dealt with by the whole WHIP CPs.

**1.0 NDP and Aid Policy:**

Takes care of A1., A2, A3 and A5 in the old Matrix and Paris Declaration Indicator 1.

**2.0 Macro-Economics Issues:**

To take care of A6 in the old Matrix and Indicators 2 and 5 in the Paris Declaration.

**3.0 Funding Mechanisms:**

(from the old matrix) to take care of B. Funding Mechanisms issues in the old Matrix and Indicator 3, 7 and 8 in the Paris Declaration.

**4.0 Capacity Development.**

Paris Indicators 4 and 6; and to cover issues under C. Human Resources in the old matrix

**5.0 Common Mini MoUs:**

For substantive programmes and SWAPs and Pools. This will handle A4 in old matrix Indicators 9 and 11 of Paris Declaration.

**6.0 Shared Analysis:**

To take care of D4 (between CPs and GRZ) and Indicator 10 of Paris Declaration.

**7.0 Monitoring of Harmonization Efforts:**

To take care of D3 in old matrix and Indicator 12 (mutual accountability) in Paris Declaration.

**8.0 House Keeping issues:**

Internal harmonization issues to cover D1, D2, D4 including sharing information of current CP specific Country Assistance Strategies A2/A3 in the old matrix

**Opa Kapijimpanga,**  
CIDA-PSU, Lusaka.  
August, 2006.

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## Annex IV: People Interviewed for the evaluation

Organisation	Representative	Position
<b>African Development Bank</b>	Themba Bhebhe Ashie Mukungu	Country Programme Officer Senior Country Economist
<b>Embassy of Finland</b>	Wilma Viljanmaa Sinikka Antila	Counsellor Ambassador
<b>Embassy of France</b>	Serge Casseri	Counsellor and Deputy Head of Mission Head of Cooperation
<b>Embassy of Japan</b>	Ryoichiro Mochizuki Horiuchi Toshihiko	Economic Attache Minister- Counsellor
<b>Embassy of Sweden</b>	Charlotta Norrby	Sida Country Director, Deputy Head of Mission
<b>Embassy of the Federal Republic of Germany</b>	Daniela Dempf	Third Secretary
<b>Embassy of the Kingdom of the Netherlands</b>	Emmanuel Mali Robert van den Dool	Policy Officer, Public Sector and Health Dep Head of mission Head of Development Cooperation First secretary Macro- Economy
<b>European Union</b>	Hans de Voogd MA Eric BEAUNME Francesca Di Mauro	Counsellor- Head of Operations Head of Section Economics & Rural Dvpt
<b>High Commission of Canada</b>	Laurie Rogers	Premier Secretary (Development)
<b>Irish Aid</b>	Gery Cunningham	Head of Development Cooperation
<b>Mazabuka Municipal Council</b>	Issac Mwale Gibson Lungu Biggie Chirongo	Director of Finance Dep Director of Administration Acting Council Secretary
<b>Monzi District Health Secretary</b>	Irene Muzyamba Pravy Hamwanza Gilbert Sibalela Redson Chikuta	Manager- Administration Human Resources Officer District Accounts Officer Acting Officer
<b>Royal Norwegian Embassy</b>	Tori Hoven	Deputy of Mission Head of Development Cooperation
<b>UNDP</b>	Macleod G Nyirongo	Resident Representative
<b>UNICEF</b>	MIN-WEE Kang	Representative
<b>USAID</b>	Melissa Williams	Mission Director

## Annex V: Respondents Interviewed for the PD

Organisation	Representative
Embassy of Sweden	Karin Sverken
Embassy of Germany	Daniela Dempf
Worldbank	Helen Mbao
UNDP	Elda Chirwa
MoFNP	Monde Sitwala
MoFNP	Kennedy Mbewe
Embassy of the Netherlands	Kapembwa Malangano
Embassy of the Netherlands	Robert van den Dool
MCDSS-	
Ministry of Local Government	
Ministry of Education	
Embassy of Brazil -	
NGOCC	Julian Belemu
EC	Francesca di Mauro
IOB	Piet de Lange
Embassy of the Netherlands	Emmanuel Mali
World Bank	Meike Mpasch