

# JOINT ASSISTANCE STRATEGY FOR ZAMBIA II

## 2011 – 2015



Canadian  
International  
Development  
Agency

DAIDA



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# JASZ II

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# Table of contents

<b>1</b>	<b>Introduction.....</b>	<b>1</b>
1.1	JASZ II Objectives .....	1
1.2	Aid Effectiveness to date.....	3
<b>2</b>	<b>Zambia's SNDP and Cooperating Partners' Response .....</b>	<b>3</b>
2.1	Zambia's Development Context.....	4
2.2	The Strategic Focus of the SNDP .....	6
2.3	CPs Response - Focusing Assistance .....	6
2.3.1	Accelerating Infrastructure Development, Economic Growth and Diversification.....	8
2.3.2	Promoting Rural Investment and Accelerating Poverty Reduction.....	9
2.3.3	Enhancing Human Development.....	9
2.3.4	Cross-cutting Issues.....	11
<b>3</b>	<b>Principles of Cooperation .....</b>	<b>14</b>
3.1	Development Results.....	14
3.1.1	Managing for Results: Why .....	14
3.1.2	Managing for Results: What .....	14
3.1.3	Managing for Results: How .....	15
3.2	Working in Partnership.....	15
3.2.1	CP Principles and Commitments.....	15
3.2.2	Division of Labour .....	17
3.3	Domestic Accountability .....	17
<b>4</b>	<b>Revised Dialogue Architecture .....</b>	<b>18</b>
	Annex 1- JASZ II - Key Performance Indicators of Development & Aid Effectiveness.....	1
	Annex 2: CP Division of Labour Matrix .....	5
	Annex 3: Generic Terms of Reference for CP sector groups .....	6
	Annex 4: Draft National Economic Management Cycle – JASZ version.....	10

## Abbreviations

AAA	Accra Agenda for Action
CPs	Cooperating Partners
CPG	Cooperating Partner Group
CSO	Central Statistical Office
DoL	Division of Labour
ETC	Economic and Technical Cooperation Section (of the MoFNP)
FNDP	Fifth National Development Plan (2006-2010)
GDP	Gross Domestic Product
GNI	Gross National Income
GRZ	Government of the Republic of Zambia
HIV	Human Immunodeficiency Virus
IWRM	Integrated Water Resources Management
JASZ	Joint Assistance Strategy for Zambia (2007-2010)
KPI	Key Performance Indicator
MAG	Mutual Accountability Group
MDG	Millennium Development Goal
M&E	Monitoring and Evaluation
MoFNP	Ministry of Finance and National Planning
MoU	Memorandum of Understanding (between GRZ & CPs)
NAC	National Aids Council
NEMC	National Economic Management Cycle
NSA	Non-State Actor
NSDS	National Strategy for Development of Statistics
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation & Development
PAF	Performance Assessment Framework
PD	Paris Declaration on Aid Effectiveness
PFM	Public Finance Management
PRBS	Poverty Reduction Budget Support
SAG	Sector Advisory Group
SNDP	Sixth National Development Plan (2011-2015)
ToR	Terms of Reference

# 1 Introduction

The Government of the Republic of Zambia (GRZ) and its Cooperating Partners (CPs) are committed to realising the aid effectiveness principles embodied in the Paris Declaration (PD) and Accra Agenda for Action (AAA). These principles aim to increase the impact of aid in reducing poverty and inequality, increasing growth, building capacity and accelerating achievement of the Millennium Development Goals (MDGs). The Joint Assistance Strategy for Zambia II (JASZ II) sets out the CPs support to Zambia's Sixth National Development Plan (SNDP) for 2011-15. The JASZ II also provides a medium-term strategic framework to realise these principles and to align development assistance to Zambia's *Aid Policy and Strategy*.

The JASZ II seeks to consolidate the strengths of the existing JASZ, while working to address its weaknesses. The JASZ II outlines specific actions through which Zambia's aid relationship and aid architecture can be improved. It tailors its response not only to the priorities identified in the SNDP, but also to Zambia's changing development context and needs. The timeframe for the JASZ II is the five years from January 2011 to December 2015 to coincide with the SNDP.

The JASZ II consists of four chapters:

- Section 1 is the introduction;
- Section 2 provides an overview of the SNDP objectives and priorities and the CPs' joint and prioritised response;
- Section 3 describes the main principles of cooperation, including how to focus in practise on development results in partnership with Government and non-state actors; and
- Section 4 outlines the revised Aid Architecture, with dialogue mechanisms and stakeholders involved at different levels.

## 1.1 JASZ II Objectives

The **overall goal** of development assistance to Zambia and thus the JASZ II is to *support broad based, inclusive growth and poverty reduction as set out in Zambia's SNDP*.

The **objective** of the JASZ II is to *deliver aid effectively to support the following **development outcomes of the SNDP***:

- **Economic growth and diversification** is stimulated through improved transport infrastructure, expanded clean energy generation, and improving productivity of private sector.
- **(Rural) poverty and inequality** is reduced through increased investment in rural areas, in particular in agricultural diversification and productivity, in manufacturing and in tourism.

- **Human development** is improved through quality education, cost-effective, quality primary health care, and expanded water supply and sanitation.
- **High quality and cost-effective public services** are delivered, facilitated through a sound public finance management system including the effective management of all revenue sources, a strengthened local government system, and active engagement of non-state actors.

By the end of the five years it is anticipated that the JASZ II will have contributed to the following **aid effectiveness outputs** which are means to contribute to achieving the development outcomes:

- **Greater GRZ capacity to lead on prioritisation and use of Official Development Assistance (ODA)** and to mobilise and coordinate other external sources of financing as it prepares to accomplish the transition from aid to self-financed development (including better systems and access to information).
- **CPs support more aligned to GRZ** strategies, institutions, and procedures as laid out in the SNDP and national sector strategies raising the quality of strategic, policy, and technical dialogue between CPs', Government and non-state actors.
- **More effective and harmonised aid delivery**, including improvements in the Division of Labour (DoL) and greater use of joint funding arrangements.
- **Improved mutual accountability** in the spirit of the PD and AAA as GRZ will be better equipped to hold CPs accountable for their aid and parliament, CPs and non-state actors will be better able to hold Government accountable for development results and aid management. This will entail a deeper focus on, and greater capacity to manage for results.

The development outcomes and the aid effectiveness outputs will be assessed annually by sector key performance indicators (see Annex 1) selected from the SNDP.

The signatories to the JASZ II recognise that this document provides a crucial framework to present a joint response to the SNDP and to realise their PD and AAA commitments.<sup>1</sup> Details of the principles and mode of cooperation are laid out in the Memorandum of Understanding between GRZ and CPs on Development and Aid Effectiveness (MoU).

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<sup>1</sup> However, it is noted that the JASZ II does not constitute an international treaty and is not legally binding on the signatories. To the extent that the JASZ II is inconsistent with the laws or policies of any signatory, such laws, policies, bilateral agreements, or commitments will prevail.

## **1.2 Aid Effectiveness to date**

Government's *Aid Policy and Strategy* (2007), and Zambia's Fifth National Development Plan (FNDP) (2006-2010), provided overarching development frameworks for CPs alignment and harmonization. In 2007 CPs developed the first Joint Assistance Strategy (2007-2010) to manage their development cooperation in line with both the PD principles and the FNDP. It also aimed to improve the DoL between CPs.

An evaluation in March 2010 found that the JASZ contributed to:

- More coordinated responses to GRZ and some decrease of bilateral demands on Ministerial time;
- Improved alignment to GRZ priorities as outlined in the FNDP;
- More effective division of labour between CPs, resulting in decongestion in some sectors and greater focus in some CP's country programmes;
- Improved sector level coordination among CPs with genuine attempts to try other methods of shared working, such as delegated cooperation; and
- Inclusion of both Poverty Reduction Budget Support (PRBS) and non-PRBS cooperating partners in JASZ processes.

The evaluation of the JASZ, however, identified a number of shortcomings. While harmonisation and alignment of CPs engagement has improved, it has been less effective in enhancing GRZ ownership, building mutual accountability between government and CPs and managing for results. In addition the evaluation noted that:

- While some Sector Advisory Groups (SAG) perform well, others are less effective;
- Although described as a strategy, the JASZ lacked targets, an implementation plan and performance indicators. This limited the implementation of the JASZ as well as the ability to monitor progress;
- There is no obvious reduction of the number of projects in health or education, although coordination around government leadership has greatly improved;
- Transaction costs remain high for those taking the lead in particular sectors;
- Although the JASZ has led to better processes, there is less evidence of a contribution to improved development outcomes.

## **2 Zambia's SNDP and Cooperating Partners' Response**

Zambia's Sixth National Development Plan (SNDP) for the period 2011-2015 restates the government's commitment to eradicating poverty and to developing Zambia into a prosperous middle income country by 2030. The SNDP was developed with broad participation of different stakeholders and was officially launched in February 2011. It forms the thematic and sectoral basis for the JASZ II.

This chapter briefly outlines the themes and strategic focus of the SNDP and then provides a joint CP response to the SNDP's identified priorities.

## 2.1 Zambia's Development Context

Both Zambia and the global context for ODA have changed since the JASZ was developed in 2007. The JASZ II needs to reflect these changes if aid is to further increase its effectiveness and to contribute to poverty reduction, sustained growth and human development.

**Zambia's economy is growing and has reached lower middle income status.** After two decades of economic and human development decline, there has been significant progress since 2000. The Zambian economy has grown at over 5% for a decade. The private sector plays an increasing role in driving the economy and contributing to growth. The government has overseen and implemented sound macro-economic policies, and external investment has been high. Zambia is very close to becoming a lower middle income country in terms of per capita income.

**Zambia's progress on reducing poverty has been mixed with rural areas lagging behind urban areas.** The overall number of Zambians living in poverty has declined (the poverty fell from 69% in 1996 to 64% in 2006, LCMS 2006). But these gains have mainly been concentrated in urban areas. A quarter of urban dwellers are poor, while three quarters of rural Zambians continue to live in poverty. Despite a growing economy, human development remains low. According to the Human Development Index, Zambia ranks 150 out of 169 countries (UN, 2010). The gap between Zambia's richest and poorest citizens remains significant; Zambia's Gini coefficient of 0.60 (in 2006) is among the highest in Africa. Significant progress has been made on MDG targets on child health, education and HIV/AIDS. However, the global MDG targets to reduce extreme poverty, hunger and improve maternal health and environmental sustainability are unlikely to be reached by 2015.

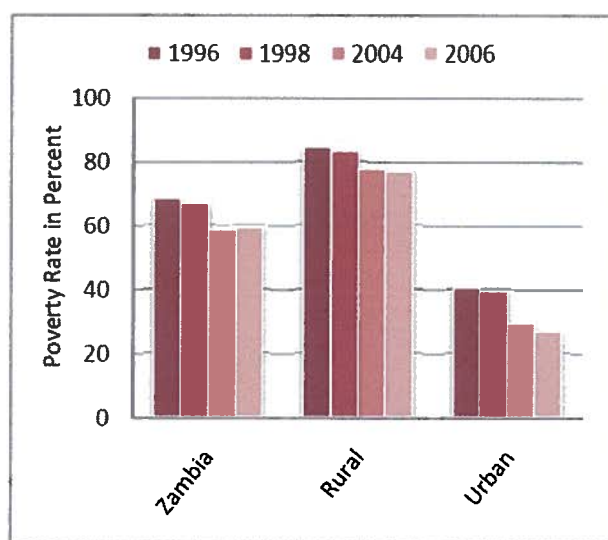


Figure 1 - Poverty Ratio 1996 - 2006 (source: CSO)

**Zambia's economy continues to be dominated by copper mining.** Copper accounts for 75% of the country's exports and the rise in the global price for copper has fuelled much of the Zambian economy's recent growth. Notwithstanding GRZ's efforts to promote diversification in agriculture and tourism, the still limited amount of economic diversity makes Zambia vulnerable to external shocks. Further diversifying the economy would improve its resilience and broaden the benefits of growth to more Zambians.

**ODA remains important, but less so than in the past.** Historically Zambia has had a high level of aid dependency; from 1990-2005 the average ratio of ODA to Gross National Income

(GNI) was 23%. ODA continues to make a significant contribution to public finances, but as the economy has grown, the relative importance of ODA has declined as a proportion of GNI (below 20% in 2010-2011) and as a proportion of the national budget. As Zambia achieves lower middle income status, it is likely that some CPs will scale down their support to Zambia. Over the course of the SNDP, GRZ and CPs will need to develop a strategy for Zambia's transition from ODA.

**Other (non-ODA) sources of development financing are increasingly important** as the Zambian economy grows and attracts outside investment. In recent years, Zambia has been a destination for considerable investment from South Africa and the BRICS countries (Brazil, India, Russia, China, South Africa), reflecting the huge potential of the country. In particular China is providing significant investment, financing and some development aid to Zambia. The Zambian government is also increasingly looking to borrow on regional and international financial markets. The prospects for external borrowing are supported by the recently improved credit rating. However to maintain debt sustainability and development impact improvement in investment and project planning orientation of public and private resources towards initiatives with higher economic returns and social impact through increased employment generation, economic diversification and technological upgrading in agriculture and manufacturing is needed.

**Overall the quality of governance in Zambia has improved** over the past decade albeit with slower progress in the last year. Zambia is one of the most stable democracies in Southern Africa. The process of holding multiparty elections over the past 20 years appears to be fostering democratic norms among citizens. According to most comparative governance indicators, the Zambian state is gradually becoming more capable (the state is increasingly able to set and enforce rules and regulations, manage finances, and deliver basic services), accountable (citizens, civil society and the private sector are increasingly able to scrutinise public institutions and government to hold them to account), and responsive (public policies and institutions respond to the needs of citizens and uphold their rights).

**Zambia, however, continues to face some domestic governance challenges.** Despite the improvements further reduction of corruption and safeguarding freedom of press and a vocal civil society remain challenges and require continued attention. Political authority in Zambia remains relatively centralised. Parliament and other oversight institutions are still consolidating in the multi-party era, and the participation of non-state actors in the policy process has been limited. Poverty and the patrimonial character of politics have slowed the emergence of issues-based politics and hinder the effectiveness of formal institutions of government.

**The international context for ODA has also changed** since 2007 when the JASZ was initially launched. The global financial crisis and high fiscal deficits are placing pressure on the budgets of many bilateral and multilateral donors. Thus like GRZ, Organisation for Economic Cooperation Development (OECD) governments are increasingly emphasising value for money and the achievement of measurable development results for their ODA. As a result, there will likely be a greater focus on showing the impact of aid on development outcomes.

The **JASZ II** reflects Zambia's changing development context. In particular:

- It builds on the lessons learnt from the JASZ 1, as well as priorities identified in the **SNDP** and aims to channel CPs' investment in Zambia to efforts that aim to address **rural poverty and inclusive growth**;

- It aims to **support Zambia's longer term transition away from ODA** by supporting the government's capacity to mobilise and coordinate its own resources, analyse potential investments and optimise returns from regional and international markets; and
- It contains a more robust focus on **performance** measurement, management and accountability as a means to deliver development results and **value for money for Zambian and CP taxpayers**;
- It aims to **improve the flow and quality of information and dialogue** between CPs, GRZ and non-state actors.

## 2.2 The Strategic Focus of the SNDP

The SNDP's strategic focus is '**Infrastructure and Human Development**', guided by principles of accountability, decentralization and efficient resource allocation. The Plan sets out policies, strategies, and programmes aimed at realising broad-based pro-poor growth, employment creation and human development. It recognises that if Zambia is to achieve the MDG of halving extreme poverty by 2015, its growth rate needs to accelerate and be more pro-poor in impact.

The SNDP has three overarching objectives:

1. To accelerate infrastructure development, economic growth and diversification;
2. To promote rural investment and accelerate poverty reduction; and
3. To enhance human development.

It recognises that high quality and cost-effective delivery of public services are an important basis for achieving these objectives.

The SNDP also highlights a number of cross-cutting issues which are essential to promoting broad-based economic growth and development. These issues include: gender, governance, HIV and AIDS, disability, food and nutrition, and the environment (with special emphasis on climate change adaptation and mitigation).

## 2.3 CPs Response - Focusing Assistance

**The SNDP is broad and CP resources are limited.** Accordingly CPs' will support priorities within the SNDP through PRBS), as GRZ's preferred aid modality, as well as sector and cross-sector programmes and projects. CPs will strive to align to GRZ's preferred modes of aid delivery, where appropriate, and it is expected that CPs will programme any new assistance within this common framework. Thus, in line with the SNDP and Zambia's changing development context, CPs support to the SNDP will be focused and broadly encompass two cross-sectoral themes:

- Addressing **rural poverty** and enhancing the livelihoods, human development and productivity of the poorest Zambians. This entails investment in infrastructure, economic diversification, agriculture productivity, and strengthening access to markets and rural-urban linkages. It also entails continued support to addressing extreme poverty and food and livelihood insecurity.
- **Support to Zambia's transition from aid by bolstering the Government's capacity** to mobilise and coordinate its own resources, strengthen its public sector, domestic accountability, and Public Finance Management (PFM) systems, analyse and guide public and private investments for achieving the highest economic and social returns, and optimise returns from regional and international markets.

CP support will be aligned with the overarching SNDP objectives outlined above and national sector policies and strategies. In order to realise maximum benefit from support provided by CPs, the **focus will be on sectors where CPs have the expertise and resources to support GRZ**. CPs will also provide support to macroeconomics and structural reform processes including crosscutting issues such as governance, decentralisation, gender, social protection, environment and climate change.

CPs will also work with GRZ to secure sustainable and well targeted use of funding sources (including ODA, domestic revenue, loans, and non-traditional aid). This approach is central to aid transformation, as Zambia consolidates its lower middle income status, and to efforts to increase value for money for Zambian and foreign taxpayers.

<b>Table 1: ODA Projections for the SNDP Period 2011 – 2015 (in US\$ Millions)</b>							
<b>Sector</b>	<b>Mode of Delivery</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>TOTAL</b>
	General Budget Support	149	148	138	133	129	<b>697</b>
Infrastructure	Budget support Loans	40	20	20	20	20	<b>120</b>
Infrastructure-Roads	Sector Budget Support Grants	27	27	27	23	23	<b>125</b>
PEMFA	Sector Budget Support Grants	-	3	3	3	-	<b>8</b>
Health	Sector Budget Support Grants	15	11	11	11	11	<b>60</b>
Health	SWAP	10	12	14	14	14	<b>64</b>
Education	SWAP	37	40	41	43	44	<b>205</b>
	Project Grants	217	284	264	243	238	<b>1 247</b>
<b>TOTAL</b>		<b>496</b>	<b>544</b>	<b>517</b>	<b>490</b>	<b>479</b>	<b>2 526</b>

Source: Based on Data from Ministry of Finance and National Planning (ETC, MoFNP)

Table 1 only provides **indicative figures** of the anticipated ODA for Zambia over the period of the SNDP, since most CPs are not able to make projections for the whole five years. JASZ II partners' projected financial flows for the period 2011-15 of \$2.5 billion would be provided to 95% percent on a grant basis and to 5% percent on a concessional credit basis. About US\$ 700 million is expected to be in the form of general budget support and US\$ 1.8 billion for sector programs (incl. project and non-project type of support).

Some CPs will continue to provide part of their assistance in the form of PRBS which is GRZ's preferred mode of aid delivery as outlined in GRZ's *Aid Policy and Strategy* of May 2007. With PRBS the participating CPs' contribute to Zambia's budget by transferring resources to the national treasury with the overall objective to support the implementation of the SNDP. Through

regular policy dialogue, PRBS will continue to support sound macroeconomic policy, enhanced public financial management and strengthening domestic accountability.

### **2.3.1 Accelerating Infrastructure Development, Economic Growth and Diversification**

Although not yet broad-based and with a limited impact on rural poverty reduction, Zambia has seen sustained economic growth over the past decade, with increasing levels of foreign investment. In order to sustain and build on this momentum, the SNDP focuses on investment in infrastructure and the diversification of the economy. CPs will support GRZ efforts to bolster its infrastructure, economic diversification, and stimulate private sector investment, through engagement with the sectors outlined below. Where appropriate and possible, CPs will use the approach of Public Private Partnerships (PPP).

#### **Transport Infrastructure**

The priority for CPs will be to support GRZ's leadership and ownership of the sector strategy, to review the Transport Policy of 2002 and to establish a National Transport Master Plan. The National Transport Master Plan is expected to prioritise **regional transport links** in support of efforts to improve the country's competitiveness in regional and international markets as well as access to the local markets for domestic producers. For the road sector the Road Sector Investment Programme – ROADSIP II (2004-2013) will be revised and CP-funded projects will be selected from these prioritised project lists, with a **focus on the main rural linkages and feeder roads** that are included in the core road network. For the civil aviation sector CPs will support GRZ to restructure the sector to be compliant with International Standards and good practices and hence contribute to reducing the cost of doing business. CPs will also in the medium- and long-term work with GRZ to overcome sector-specific public finance management weaknesses related to budget commitment and execution control, and cost-inefficiencies arising from contractual and financial management practices.

#### **Energy**

In the energy sector, CPs are committed to supporting Government in expanding generation capacity and scaling up **access to clean, modern energy** primarily in rural areas (implementation of the rural electrification master plan) while focusing on improved efficiency and cost effectiveness within the sector. In line with the SNDP, the CPs will focus on supporting Government's efforts to exploit cost-effective hydropower generation and transmission, and strengthening the framework for ensuring an efficient and effective fuel supply system, including through locally produced biofuels. With a focus to reduce Green House Gas emissions and for adapting and mitigating the effects of climate change, continued support to exploring renewable and alternative sources of energy for sustainable development, including efficient and environmental friendly household energy use, will remain a priority. CPs are committed to supporting implementation of an open access regime for generation and transmission and of Government's efforts to **strengthen the regulatory framework** within the sector. Effective regulation and the introduction of cost reflective tariffs for consumers as well as for producers of energy are acknowledged as central to ensuring the financial viability of the sector, allowing sufficient resources to facilitate the increased access to electricity, and for effectively attracting new investment in the sector.

## **Private Sector Development, Manufacturing, Commerce and Trade**

CPs' support to Zambia's private sector development will focus on **improving productivity, market efficiency and the overall business climate**. The dualistic character of Zambia's economy will continue to require a differentiated approach. For informal, rural-based small- to medium-enterprises the focus of support will be on technological upgrading, market accessibility, financial inclusion and skills. For medium and larger-sized enterprises, there will be focus on competitiveness, productivity, innovation and job creation. CPs will continue to support GRZ's Private Sector Development Reform Programme to reduce the costs of doing business and create an enabling business environment. Further, in their respective programmes, CPs will work with all relevant stakeholders to create an environment conducive for all businesses in Zambia to improve the overall economic competitiveness.

### ***2.3.2 Promoting Rural Investment and Accelerating Poverty Reduction***

CPs recognise that poverty reduction will be most effectively achieved through sustained and shared economic growth and will support the aims of GRZ for a more focussed and increased investment in rural areas, where poverty levels are highest.

#### **Agriculture, Livestock and Fisheries**

CPs will support **Zambian agriculture to become more competitive in both national and international markets by being more productive and diversified**, and hence effectively contributing to poverty reduction. CPs will continue to support the implementation of the Comprehensive Africa Agriculture Development Programme signed in January 2011 and SNDP investment plans with a strong emphasis on private sector leadership in agriculture, improved agriculture methods for small-scale farmers (e.g. conservation agriculture), supported by effective and modernised Ministries of Agriculture and Livestock/Fisheries. CPs will continue to discuss with GRZ improvements to the two major programmes supporting the Agricultural sector: the Farmers Input Support Programme (FISP) and Food Reserve Agency (FRA), so as to ensure that they benefit those farmers most in need and that market distortions are reduced. CPs will facilitate the development of private sector-led input and marketing mechanisms as well as extension services to support the graduation of small scale farmers to the level where they efficiently, profitably and sustainably produce for markets.

#### **Tourism**

Technical support will focus on **marketing and promotion** of Zambian tourism, stressing the need for greater inter-connectedness between destinations in the country, product development and diversification. CPs will support development of tourism that involves greater participation by local communities and addresses biodiversity conservation concerns. At national level, CPs will work with the relevant Government institutions to support ongoing efforts to improve the **tourism business environment**, through policy and regulatory reforms to increase Zambia's competitiveness in the sector.

### ***2.3.3 Enhancing Human Development***

CPs will continue supporting GRZ efforts to improve human development in Zambia through support to the following sectors:

## Education

CPs will align their support to the National Implementation Framework of the Ministry of Education, especially focusing on improvements in the **quality** of education, with the objective of improving actual learning outcomes especially at basic school level. In addition, CPs will support GRZ to consolidate the gains in **access** made over the last few years by supporting **equity** in educational provision. Special attention will be paid to the rural-urban disparity in access and participation, reducing the gender gap especially at upper basic and high school level, improving access to education for orphans and other vulnerable children and children with special education needs. Community schools will be an additional focus in the equity framework as these schools account for about 20% of total enrolment but receive little Government assistance. Decentralization of education governance will be given high priority and is critical for improving the access, quality and equity of the education system.

## Health

CPs will work with the Government, civil society, faith based organisations, and the private sector to achieve the vision of *a nation of healthy and productive Zambians* through the delivery of the National Health Strategic Plan 2011- 2015. CPs will support the provision of cost effective, quality and, gender-sensitive **primary health care services, with an emphasis on maternal, newborn and child health services, control of malaria, TB, non-communicable and neglected tropical diseases and HIV/AIDS**. Special attention will be paid to the rural-urban disparity in access to primary health care services. To enable the delivery of services, CPs will support the development of sustainable, effective and efficient management **health systems** with a focus on key areas including Human Resources for Health, drug supply chains, infrastructure and data collection for planning, coordination, monitoring and evaluation. CPs will work with the Ministry of Health to implement accountable, effective, efficient and transparent governance and management systems at all levels of the health sector whilst supporting civil society's active participation and - wherever useful – public private partnerships. CPs will also continue to work with the Ministry of Finance and National Planning (MoFNP) to improve the **accountability, efficiency and equity of health financing** at all levels in line with GRZ's Abuja Commitment and the Ougadougou Principles of Primary Health Care approach.

As there are many players beyond the Ministry of Health, and determinants of health that lie outside of the sector, CPs will **work across Government and with other sectors** to reduce the impact of socio-economic and environmental factors on Zambia's disease burden.

## Water and Sanitation

For water resources management, CPs will focus on a national programme for Integrated Water Resources Management (IWRM) based on the Water Resources Implementation and Efficiency Plan. CPs will support implementation of the **proposed new legal framework for water resources** management, new institutions for the IWRM and a joint strategic plan for IWRM and infrastructure development. CPs will support the water and sanitation sector through focus on national programmes for rural and urban water and sanitation. These include support for **capacity building centrally and in particular at district level**, accelerated **decentralisation** for water supply and sanitation, and enhanced service delivery. Key to this is the finalization of a Joint Financing Mechanism. CPs will support GRZ to get the National Rural Water Supply and Sanitation (WSS) Programme operational and running, to approve on

the financing and management arrangements (either joint rural/urban or separate) and efficiently manage administration and programme implementation. For urban WSS, CPs will support a national programme being finalized by GRZ which aims to facilitate more efficient service delivery. CPs will support GRZ to develop sustainability of urban WSS through full cost recovery and enhanced capacity to run the sector in the most cost effective manner.

### **2.3.4 Cross-cutting Issues**

#### **Macroeconomic Policies and Structural Reforms**

The strong economic growth of the past decade has not yet translated into substantial reduction of poverty. Continuing support to areas of macroeconomic stability and strong public financial management will be a core area of CPs support to GRZ. This assistance will seek to increase **effective management of all funding sources** (including ODA), and be focused on developing efficient systems suitable for reducing dependence on ODA. On the revenue side, CPs will support measures to help increase the Domestic Revenue / Gross Domestic Product ratio, particularly by increasing the GRZ share of the considerable resource rents from the mining sector and by rationalising the wide array of tax exemptions; this will increase fiscal space and reduce the fiscal deficit. On the **expenditure** side, CPs will support GRZ to strengthen capacity of the MoFNP, particularly the **budget, PFM systems, oversight institutions, and public investment management**, so that increasing fiscal resources are allocated to activities which provide the best economic and social returns and value for money.

#### **Governance**

Good Governance is critical for ensuring that the SNDP objectives can be reached in a participatory manner. CPs support will focus on the goals of **enhancing accountability, improving access to justice, and promoting respect for human rights**. Enhanced governance at sector level will become increasingly important in the context of devolution during the period of the SNDP. CPs will contribute to a strengthened **local government** system. CPs will encourage the development of a **vibrant democratic society** through supporting elections and increased public participation and initiatives designed to promote accountability of public institutions to Zambia's citizens. The contribution of civil society organisations is instrumental for **inclusive participation** in national development and state formation and for securing domestic and external accountability. In order to achieve this, CPs will continue to provide support to non-state actors (NSAs) promoting these principles and help to make Government accountable to its citizenry.

#### **Local Government and Decentralisation**

CPs will continue to assist GRZ to implement the National Decentralisation Policy in line with the Cabinet approved Decentralisation Implementation Plan. CPs will focus on the development and implementation of a comprehensive **Capacity Development Programme for Local Government**. Fiscal decentralisation will be further strengthened through an enhanced intra-governmental **fiscal transfer system**, improved framework conditions for increased **local-level generation of revenue** and the development of a **local government finance systems**. Additional support will be provided to facilitate the **devolution** of ministerial functions to Councils. CPs in the sector will also assist GRZ to review and amend key legislation such as the Local Government Act and the Rating Act. Support of sensitisation

activities on the implications of the National Decentralisation Policy will create the necessary awareness amongst key stakeholders at different governmental levels.

## **Social Protection**

CPs recognise Social Protection as an important strategy to tackle poverty, hunger and vulnerability and to provide a foundation to support of growth and human development. CPs will support GRZ to develop a comprehensive **National Social Protection Policy** that will specify Government's commitment to a cross-sectoral set of actions intended to provide equitable access to basic services and targeted transfers to address specific vulnerabilities. CPs will then align and co-coordinate their activities with the national policy. **CPs will enhance GRZ national priority programmes** through: promoting innovative delivery mechanisms; improved management, monitoring and evaluation; and enhanced targeting approaches. CPs will also support institutional strengthening for more effective policy formulation and implementation across GRZ and non-state actors.

## **HIV&AIDS**

The National HIV&AIDS/STI/TB Strategic Framework (NASF) 2011-2015 elaborates a multi-sectoral, gendered, rights based, and decentralised response to HIV&AIDS in Zambia which is expected to reach communities with relevant services. **CPs are dedicated to supporting the implementation of the NASF** in the context of the "3 Ones", with a clear focus on prevention of new HIV infections while scaling up treatment, care and support. With 90% of the resources coming from external vertical funding sources such as The President's Emergency Plan for Aids Relief and The Global Fund to fight AIDS, Tuberculosis and Malaria coordination remains a challenge for Government. **CPs will collaborate with other stakeholders** to support GRZ, the National AIDS Council (NAC), private sector, civil society, self-coordinating entities and other key partners in **delivering a coordinated and accountable HIV and AIDS response**. CPs will support GRZ in their efforts to increasingly mobilise internal sources of funding.

## **Gender**

In support of improved gender equity and accelerating the achievement of MDG3, the CPs will continue to focus on mainstreaming gender as a cross cutting issue, including the use of **sex disaggregated data** across all sectors of the SNDP to give a more accurate situational analysis on gender equity to guide programming. CPs will support programmes in the areas of **women's economic empowerment**, including improving female access to economic opportunities, improving women's participation in public/political life and creating an enabling legal environment for gender equality. Support will also be focused towards reducing incidents of **Gender Based Violence** and increasing awareness of, and access to, **sexual and reproductive health rights**. In order to create an enabling legal environment for gender equality, CPs will support the implementation of the National Gender Policy, domestication of international instruments Convention on the Elimination of all forms of Discrimination Against Women and the enactment/implementation of the Gender Based Violence Bill. CPs will work with the Gender In Development Division, priority line ministries, the private sector and key institutions in the justice sector and civil society. Support will be provided through targeted activities including evidence-based gender analysis, integration of gender equality into programmes, commitment to gender responsive budgeting and through dialogue on gender equality and women's rights and roles in development. CPs will work with the House of Chiefs and other relevant authorities to promote prevention of early marriages, teenage pregnancies,

HIV infections among women and girls, cultural and social factors that deter girls and women from actively participating in the political life of their communities.

### **Natural Resources, Environment, and Climate Change**

CPs will continue to support the **development of policies and legislation** for forestry, wildlife and national heritage to enhance sustainable management of natural resources. CPs also plan to continue to fund the **environment and natural resources sector programmes**. In addition, CPs will provide support to increase community, civil society and private sector participation in the management of forest resource, wildlife and national heritage sites through arrangements to encourage investments, innovations, integrated and decentralised governance approaches in the sector.

CPs will support GRZ's mainstreaming efforts and focus on the following key areas: a) **mainstreaming environment into the planning, programming and budgetary frameworks** for the key economic growth sectors by promoting strategic policy dialogue, joint planning and programming around environmental issues; b) conducting **ecosystem assessments** including economic valuation of land in order to provide the evidence needed to inform decision making and investments on environmental issues; c) developing key **monitoring** and performance assessment indicators to track implementation of environmental programmes across sectors; d) promoting the sustainability of ecosystem services through strengthening the **policy and legal framework for effective environmental management**; f) supporting adoption of appropriate fiscal and market based incentive mechanisms for improved environmental management; h) domestication of global environment conventions for enforcement of standards; i) pollution control and waste management and j) development of innovative options for environment management.

Climate-induced changes to physical and biological systems are already being felt in Zambia and are exerting on agriculture and food security, wildlife, forestry, water, energy, health and infrastructure. These impacts will affect the ability of Zambia to attain SNDP objectives, MDGs and sustainable national development. **CPs will support GRZ to develop the capacity for climate resilience and low carbon development** through mainstreaming climate change issues in the development planning process, intensifying the implementation of adaptation and mitigation initiatives as well as positioning the country to benefit from carbon financing opportunities.

## 3 Principles of Cooperation

This chapter outlines the three main principles that guide cooperation under the JASZ II: 1) Results orientation, 2) Working in partnership, and 3) Domestic accountability.

### 3.1 Development Results

#### 3.1.1 *Managing for Results: Why*

As set out above, the objective of JASZ II is to deliver aid effectively and with mutual accountability to support the development results as described in the SNDP. **Managing for results** will therefore receive more emphasis during the course of the SNDP. This entails managing and implementing ODA in ways that focuses on desired results rather than just outputs, and using systematic information to improve decision making. Many CPs in Zambia (as in other countries) are placing increased emphasis on value for money and achieving development results for their aid. Different tools will be put in place to support the focus on development and aid effectiveness results.

Hence, GRZ and CPs decided to formulate a **Memorandum of Understanding between GRZ and CPs (MoU)** which links the SNDP and the JASZ II, explaining what Zambia wants to achieve in terms of development and how GRZ and CPs plan to work together to attain these development objectives. The MoU is operationalised by an **Action Matrix** and selected **Sector Key-Performance Indicators**.

#### 3.1.2 *Managing for Results: What*

The **JASZ II Action Matrix** focuses on necessary actions to improve on aid effectiveness and mutual accountability. An annual work plan with realistic targets operationalises the Action Matrix and facilitates monitoring of the implementation. This will help GRZ and CPs to remain focused on development results as well as processes rather than getting diverted into short-term issues. The Mutual Accountability Group (MAG) will be responsible for tracking and reviewing progress on the work plan during its monthly meetings and will revise the work plan on an annual basis.

**Sector Key Performance Indicators** (see Annex 1) selected from the SNDP monitoring framework represent those indicators which allow for assessing development progress. This will help to focus attention of sector CPs and the Cooperating Partners Group (CPG) on desired development results. Aid effectiveness indicators specifically assess individual and collective CP performance on aid effectiveness commitments in the JASZ and will ideally cover the contributions of all donors in Zambia, not just JASZ II signatories.

### 3.1.3 Managing for Results: How

The detailed actions to be taken include the following:

- CPs will support and join GRZ in the **Annual SAG/Poverty Conference** for the debate of the SNDP Annual Progress Report, engaging national and sub-national level institutions as well as NSA. This dialogue provides the basis for subsequent annual planning and budgeting and adjustment of targets, and enhances accountability and transparency.
- The M&E Department of the MoFNP has a key coordinating role in ensuring effecting monitoring and evaluation of the SNDP. Having accurate and comparable data is central to measuring results and managing performance. With this in mind, the selected **Key Performance Indicators**, the PRBS-PAF, and the overall **M&E framework** for the SNDP, and JASZ will be **aligned** as much as possible. A review of the KPIs will be carried out annually. Deriving information from the regular SNDP Annual Progress Reports. It will be supervised by the MAG and results will be fed into discussions between the Secretary to the Treasury and the Cooperating Partners Group-Troika as well as the High Level Policy Dialogue and the Annual Poverty Conference.
- To bolster the collection and analysis of data, CPs will support GRZ in implementing its **National Strategy for Development of Statistics (NSDS)** through **capacity development** of Management Information Systems (MIS), national M&E systems with the M&E Department in MoFNP and the Central Statistical Office in a lead technical role.
- The **Joint Monitoring, Evaluation and Statistics working group** will provide the forum through which GRZ, CPs and non-state actors will work to improve monitoring and evaluation of the SNDP. Topic related representation of sector CPs in this group will strengthen the link to sector M&E systems and the sector responsibility for M&E at different levels (District, Provincial, National levels).

## 3.2 Working in Partnership

This section sets out the principles and commitments of how CPs will improve aid and development effectiveness during the course of the SNDP. CPs will use collaborative efforts in supporting the Government attain the SNDP results based on equity, sustainability and inclusiveness. Strategies and actions that GRZ and CPs will carry out to improve the aid partnership in Zambia during the next five years follow the five principles outlined in the PD (ownership, alignment, harmonisation, managing for results, and mutual accountability). These actions are described in more detail in the JASZ II Action Matrix annexed to the MoU, underlining mutual responsibility and accountability.

### 3.2.1 CP Principles and Commitments

In line with Zambia's *Aid Policy and Strategy*, the PD and AAA, the following principles and commitments will guide CP support to the SNDP:

Principles	CP Commitments
<p><b>1. Ownership:</b>  <i>CPs respect Zambia's leadership and help strengthen the capacity to exercise it.</i></p>	<ul style="list-style-type: none"> <li>to support <b>development of GRZ capacity</b> and leadership to plan and implement policies and to mobilise and coordinate resources.</li> <li>to base support on the <b>Code of conduct for Capacity Development</b> signed in March 2008 by CPs.</li> <li>to <b>support GRZ improvements in accountability and responsiveness</b> and strengthen domestic accountability.</li> </ul>
<p><b>2. Alignment:</b>  <i>CPs aim to align to GRZ priorities and systems.</i></p>	<ul style="list-style-type: none"> <li>to strive to align support to Zambia's <b>SNDP and the Aid Policy and Strategy</b>.</li> <li>to <b>use GRZ systems</b> and procedures, where possible and appropriate, to deliver their assistance and strengthen these systems in a coordinated way.</li> </ul>
<p><b>3. Harmonisation:</b>  <i>CPs seek to decrease transaction costs through their use of common arrangements to plan, deliver, monitor and evaluate their development assistance.</i></p>	<ul style="list-style-type: none"> <li>to <b>support SAGs</b> as a forum for planning, budgeting and monitoring of sector programmes and for sharing information and to support policy dialogue, financial support, and technical assistance.</li> <li>to work within a CP <b>DoL</b> with appropriate delegation of authority to lead-CPs according to the role described in the ToR. This will include developing clear criteria for CPs entering or exiting sectors.</li> <li>to improve the timeliness and transparency of <b>information sharing</b> with each other and with GRZ.</li> <li>to implement, where feasible, <b>common arrangements for funding</b> (e.g. Joint Financing Arrangements), disbursement, monitoring, evaluating and reporting to GRZ on donor activities and aid flows.</li> <li>to work together to <b>reduce the number of separate, duplicative, missions</b> to the field and diagnostic reviews.</li> </ul>
<p><b>4. Mutual accountability:</b>  <i>CPs and GRZ recognise their shared accountability for the use of ODA in supporting poverty reduction.</i></p>	<ul style="list-style-type: none"> <li>to support efforts to <b>strengthen domestic accountability</b>, including engagement of parliament and non-state actors in making national development strategies and assessing progress</li> <li>to support the development of a <b>mutual accountability framework</b></li> <li>to provide timely, transparent and comprehensive <b>information on aid flows</b> including reliable indicative longer-term commitments of aid for the course of the SNDP to the maximum extent possible.</li> <li>to strive to <b>disburse aid in a timely fashion</b> according to schedules and triggers decided with GRZ.</li> <li>to support the development of <b>effective dialogue mechanisms</b> to engage with GRZ around poverty reduction.</li> </ul>
<p><b>5. Managing for results:</b>  <i>CPs focus on the achievement of results and outcomes (including managing resources, improving decision making for results and M&amp;E frameworks).</i></p>	<ul style="list-style-type: none"> <li>to <b>focus on achieving results</b> as defined through nationally driven M&amp;E and performance assessment frameworks.</li> <li>to align as much as possible with <b>performance indicators of Zambia's SNDP</b>, sector strategies and its M&amp;E framework.</li> <li>to support the development of a <b>mutual accountability framework</b> to monitor their performance.</li> <li>to support national statistics needs in a coordinated manner.</li> <li>to be <b>transparent</b> in monitoring mechanisms for progress in sectors and criteria for determining when to phase out from a sector or from Zambia entirely.</li> </ul>

### **3.2.2 Division of Labour**

Zambia's CPs have progressed further than most other countries in the region on implementing a DoL in which CPs streamline and coordinate their engagement at sector level. Creating a DoL matrix has helped to decongest and consolidate support in some sectors. The selection of lead partners for each sector, sub-sector or thematic area has also helped to structure internal CP dialogue and engagement with sector ministries and SAGs. The DoL was revised in mid 2011, based on a GRZ proposed DoL and rounds of consultations with Sector Ministries and CPs (see matrix in Annex 2 for the revised DoL for the SNDP period). Challenges remain for realising further progress on DoL. Generic Terms of Reference (ToR) have been developed as a basis for sector specific ToR, describing how CPs want to cooperate and share the burden in a certain sector (see Annex 3). These will serve to define the roles of lead, active and background CPs at sector level as well as the process for entry and exit to sectors.

#### **Actions:**

To improve the effectiveness of the **Division of Labour**:

- The CPs will follow the OECD/DAC guidelines for DoL to further improve the sharing of work, roles and responsibilities in the different sectors.
- GRZ and CPs will clarify the criteria and process for entering into and exiting sectors to ensure that longer-term planning for sectors is improved and as Zambia achieves lower middle income status the graduation of some CPs is smooth;
- At the same time, GRZ and CPs will work to maintain flexibility in the DoL so that newly available resources and newly active CPs can enter into sectors and those CPs with greater capacity can take a lead role where appropriate.

## **3.3 Domestic Accountability**

GRZ and CPs are actively improving their accountability to their taxpayers. As Zambia graduates from aid the role of institutions in accountability and transparency will be increasingly important. Domestic accountability is built on a strong parliamentary oversight, the engagement non-state actors which include all organised citizens and civil society organisations, as well as the private sector and its intermediary organisations, and the (independent) media. Responsible, impartial non-state actors (NSAs) are key partners for Zambia's development and aid effectiveness dialogue.

CPs would like to see NSAs increasingly assume functions which CPs have performed to some extent so far, in particular accountability and focusing on value for money for Government services.

Hence, within the framework of the JASZ II and the SNDP

- CPs will continue their support to parliamentary reform processes to enhance parliamentary oversight.

- CPs will encourage and support civil society organisations and private sector bodies to participate in relevant sector level dialogue and planning processes through the SAGs.
- CPs will engage NSAs to play a role in monitoring aid effectiveness and development outcomes on a topic related basis and through participation in the annual GRZ-CP High Level Policy Dialogue (HLPD).
- CPs will encourage NSAs to provide input and contributions in their areas of competence, which can be results of qualitative or quantitative research, and which will serve as points of discussion for planning or re-planning in respective sectors.
- CPs will support NSAs to provide and disseminate relevant information that allows an assessment of Government performance with respect to all aspects of good political and financial governance.
- The NSA-CP group will support thematic dialogue between NSAs and GRZ, coordinate support to civil society organisations and develop models for external and public financing modalities for services and advocacy.

## 4 Revised Dialogue Architecture

Open and constructive dialogue between GRZ and its CPs is vital for aid effectiveness. The revised dialogue architecture of JASZ II will build on the existing structures and processes and will be aligned to the National Economic Management Cycle (NEMC, see Annex 4).

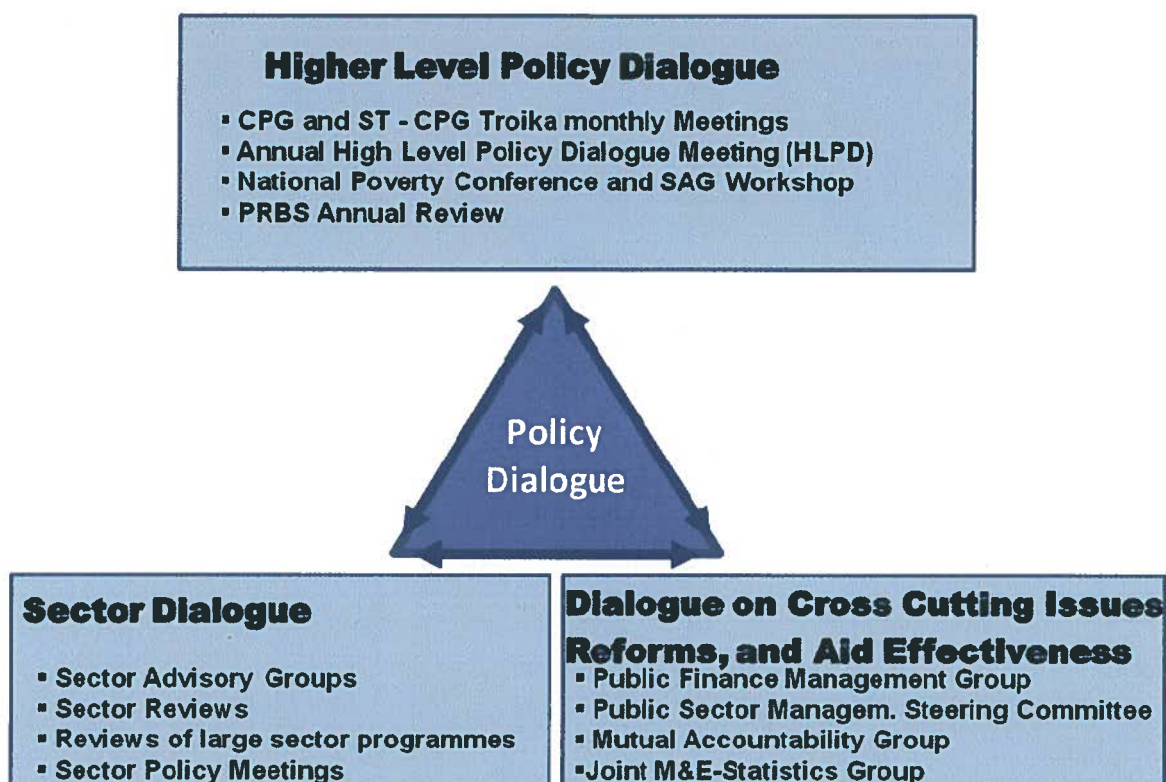
Figure 2 below sets out the complementary fora where GRZ, CPs, non-state actors interact in policy dialogue to improve the effectiveness of development assistance in Zambia. This includes dialogue at the sectoral level and dialogue with central government on cross cutting issues (e.g. PFM, aid effectiveness etc). Both of these will inform higher level dialogue with central government on issues of national importance which cannot be resolved alone at the lower levels. GRZ and CPs will work to strengthen these fora during the course of the SNDP and JASZ II including a greater role for NSA.

The three complementary levels of policy dialogue are described in more detail below.

1. **Sector Dialogue** anchored in the Sector Advisory Groups (SAGs) which comprise relevant GRZ ministries and agencies, CPs and NSA.
  - SAGs provide a forum through which GRZ, CPs and NSAs actors engage in sector planning, budgeting, and monitoring processes, and sector-level policy and technical discussions on a quarterly basis. SAGs are expected to review intra-sectoral allocation of resources and related expenditures, and to ensure that annual sector budgets presented to MoFNP reflect sector priorities and are in line with the Vision 2030, the goals and objectives of the SNDP and are linked to district plans.
  - Joint Annual Sector Reviews will become a standard procedure and will enhance sector coordination, alignment and transparency as well as joint learning. Generic ToR for Joint Sector Reviews will be developed and jointly determined by sector stakeholders.

- Reviews of large sector programmes will be shared with the stakeholders in the respective sectors. SAGs will prepare summaries of progress and challenges to feed into discussions at the High-level Policy Dialogue. Annual progress reports will be based on the SNDP M&E system. CP participation in SAGs and Sector Policy Meetings is determined through the DoL process.

**Figure 2: Revised Dialogue Architecture on Development and Aid Effectiveness**



2. **Dialogue on Cross-Cutting Issues, Reforms and Aid Effectiveness** takes place in several fora as follows.

- The PRBS review process reviews progress against a cross-government Performance Assessment Framework which is closely linked to the SNDP monitoring framework. This includes a monthly meeting of the ST and the lead CP and a greater role for NSA in the process is envisaged.
- The PFM group discusses the progress on the reform agenda on all relevant aspects of public finances. The PSM Reform is overseen by the PSM steering committee.
- The Joint M&E-Statistics group supports the development of appropriate M&E systems, coordination of national surveys and the NSDS.

- The MAG is the primary forum for GRZ and CPs to review aid effectiveness, assess achievements and act on issues of mutual concern. Its remit includes coordinating the monitoring of the PD and AAA. It will track progress on a JASZ II work plan quarterly and revise the work plan on an annual basis. The MAG will be comprised of the Directors and key staff of Economic Management Department, M&E Department, Budget Office, and MAG CPs. MAG meetings will be held regularly in the MoFNP.

**3. Higher level dialogue** will also take place in several fora.

- The ST and CPG-Troika meet monthly to discuss development and aid effectiveness issues, informed by feed-back from sector leads as well as from the joint MAG. Thus aid effectiveness and development outcomes are linked and integral parts of the policy dialogue.
- In an annual High-Level Policy Dialogue (HLPD), the MoFNP, relevant sector ministries, CPs and NSA jointly examine Zambia's development challenges including aid effectiveness issues and policy responses. GRZ and CPs will work to provide a greater focus and openness in the HLPD. For each HLPD the Government, in consultation with the CPG troika, will select one or more specific themes for discussion. The dialogue will focus less on formal statements and more on group discussions around key themes.
- The Annual Poverty/SAG Conference allows for sectoral and regional (with Provincial Permanent Secretaries) discussion of development achievements, reforms and plans. The SAG Chairs report on progress and present budgets for the coming year based on preparation at SAG level with support from sector Lead CPs and non-state actor. This is complemented by reports from Provincial Permanent Secretaries on provincial development progress and further requirements.

*Cooperating Partner Group*

*Lusaka, Zambia*

**We, the undersigned, hereby confirm our commitment to jointly work in accordance with the principles, processes and procedures set forth in this document in order to contribute to enhanced development and aid effectiveness and efficiency in Zambia.**

<p>For the African Development Bank:</p>   <p><b>Freddie Kwesiga</b> Resident Representative</p>	<p>For the Government of Canada:</p>   <p><b>Madani Thiam</b> Head of Development Cooperation</p>
<p>For the Government of Denmark:</p>   <p><b>Thomas Schjerbeck</b> Ambassador</p>	<p>For the European Union:</p>   <p><b>Gilles Hervio</b> Head of EU Delegation</p>
<p>For the Government of Finland:</p>   <p><b>Pertti Anttinen</b> Ambassador</p>	<p>For the Government of the Federal Republic of Germany:</p>   <p><b>Frank Meyke</b> Ambassador</p>
<p>For the Government of Ireland:</p>   <p><b>Tony Cotter</b> Ambassador</p>	<p>For the Government of Japan:</p>   <p><b>Akio Egawa</b> Ambassador</p>

<p>For the Government of the Netherlands:</p>  <p>Harry Molenaar Ambassador</p> 	<p>For the Norwegian Ministry of Foreign Affairs:</p>  <p>Arve Ofstad Ambassador</p> 
<p>For the Government of Sweden:</p>  <p>Lena Nordström Ambassador</p> 	<p>For the Government of the United Kingdom:</p>  <p>Mike Hammond Head of DFID</p> 
<p>For the United Nations System:</p>  <p>Kanni Wignaraja Resident Coordinator</p> 	<p>For the Government of the United States of America:</p>  <p>Mark C. Storella Ambassador</p> 
<p>For the World Bank:</p>  <p>Kundhavi Kadiresan Country director</p> 	

Signed in Lusaka on the 18<sup>th</sup> November 2011

## Annex 1- JASZ II - Key Performance Indicators of Development & Aid Effectiveness

(All indicators are drawn from SNDP. This schedule will be finalised with GRZ as part of JASZ MoU process)

Sector	Key Performance Indicator	Baseline (year)	2015 Target	SNDP / PAF <sup>2</sup>	Underlying Source	Comment / Reason for selecting indicator
<b>Economic and social Development</b>						
<b>Macro Economic</b>	1. Domestic revenue as % of GDP	14.8 (2009)	20 >	SKPI PAF	Source: CSO and ZRA	Data available annually
	2. Public wages bill as % GDP	8 (2009)	< 8%	SOM	Source: Gov accounts and CSO	
<b>Governance</b>	3. Proportion of cases reported to ACC which are investigated (%)	72 (2010)	100	SKPI	Source: ACC	
	4. No. of Ministries and Provinces operating the IFMIS system	8 (2010)	48	SOM	Source: Gov Departments	Data available annually
<b>HIV/AIDS</b>	5. % of adults tested for HIV and receiving test results	28 (2010)	50	SKPI	Source HMIS (cumulative figures)	HMIS data available annually
	6. PMCT % of HIV+ women who received a complete course of ARV	61 (2010)	95	SKPI		Deals with prevention for children
<b>Gender</b>	7. % of women in decision making positions	16 (2010)	30	SKPI	Source: Government data. Annual data.	Addresses female empowerment

<sup>2</sup> All the indicators are from the SNDP. Some are also in the PRBS PAF. Acronyms are: NKPI: Indicator in SNDP National Key Performance Indicators (Page 11 and 12 of SNDP). SKPI: Indicator in SNDP Sector Key Performance Indicators (sector chapters). SOM: Indicator in SNDP Sector Output Matrix (sector chapters). PAF: PRBS Performance Assessment Framework

Sector	Key Performance Indicator	Baseline (year)	2015 Target	SNDP / PAF <sup>2</sup>	Underlying Source	Comment / Reason for selecting indicator
<b>Infrastructure</b>						
<b>Transport</b>	8. Routine maintenance of Km of paved trunk main and district & feeder roads	Not specified	13,584/ 112,949	SOM	Source : RDA,	Target to 2011-2015. Data available annually.
	9. Maintenance of unpaved feeder roads (Km)	2,303.37	25,913	SOM	Source: RDA, annual data	Target is cumulative 2011-2015
<b>Energy</b>	10. MW electricity generation capacity	1918 (2009)	2918	N and SKPI	Source: Zesco/Min of Energy	Also relevant to PSD. Data available annually
	11. % of households with access to electricity (Total/rural)	22/3.5 (2009)	41.7/15	N and SKPI	Source: Zesco/Min of E Households Metered	Data available annually
<b>Human Development</b>						
<b>Health</b>	12. % of deliveries assisted by a skilled health worker	45 (2008) 28% (HMIS, 2009)	65 36% (HMIS)	SKPI	Source: DHS & HMIS HMIS data available annually but uses different defn. to DHS	SNDP targets set against DHS baseline. HMIS based targets not in SNDP but these will be monitored annually.
	13. Grade 9 examination pass rate	51.98	67	SKPI	Source M of Ed:	Data available annually
<b>Education</b>	14. Gender Parity Index (G 10-12)	0.87	0.93	SKPI	Source M of Ed:	Data available annually
	15. % of Rural/Urban population with access to safe water	53/74 (2009)	75/80	N and SKPI	Variety of largely comparable sources (DHS, LCMS, Nutrition Survey) available for comparison every 2-3 years	
<b>Water and Sanitation</b>	16. % of Rural/Urban population with access to adequate sanitation	33/37 (2009)	60/60	N and	See above	Key for health & nutrition.

Sector	Key Performance Indicator	Baseline (year)	2015 Target	SNDP / PAF <sup>2</sup>	Underlying Source	Comment / Reason for selecting indicator
<b>Growth Sectors</b>						
<b>Agriculture</b>	17. Hectares of land under irrigation	170,000 (2009)	187,500	N and SKPI	Source: MoAC.	Linked to agriculture growth
<b>Commerce and Trade (Private Sector Dev.)</b>	18. Share of NTEs to total exports	23	30.0	SKPI	Source: CSO trade data	Annual Milestones: 23.0 / 24.5/ 26 / 27.5 / 28.5 / 30.0: Data available annually (and quarterly)
<b>Support Sectors</b>						
<b>Environment/ Nat. Resources</b>	19. Annual rate of deforestation (HA)	250,000 to 300,000 (2009)	< 250,000	SKPI	Source: Forestry Department	A climate change MDG Availability/interval unknown
<b>Local Government and Decentralisation</b>	20. % of local revenue collected by councils against budget	43 (2010)	>95	SKPI	Source: Ministry of Local Gov.	
<b>Social Protection</b>	21. Number of recipients of social transfers	531,000 (2009)	1.664 million	Sect or output	Source: Social protection programmes	Milestones and target clearly set out in SNDP (includes FSP, PWAS, cash transfers and school feeding)

Sector	Key Performance Indicator	Baseline (year)	2015 Target	SNDP / PAF <sup>2</sup>	Underlying Source	Comment / Reason for selecting indicator
<b>Aid Effectiveness</b>						
<b>Aid effectiveness</b>	22. % of aid on budget (incl. PRBS, SBS, projects on budget) as reported in yellow book	52% (2005)	75%	NKPI	Source: Yellow book	Alignment, Paris Monitoring Survey (PMS) (SNDP has no BL or target specified)
	23. % of aid disbursements released according to agreed schedules (GBS and SBS within agreed quarter)	50% (2005)	75%	NKPI	Source: CPs Interval: Unknown (CPs to advice – Francesca mentioned CPs compiling a database?)	Key to alignment and predictability of aid to Government priorities (PMS) (NB. SNDP BL is missing and SNDP target is 100%)
	24. % of SNDP KPIs reported on annually (against total no of KPIs)	54% (2009)	90%	NKPI	Source : SNDP annual report (BL source is FNDP 2009 report)	Key for ensuring SNDP maintains a strong results focus
<b>Results monitoring</b>						

## Annex 2: CP Division of Labour Matrix

Updated: December 2011

### Division of Labour 2012-2015

(JASZ II Signatories)

SNDP Cluster	Lead Ministry	AfDB	EU	UN System	World Bank	Canada	Denmark	Finland	Germany	Ireland	Japan	Netherlands	Norway	Sweden*	UK	USA	Total lead/active
Infrastructure	Energy	MEWD	A	B	L						L	B/P	B/N	L			3/L1A
	Transport	MWS/MCT	L	L	L	A/P	A/P		A/P		A				B		3/L3A
Human Development	Education & Skills Development	MOEMSTVT	A	L	A		A/P		B	L	A	L/P	B/P			A	3/L5A
	Health	MOH		A	A	A					B			A	L	L	3/L4A
	HIV & AIDS	MOH		B	A	B/P	A/P		B	L	A/P	P	B/P	A	A	L	3/L5A
	Water & Sanitation	MEWD/MLGH	L	B	A		A/P		L		A				B/N	A/N	3/L4A
Growth	Agriculture, Livestock & Fisheries	MACO	L	L	A			L			A		A	A		A	3/L6A
	Manufacturing, Commerce & Trade (PSD)	MCT/CO-DSC	A	B	A			L			A	P			L	A	2/L6A
	Tourism	MTENR	B		L												1/L0A
Support	Environment & Natural Resources	MTENR	A	L	L		A/P	L					A			A/N	3/L4A
	Governance	MOJ		L	A		A/P	B	A	A		P	A	B	L	A	3/L6A
	Local Government & Decentralisation	MLGH		B	B				L	A	A/P						1/L3A
	Science, Technology & Innovation	MSTVT	A	B				A	B/N								0/L2A
Crosscutting	Gender	CO-GIDD		B	L			B	B	L		A/P	A	B	L	A	3/L3A
	Housing	MLGH/MOL			B/N									B/P			0/L0A
	Macroeconomics	MOFNP	A	L	A	L		A	A	B		A/P	A	A	L	A	3/L8A
	Social Protection	MCDSS		L	L			B/N		A			A/N		L		2/L2A
Total Lead Responsibilities			3	4	7	6	-	3	2	3	1	1	-	1	6	2	
LEGEND: DOL MAIN CLASS: L – Lead, A - Active, B – Background/Silent. SUB-CLASS: N – New Entrant, P – Phasing Out																	

\*Sweden will develop new country strategy during 2012 and will revise participation in sector groups end 2012

## Annex 3: Generic Terms of Reference for CP sector groups

### 1 Introduction and guiding principles

CP sector groups are expected to harmonize and coordinate their support to a specific sector in line with GRZ requirements and strategies. The rationale of appointing lead Cooperating Partners (CPs) in a sector is to reduce transaction cost on GRZ side and improve quality and coherence of the policy dialogue and aid effectiveness. This requires the collaboration and mutual trust of all CPs in the sector and the leadership of the Lead CPs. These generic ToR shall serve as a template for sector CPs to define their different roles, responsibilities and rules to ensure effective coordination.

Based on these generic ToRs, sector ToRs should describe the division of labour within the sector and sharing of the burden among the CPs. They should illustrate the dialogue structure and communication with GRZ and the wider CPG. They should describe the sector specific goals which the CP lead(s) will be working towards on behalf of the CP community, the tasks to be implemented as well as procedures for phasing in and phasing out of the sector. Finally they should outline the mandate given by the CPs to the Lead CP(s) in the sector.

#### CP Typology:

**Lead CPs** act on behalf of the other partners as *primus inter pares*, voice and contact point of the co-operating partners involved in the sector;

**Active CPs** delegate 'voice' to the lead CPs but remain actively and visibly involved;

**Background/Silent CPs** have delegated full authority to a lead (or active) CP including sector dialogue and their funding in the sector.

**Phasing-Out CPs and New-Entry CPs:** as a sub-category of the above, CPs which phase out or come in as active or background/silent partners from a certain sector.

The table below gives an overview of the different types of CPs:

Role of CPs in Different Fora				
Forum	Lead	Active	Back-ground	Silent
<i>Dialogue MPSAs Ministers / Senior Mngt</i>	Y	N	N	N
<i>Participation in SAGs &amp; Sector Reviews</i>	Y	Y	N	N
<i>Co-ordination of CPs</i>	Y	N	N	N
<i>Attend CP meetings</i>	Y	Y	Y	N
<i>Provision of funding</i>	Significant	Significant	Some	Some / None

The roles and tasks of different categories of CPs are described in detail below.

## 2 Terms of Reference of the CPs

### 2.1 LEAD PARTNER

#### Definition:

*The Lead CPs will*

*With respect to the lead sector ministry:*

- act as **the focal contact point and facilitator for dialogue** between Government and CPs in the sector and
- **facilitate government management of financial and technical assistance** in the sector.

*With respect to the other cooperating partners interested in the sector:*

- Provide **coordination services to other donors**, such as information management, communication and technical advice, and
- **monitor harmonisation** performance.

*Requirements and Organisation of Leads Function:*

- adequate **in-country technical expertise** of the sector and
- sufficient **coordination capacity** and a sound understanding of aid modalities.
- Depending on the sector between **one and three Lead CPs** (e.g. troika as one model) shall be **elected** by all CPs lead and active CPs. A clear division of labour between the Lead and the co-leads facilitates transition.
- Duration of the term should be for a **minimum of one year** or can be linked to GRZ planning cycles (e.g. SNDP) or on a rotation basis, depending on the sector decision.

#### Tasks

On behalf of all the CPs in the given sector the Lead CP will:

*Vis-à-vis the lead sector ministry:*

- **Act as interface for policy dialogue between GRZ and CPs**
  - Spokesperson for and coordinator of all CPs in dialogue with GRZ in the given sector / thematic area both at senior management level and at technical level.
  - Supports the functioning of regular Sector Advisory Groups (SAG) meetings and their role in planning and coordination of sector activities, financial management and monitoring of sector development outcomes. Lead CPs represent all CPs in the SAG and in any other fora, where the sector development is discussed.
  - Supports GRZ in annual sector planning and budgeting events aligned to the GRZ planning and budget cycle.
  - Supports GRZ in organising annual sector performance and policy discussions with the CPs in the sector. These discussions will review the sector performance, key policy and implementation challenges.
  - Identifies areas of interaction / coordination with other Line Ministries with support of active CPs.
- **Facilitate government management of financial and technical assistance.**
  - Assist GRZ in developing, establishing and/or managing appropriate joint aid mechanisms in the sector including for example SWAs and basket funding.
  - Act as channel of funds (silent partnerships) for other CPs as agreed and appropriate.

- Ensure that MoUs, formats and formal descriptions of joint procedures are available as appropriate in the sector.
- Assist GRZ in assessing the need for donor support in the sector and in facilitating appropriate division of labour (among CPs) in the sector. This includes facilitating that the work of CPs is aligned with the NDP and GRZ sector plans and that CPs complement rather than duplicate each other.

*Vis-à-vis the other CPs in the sector:*

- Forges consensus among CPs on key development results sought for the sector (depending on the sector this should be captured in a CP sector work plan or PAF).
- Forges consensus among CPs on policy priorities before engaging in dialogue with GRZ, and reports divergent views between CPs in case consensus cannot be reached.
- Coordinates division of labour within the sector, e.g. for analytic work among CPs and contributes analytical capacity together with other active partners to undertake sector work in line with the government requirements and priorities.
- Facilitates linkages and flow of information and analysis to other development partners groups as well as the main CPs specifically through the CPG. Collates regularly information from the active CPs and circulates a brief report on the progress in a sector. Furthermore, the lead will endeavour to coordinate the production of annual reporting as required by the sector and will coordinate record keeping and documentation sharing.
- Ensures better coordination of official visits and consultancies to Zambia by CPs through the lead serving as a focal point for incoming visits, avoiding “back door” bilateral meetings inconsistent with JASZ.
- Monitors and reports harmonisation performance to the CPG.
- Manages a professional handover to its successor as lead.

## 2.2 ACTIVE PARTNER

**Definition:** *The Active Partner will provide financial and technical support to the sector / thematic area and engage in policy dialogue with other leads and active partners.*

### Tasks

- Participates actively in policy dialogue with the lead and other active partners.
- Engages in dialogue with the Government at sector meetings, reviews etc. and may lead on specific sub-sector / sub-theme discussions as agreed with the lead and the other active CPs. The active CPs will monitor activities.
- Contributes analytical and sector relevant technical capacity to undertake sector work in line with government requirements and priorities.
- One active partner will act on behalf of the lead during the latter’s absence.
- Can manage policy dialogue or funding arrangements on behalf of a delegated CP(s) if this has been agreed bilaterally.
- May attend SAG meetings depending on sector arrangements.
- The group of active partners assume collective responsibility for a smooth information flow among sector CPs about ongoing works and events. They will report to the Lead on

the reform process of their specific thematic area. Furthermore, the active CPs will contribute to the production of joint annual reports as required.

- Ensures that official visits or consultancies to Zambia by CPs are announced and coordinated as practicable through liaison with the lead as a focal point, avoiding “back door” bilateral meetings inconsistent with JASZ.

## 2.3 BACKGROUND / SILENT PARTNER

**Definition:** *The background or silent partner will*

- generally not engage in direct policy and technical dialogue with Government on sector issues without prior consultations with the CP sector group, but is kept well informed about the issues at stake and the progress made in the sector.
- **Background partners:** Delegate sector policy dialogue to a lead/or active partner, and participate in the sector meetings following on current operations or future assistance in line with JASZ.
- **Silent partners:** Contribute financially to the sector or the thematic area in line with JASZ, and delegate their mandate and funding through a lead/ or active partner.

### Tasks

- Is not expected to be active in sector CPs meetings but is free to attend and to voice policy concerns in the meetings.
- Relies on Lead or active partner for information and to track developments sector issues, performance and outcomes of policy dialogue with GRZ and others.
- Can participate in major consultations, e.g. annual sector reviews.
- Ensures that Ministerial or official visits and consultancies to Zambia are coordinated through the lead, avoiding “back door” bilateral meetings inconsistent with JAST; writes and circulates a brief record to the lead CP of such Ministerial or official visits.
- New project/programme ideas, progress of project/programme under implementation and lessons learnt are presented in the sector CPs Group meetings to collect contributions for the finalisation of project / programme formulation and to add value to policy dialogue.

## Annex 4: Draft National Economic Management Cycle – JASZ version

ZAMBIA NATIONAL ECONOMIC MANAGEMENT CYCLE (NEMC) 2011

April 2011

MONTH	Ministry of Finance & National Planning (MOFNP)	Line Ministries / Local Governments	Cooperating Partners (CPs)	Sector Advisory Groups (SAGs)	Cabinet	Auditor General	Parliament
JANUARY	Consolidation of annual administrative data sets Preparation of Economic Report Preparation of NDP Annual Progress Report		Provision of real figures for Development Cooperation Report				
FEBRUARY			1st IMF Review Mission				
MARCH	Preparation of documents for 1st PRBS Review NDP Annual Progress Report Validation Workshop Submission of Treasury Minutes to Parliament Preparation of Development Cooperation Report		1st Quarter PDCC Meeting	1st Quarter SAG Meeting			
APRIL	Cross-checking indicative figures for MTEF from both Line Ministries and CPs Policy Meeting (MTEF/ABS) with MPSAs	Provision of CPs funded projects/ programs indicative figures for MTEF	Provision of indicative figures for MTEF			Preparation of Annual Audit Report	
MAY	Government-Oriented Division of Labor (GO-DOL) Hearing Preparation of NDP/MTEF Budget Concept Paper Distribution of NDP Annual Progress Report						
	1st PRBS Review (PAF Review) Meeting & High Level Policy Dialogue (HLPD)						
	Government-Oriented Division of Labor (GO-DOL) Policy Dialogue						
	Submission of NDP/MTEF Budget Concept Paper to Cabinet				Approval of NDP/MTEF Budget Concept Paper		
JUNE	Preparation of documents for 2nd PRBS/HLPD Review Submission of Financial Statements to Auditor General Preparation of MTEF Green Paper	2nd Quarter PDCC Meeting		2nd Quarter SAG Meeting			
			2nd IMF Review Mission				
JULY	Submission of MTEF Green Paper to Cabinet Budget Call Circular to MPSAs	Preparation of Budget & Work Plan			Approval of Green Paper		
	National SAG Conference						
	National Budget Consultative Workshop						
AUGUST	Preparation of Economic Review	Submission of Budget to MOFNP	Confirmation of figures to Budget			PAC & EC Consultations on Green Paper	
	Budget Hearing						
SEPTEMBER	Consolidation of Budget & Submission of Budget to Cabinet Submission of Financial Report to Parliament					Submission of Audit Statement to Accountant General	
		3rd Quarter PDCC Meeting		3rd Quarter SAG Meeting	Budget Approval by Cabinet	Submission of Annual Audit Report to Parliament	
OCTOBER	General Election (either in September or in October)						
NOVEMBER	2nd PRBS Review Meeting & High Level Policy Dialogue (HLPD) (after the Election)						
DECEMBER	Presentation of National Budget to Parliament (within Two Months from the Election)						
		4th Quarter PDCC Meeting MPSA Annual Operational Work Plan Submit annual administrative data sets		4th Quarter SAG Meeting	NDCC / Cabinet	Start M & E of priority activities	Consideration of the Auditor General's Report for the year before the previous year & consideration Parliament Approves Annual Budget

Legend:  
IMF: International Monetary Fund  
NDCC: National Development and Coordinating Committee  
MPSA: Ministries, Provinces and other Spending Agencies  
MTEF: Medium Term Expenditure Framework  
NDP: National Development Plan  
SNOP: Sixth National Development Plan

PAF: Performance Assessment Framework  
PAC: Public Accounts Committee  
SAG: Sector Advisory Group  
M&E: Monitoring and Evaluation  
PRBS: Poverty Reduction Budget Support  
HLPD: High Level Policy Dialogue

NOTE:  
Spot Monitoring and Evaluation on sector performance indicators  
This activity takes place throughout the year by MoFNP  
The NEMC might be largely affected by the 2011 Election