



**Institute of Social Studies**

Graduate School of Development Studies

**IMPROVING THE IMPLEMENTATION AND EFFECTIVENESS OF THE  
POVERTY REDUCTION POLICIES:**

**An Analysis of the Zambian Experience with PRSP Policy Formulation**

A Research Paper presented by:

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in partial fulfillment of the requirements for obtaining the degree of  
**MASTERS OF ARTS IN DEVELOPMENT STUDIES**

Specialization:  
**Population, Poverty and Social Development  
(PPSD)**

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The Hague, The Netherlands  
November, 2007

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## **DEDICATION**

To my wife Prisca Mwewa Mubanga and my daughter Mapalo

## ACKNOWLEDGEMENT

I would like to acknowledge the valuable contribution of my supervisor Dr Kristin Komives, the superb guidance rendered to me during the research process from the time the initial working title was identified. The guidance, the friendly advice and insights given made the whole process very fulfilling. I would also like to acknowledge the second reader Dr Anirban Dasgupta for valuable comments and contributions made during the design stage and at the time the first draft of the Research Paper was presented.

Special thanks also go to the convenor of the Population, Poverty and Social Development (PPSD) Drs Loes Keyzers for the initial guidance when the research process started and for the constant care and concern throughout the time when I was working on the Research Paper. I would also like to acknowledge my friend Saul Banda, who assisted me to collect primary data in Lusaka Zambia; and Josephine Candiru and Lonah Wanyama for the variable comments on the research paper.

I would like to thank the Dutch Government for the scholarship that was awarded to me. The scholarship enabled me to under go the Master Degree programme in development studies which has enhanced my analytical capacity and understanding of development which will go a long way in enhancing my career performance. I also want to thank my employer the National Assembly of Zambia, for giving me paid study leave to enable me pursue the programme.

Lastly I would like to thank my family for their patience and endurance during my 15 and half months absence from home.

However, despite all the contributions and help, I remain responsible for any shortcomings in this work.

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## LIST OF ACRONYMS

ACF	Agricultural Consultative Forum
AIDS	Acquired Immunodeficiency Syndrome
ASIP	Agriculture Sector Investment Programme
CCJDP	Catholic Commission for Justice, Development and Peace
CSO	Civil Society Organizations
CSPR	Civil Society for Poverty Reduction
DAC	District Agriculture Committee
DACO	District Agriculture Coordinator
DDCC	District Development Coordinating Committee
FNDP	Fifth National Development Plan
FSP	Fertilizer Support Programme
GDP	Gross Domestic Product
GRZ	Government of the Republic of Zambia
HIPC	Highly Indebted Poor Country
HIV	Human Immunodeficiency Virus
IFIs	International Financial Institutions
IMF	International Monetary Fund
ISS	Institute of Social Studies
JCTR	Jesuit Center for Theological Reflection
MACO	Ministry of Agriculture and Cooperatives
MOFNP	Ministry of Finance and National Planning
NERP	New Economic Recovery Programme
NGO	Non-Governmental Organization
PACO	Provincial Agriculture Coordinator
PDCC	Provincial Development Coordinating Committee
PEMD	Planning and Economic Management Division
PMU	Programme Management Unit
PRGF	Poverty Reduction and Growth Facility
PRS	Poverty Reduction Strategies
PRSP	Poverty Reduction Strategy Paper
SAG	Sector Advisory Group
SAP	Structural Adjustment Programme

SIDA Swedish International Development Agency  
ZCCM Zambia Consolidated Copper Mines  
ZNFU Zambia National Farmers Union

## CHAPTER ONE

### INTRODUCTION

Zambia has since independence in 1964 witnessed a decline in the living standards of its people. The country has moved from being a low-middle income country in 1965 with a per capita GDP of US\$613 to one of the poorest countries in sub-Saharan Africa with a per capita GDP of US\$354 (World Bank 2005: viii). A number of policies have been formulated and implemented to deal with the arising problems by all the successive Governments. During the administration of the first President (1964-1991), the Government then adopted centralized planning with the Government doing everything from policy formulation to implementation, with short periods in which it implemented Structural Adjustment Programme (SAP) policies. Thereafter, the country embarked on full scale implementation of SAP policies from 1992 to about 2000. In both periods (the centralized planning and SAP periods), there was no involvement of a wide range of stakeholders in policy formulation. In the SAP period, the policies were prescribed by the World Bank and the International Monetary Fund (IMF).

The current poverty reduction policies that are in place were derived from the Poverty Reduction Strategy Papers (PRSPs) which were initiated by the donor community (Eberlei et al 2005:5). PRSPs represent a new approach which has as one of its core principles that the policies should be developed through the involvement of a wide range of stakeholders so that policies formulated have national ownership. Based on this, PRSPs mark a departure from the approaches that were followed in times of centralized planning and SAP implementation when “economic policies for poor countries had largely been worked out between a small group of technocrats in a country’s finance ministry and the principal donor institutions” (Cheru 2002:1).

The study, using Zambia’s experience with the formulation and implementation of the first PRSP 2002-2004 and the development of the second PRSP called the Fifth National Development Plan (FNDP), intends to analyze the factors that influenced the formulation of the first PRSP and revision of poverty reduction policies in the FNDP. In looking at



the factors that were at play in the formulation of the PRSPs in Zambia, the study will look at the interplay of power among the actors involved and their interests in the process in influencing the content of the policy document.

## **1.1 Background**

The problem of high poverty in Zambia which the policies contained in the PRSP intend to tackle has its root primarily in the structure of the country's economy. Zambia has since 1964 relied on copper as the main source of government revenue. The lack of diversity in the economy and the high dependence on copper export led the country into economic problems starting in the mid-1970s due to the world recession after the 1973 energy crisis. The recession led to the reduction in demand for industrial and construction inputs, which included copper by developed countries, resulting in falling prices. For Zambia, the fall in the export prices of copper while the import prices were going up resulted in the worsening of the balance of payment situation and increase in the budget deficit. In order to maintain the import level, Zambia borrowed substantially from the international money market (Mwanza et al 1992:120).

In the 1970s and 1980s Zambia's debt grew out of control. In the period between the oil crisis of 1973 and 1980, the country's total external debt rose from US\$ 814 million to US\$3,244 million. The situation worsened further with Zambia's debt doubling to about US\$6,916 million by the end of the 1980s (Lishala et al 2004:17). Consequently, Zambia's external debt situation was described as high and unsustainable. The total debt stock as at December 2002 was estimated around US \$7.1 billion. This entailed a per capita debt of over US \$700, while the country had a per capita income of US \$360, this made Zambia to be ranked among the highly indebted countries in the world (Eberlei, et al 2005: 7).

The debt burden of developing countries led the IMF and the World Bank to come up with the Highly Indebted Poor Countries (HIPC) initiative in 1996 (referred to as HIPC-1), aimed at reducing public and publicly guaranteed debts to a sustainable level. However, after three (3) years, HIPC-1 did not perform as expected. Poor countries were

still confronted with the problem of continuous rescheduling of debt and there was also mounting criticism and pressure on the two institutions. This led the IMF and World Bank to come up with HIPC-2 in September 1999. HIPC-2 had two stages namely: the first stage involved a three year period in which a HIPC country worked with the IMF and World Bank on prescribed good economic policies. After this period, the two institutions assess whether the country's debt has reached a sustainable level. In the second stage, a debt relief package is arranged for countries whose debt levels remain unsustainable. At this stage, which is called enhanced Decision Point, some creditor countries may start giving HIPC debt relief. Irrevocable (irreversible) HIPC debt relief is only provided to countries after all the conditions agreed under the enhanced Decision Point are fulfilled. The point at which an HIPC country reaches this stage is called enhanced Completion Point (Hussain et al 2005:4).

Zambia started implementing the Structural Adjustment Programme (SAP) in earnest around 1992 and reached the 'HIPC decision point' in December 2000 (under HIPC-2) after fulfilling the conditions agreed upon under SAP. The conditions included the privatization of the country's major mining assets under the Zambia Consolidated Copper Mines (ZCCM) and the drawing up of an Interim-PRSP. This led the Government to sign the Poverty Reduction and Growth Facility (PRGF) with the IMF and World Bank to take the place of SAP. The PRGF established the benchmarks for assessing the progress of the country towards the 'HIPC completion point'. The conditions to be adhered to included the maintenance of macroeconomic stability and adoption and implementation of the PRSP. However, the country went off-track in the implementation of some of the conditionalities set out in the PRGF. One of the causes of this slippage was the over run of the budget due to the salary increments for public workers and public financing of a copper mine to pay miners' salaries after it was abandoned by its new owner. These expenditures affected the macroeconomic triggers agreed upon. This led to the country being put on an IMF Staff Monitored Programme which subjected the country to quarterly reviews. In June 2004 the country was certified to have made substantial progress and therefore graduated from the Staff Monitored Programme to a full PRGF which was to run up to 2007(Eberlei et al 2005: 5).

The PRSP approach was introduced in 1999 following the decision of the Group of 7 industrialized countries to enhance debt relief for the highly indebted poor countries (HIPC) and link debt relief to poverty reduction. Following this decision, all loans and also many grants by the World Bank and the IMF and bilateral donors were only given on the basis of a PRSP (Eberlei et al 2005: 5). This change of policy had a stated aim of bring about a “coherent strategy to help poor countries move on to a sustainable faster growth path, bringing a substantial reduction in poverty. Running through PRSPs was an increased emphasis on ownership, transparency and broad-based participation, as well as a much greater emphasis on more effective social policies” (Whaites, 2000: 6).

The Government of Zambia produced its PRSP 2002-2004 in 2002, which outlined the strategies the Government would take or implement in order to bring down the high level of poverty in the country. The formulation of the PRSP involved a lot of stakeholders who included the government, civil society organizations (CSOs), development cooperation partners (donors) and the poor themselves (CSPR, 2006: 10). The implementation of the PRSP 2002-2004 came to a completion at the end of 2005. The experiences from the implementation of this PRSP were to be included in the new poverty reduction strategy. The new PRSP was incorporated in the FNDP 2006-2010, which would run for five (5) years (Eberlei, et al 2005: 6).

Towards the end of the implementation of the 2002-2004 PRSP, in April 2005, the Boards of the IMF and the World Bank declared that Zambia had fulfilled all the conditions for reaching the HIPC-2 Completion Point. This move was very important for the country because it led to Zambia’s creditors giving irrevocable debt relief. The country has received debt relief from multilateral creditors such as the IMF, World Bank, the African Development Bank Group and the European Investment Bank. The country has also received debt relief from bilateral creditors, (Ibid: 8). As a result of the country reaching the HIPC completion point, the debt stock has been reduced drastically. The country’s total debt as at December 2006 was estimated to be US \$ 635 million (GRZ 2007:5). The resources that have been freed as a result of the reduction in the debt burden are being used for poverty reduction activities under the current PRSP. As already

alluded to, it's a requirement under the HIPC Framework for debt burdened countries that qualify for debt relief to adopt PRSPs and that all the monies saved should be spent on pro-poor social sectors which include primary education and health services for the poor (Hussain et al 2005:7).

## **1.2 Statement of the Problem**

PRSPs represent the latest mechanism developed by the International Financial Institutions (IFIs) to tackle poverty in developing countries. PRSPs as policy instruments are intended to be owned by countries and also depend on the foundation of collaboration between government and civil society as regards poverty reduction. Collaboration among stakeholders is expected at both the formulation and implementation stages. Brock et al, summaries what the guidelines for PRSP formulation and implementation are expected to achieve by stating the following:

“Guidelines for PRSP implementation focus on supporting the participation of Civil Society Organizations (CSOs) in the design and monitoring of poverty reduction strategies as a mechanism for building and sustaining country ownership in policy operationalization. PRSPs are presented as offering the opportunity for a range of actors to legitimately engage in policy formulation” (Brock et al 2001:19, 20).

The participation of all actors in the design and monitoring of the implementation of PRSPs is argued to be important for ensuring their continuous improvement and as a way of influencing the policy development direction by helping to establish priorities, and assessing the implementation of activities (Bedi et al 2006:9). It is also argued that if participation is to have an impact on the policy process, the monitoring information generated by stakeholders, analysis and evaluations must be compiled into outputs and distributed to actors inside and outside government. This therefore underscores the importance of technical competence among the actors involved in the PRSP (Ibid).

However, the World Bank has found that despite the good intentions for initiating monitoring of PRS in developing countries, the overall evaluation of PRS showed that

governments were monitoring results as a matter of requirement and findings were not being used for adjusting the strategies neither were they being used for enhancing accountability for performance (Ibid: 17).

This study will be analyzing the PRSP formulation process during the formulation of the PRSP 2002-2004 and the reformulation of the new PRSP (FNDP) by looking at the factors that influenced the processes. The research will be analyzing stakeholder participation in the PRSP policy design in Zambia, and the factors that may have determined the contents of the final policy documents. The research question is: What factors influenced the poverty reduction strategy policy design during the formulation and reformulation of the PRSPs in Zambia?

In looking at the process for drawing up the PRSP and the follow-up strategies contained in the FNDP, the research endeavored to look at the mechanisms that were used to draw up the documents, the relevant stakeholders involved and the influence they had in the formulation process. While the study looked at the formulation of the PRSP as a whole, the formulation of the Fertilizer Support Programme (FSP), which is an implementation mechanism for the agricultural component of the PRSP for supporting small scale farmers, was selected in order to exemplify actor participation and factors that influenced policy formulation. The FSP was selected because of its objective of tackling poverty among the small scale farmers who are the poorest as is shown in the next section.

### **1.3 Relevance of the Study**

Available statistics show that poverty is widespread in Zambia. The Living Condition Monitoring Survey Report 2002-2003, “found that 67 percent of Zambia’s population was poor. The extremely and moderately poor were 46 and 21 percent respectively. The survey also found that the incidence of poverty was higher in rural areas, at 74 percent, than in urban areas at 52 percent. Nearly 1 in every 2 persons in rural areas (52%) was living in extreme poverty compared to 1 in every 3 persons in urban areas, at 32 percent” (CSO, 2004:115). According to the country’s PRSP 2002-2004 document, “between 1996 and 1998, poverty levels rose for all groups except the large-scale farmers for

whom there was a major decline. *The small-scale farmers remain one of the poorest groups in Zambia. There has been little change in their condition of poverty*” (PRSP, 2002:25, my own emphasis). The depth of poverty in rural areas and in particular among smallholder farmers and the need to have workable and appropriate policies in place provides the justification for the study. The study aims at understanding the factors that determined the utilization of the evidence that was generated in the implementation of the PRSP for policy improvement and refining of the strategies, so that bottlenecks in Zambia’s poverty reduction efforts can be identified and dealt with.

#### **1.4 Research Objectives**

The general objective of the study was to look at the factors that may have influenced the inclusion of the poverty reduction policies contained in the PRSPs. The specific objectives included:

- To identify the actors involved in the formulation and implementation of poverty reduction strategies, monitoring and evaluation;
- Analyzing to what extent the recommendations made by stakeholders were included in the new poverty reduction strategies; and
- To explain why some recommendations were accepted by the Government and others were not.

#### **1.5 Research Questions**

In order to achieve the above objectives, the following questions were posed:

- Who are the actors/stakeholders that were involved in the formulation of the poverty reduction strategies i.e. the PRSP and FNDP?
- What weaknesses/problems in the formulation and implementation of poverty reduction policies were brought out by the stakeholders?
- To what extent were the recommendations made by stakeholders during the formulation processes of the PRSP incorporated in the poverty reduction plans of the Government?
- What reasons lead the Government to include some recommendations and to exclude others?

## **1.6 Research Methodology**

In trying to understand the factors that influenced the formulation and reformulation of PRS in Zambia, the study used as primary sources of data civil society and Government documents on the PRSP. The primary sources of data were documents from studies conducted on the FSP; reports by the Civil Society for Poverty Reduction (CSPR) on the PRSP and FNDP. Government documents included the PRSP 2002-2004, the FNDP 2006-2010 and PRSP progress reports. In addition, structured questionnaires were administered to the Catholic Commission for Justice, Development and Peace (CCJDP) and the Ministry of Finance and National Planning (MOFNP), to provide some primary data.

The study also benefited from the studies conducted by donor agencies such as World Bank, SIDA on the Poverty Reduction Strategies in developing countries. In addition, data from a variety of studies conducted on the PRSP by research institutions such as the ISS was used secondary data.

## **1.7 Scope and Limitation of the Study**

In terms of the scope, the study looked at the formulation, implementation and reformulation of the PRSPs. The major limitation encountered was the poor response from the organizations that were targeted to provide primary data. Only two sources responded positively. These are the MOFNP and the civil society organization called CCJDP. I was also unable to get additional materials from these organizations as expected.

## **1.8 Organization of the Paper**

Chapter 2 of the paper discusses the three (3) concepts that are used in the study and the analytical framework. Chapter 3 provides the country background on the evolution of poverty and the policies that have been implemented. The fourth chapter reviews the lessons that have been learnt in PRSP formulation and implementation in countries where they have been implemented. Chapter 5 brings out the findings on the Zambian

experience with the formulation and implementation of the PRSP. The sixth chapter analyzes the findings in chapter 5 in the light of the analytical framework set out in chapter 2. The seventh chapter is a conclusion on the factors that were at play in the formulation process in Zambia.



## CHAPTER TWO

### CONCEPTUAL AND ANALYTICAL FRAMEWORK

This section deals with the key concepts used in the study and the analytical framework that was used for understanding the possible explanations for the factors that might have determined the content of the first and second PRSPs in Zambia.

#### 2.1 Key Concepts

The PRSP came with the condition from the IFIs that non-state actors should be involved in the formulation and implementation of the poverty reduction strategies. This conditionality had the stated objective of bringing about national ownership. Zambia was therefore compelled to comply with this conditionality and applied it during the formulation of the PRSP 2002-2004 and the FNDP. The key concepts that have been used in the study are: actors/stakeholders; participation and learning.

**Actors/stakeholders:** in the study this concept refers to the actors that were involved in the process of formulation, implementation, monitoring and evaluation of poverty reduction activities. These are people and organizations with an interest in the PRSP. According to McGee et al 1996, stakeholders/actors in poverty reduction activities include the following:

- People in poor communities and their association;
- Central government;
- Local-level government personnel;
- Civil society organizations representing poor sectors (e.g. church leaders, traders or farmers unions, development NGOs);
- Academic researchers and analysts;
- Politicians and political parties;
- The media;
- Donor agencies; and
- The non-poor (McGee, et al, 2000:13).

Stakeholders with the greatest interest are the poor because they are the people who experience the impact of depravity; the central government, as the duty bearer has the responsibility of implementing the policies; politicians and political parties, are interested in the policies formulated and implemented because they affect their popularity; donor agencies are interested because their involvement in financing of poverty reduction activities; and civil society organizations who represent the interests of the people in society.

The stakeholders are expected not only to participate in the formulation process, but also in the monitoring and evaluation of the implementation of the poverty reduction activities. According to the framework developed by the World Bank for developing a monitoring system for analyzing the implementation of the PRSP, a monitoring system should identify the actors and define their relationship. The monitoring system should define each actor's responsibilities and indicate how information would flow among them. The system should also create mechanisms for consultation and means for coming up with common resolutions. The activities of the actors it is argued in this framework should complement each other and feed into policy-making needs (Bedi, et al, 2006:21). In Zambia, the PRS process provided for the creation of the Sector Advisory Groups (SAGs) comprising the Government (implementing departments); civil society organizations; private sector and donor agencies for the purpose of monitoring and evaluating the PRSP (CSPR 2005:12). It is the usage of this information brought out by the stakeholders in the formulation of new policies that the study will be analyzing.

**Participation:** in the study, this concept refers to the policy 'space' that relevant stakeholders in poverty reduction programmes had to take part in the actual policy formulation, implementation, monitoring and evaluation of the activities formulated and the influence they wielded. Policy spaces are categorized into two (2) types namely: 'invited spaces' created from above and by powerful institutions and 'autonomous spaces' created from below through social action by people (Brocks et al 2001: 23). As already mentioned, participation of non-state actors in the PRS formulation and implementation came as a conditionality from the IFIs, thus the participation of non-state

actors in Zambia falls under the category of 'invited spaces'. The effect of this is that Government exercised a lot of control on the choice of civil society organizations and stakeholders that were invited to take part and the level of influence they had. This had implications on the views that were received.

It is argued in the literature that "the capacity of any country to formulate, implement and sustain sound policies over time is enhanced by that country's capacity for good governance and the ability of its citizens to participate in the processes and decisions that affect them" (Whaites 2000:17).

Participation is grouped into four levels of intensity as follows:

1. information-sharing;
2. consultation: this takes place during analysis and strategy development. In policy formulation, consultation does not oblige the government to include recommendations in the final policy;
3. joint decision-making: this implies the right to negotiate the content of the strategy. At this level of participation, strong actors have more influence on the outcome of the process as the actors will have differing levels of authority and control; and
4. initiation and control by stakeholders: this refers to the power the actors have to initiate and influence decision-making. In the PRS, control lies with the politicians in government and international agencies that approve the strategies (McGee, et al, 2000:14).

It is argued in the literature that participation can not be promoted without looking at the prevailing political environment. In the past the understanding of people's participation was limited to a few meeting meetings at community level where the projects were explained and comments of the people were collected. However, if participation is to have any positive impact on the welfare of the people, they must be involved at all levels of development. Therefore, meaningful participation should involve the provision of power to the people to influence the decisions that affect their lives (Burkey 1993: 59).

Burkey's definition of participation agrees with Kabeer who also situates participation within the framework of empowering the marginalized groups. Kabeer (quoted in O'Malley 2004) defines participation as "the process of change through which those who have been denied the ability to articulate their needs exercise those rights and influence the decision-making processes which shape their lives, are enabled to do so" (p7). The study used the definition of participation that corresponded to joint decision making. This definition is in line with the definition of participation in the World Bank Source Book which defines participation as 'the process by which stakeholders influence and share control over priority setting, policymaking, resource allocations, and/or program implementation' (quoted in Stewarts et al 2003). The study endeavored to analyze participation in Zambia to assess whether it measured up to this definition.

The literature divides the constraints that work against participation into internal and external. "Internal constraints on voluntary self-help organizations can arise from the inadequacy of local leadership or the limited role allowed the poor in decision making. External constraints arise from unequal access to productive assets such as land, water, credit, etc.; from inadequate government policies or financial support; from the political and ideological orientation of ruling elites and their relationship with both local and international elites and from the essential isolation and alienation of the poor themselves" (Alamgir 1989:7).

The literature reveals that one of the constraints affecting participation in the PRSP is the lack of clarity on the meaning of participation, (which entails the involvement of the civil society and other stakeholders in all stages of the policy process) and consultation (which involve the soliciting of information for use in policy formulation). It is argued that in the formulation of PRSPs, 'consultation' is dominant in many countries where the ideas of the civil society and stakeholders are collected, when the draft documents are already compiled and are hardly affected by the information obtained from consultations (Brocks et al 2001:25).

**Learning:** in this study, learning refers to the government responsiveness to the issues raised by the stakeholders concerning poverty reduction policies. The literature shows that a policy can be changed by the participatory process as it gives voice to the participants and gives opportunity to the government to deal with the discrepancies brought out by the information that is generated. Governments are accountable to both citizens and donors in the implementation of the PRS (Ibid: 41). Therefore learning by the government can take place due to participation from groups outside its structures, but learning can also happen due to its own internal monitoring and evaluation systems.

It is argued in the literature on monitoring of the Poverty Reduction Strategy Paper (PRSP) that setting up a monitoring system is critical for successful implementation. A monitoring system it is argued ensures continuous improvement of the PRS and acts a tool for influencing the nature of the development policy process by making it more evidence based and results oriented (Bedi et al 2006:9). Creation of a monitoring system involves the defining relationship among the various stakeholders/actors so that their activities “complement and inform each other and respond to policy-making needs” (Ibid: 21). In studying the Government responsiveness to the issues raised in monitoring of the PRSP, the study endeavored to look at the factors that led Government to include or exclude some recommendations.

## **2.2 The Analytical Framework**

**Essential Factors for Policy Change:** In analyzing the factors that led to policy changes, this research used the framework developed by Grindle and Thomas (1991). The framework looks at issues that decision-makers involved in policy making consider when they are assessing options for policy change. It identifies four (4) factors that are considered before a policy is changed. These are: technical advice received; bureaucratic implications; possible impacts of changes on political stability and support; and international pressure.

Technical advice has become increasingly important for many developing countries as they relate with lending organizations due to the complexity of issues that are handled. As a result of the complexity of issues, decision-makers in government depend on the

advice they receive from domestic and international technocrats. The information and technical analyses of the technical advisers shape the policies that are adopted (Ibid: 97).

**Bureaucratic implication:** decision makers are concerned about the impact of policy changes on the power, prestige, budgets of the bureaucracy they represent. Bargaining, rivalries and competition among government agencies may weigh on decision-makers as they consider options for policy change. They also generally consider how policy changes will affect their career prospect. Policy makers within government are generally inclined to support decisions that enhance their positions in terms of budgetary allocations, influence over the programs and their career ambitions (Ibid: 100).

Policy makers also consider the impact of policy changes on the political support for the regime they represent. Governments want to stay in power at all cost; therefore the various policy options are weighed to see how they affect political stability, political opposition and support (Ibid: 101).

**International pressure:** In most developing countries poverty reduction strategies are supported and financed by international financial institutions like the World Bank and the IMF and donor countries. As a result of their possession of the economic resources which developing countries need, these agencies and donor countries have had tremendous impact on policy changes in developing countries. The pressure exerted on developing countries has led to changes in macroeconomic and sectoral policies (Ibid: 102).

**Motivation for Collaboration:** in addition to the framework developed by Grindle and Thomas, the study also used Campbell (1996) study entitled ‘The Potential for Donor Mediation in NGO-State Relation: An Ethiopian Case Study’ to understand the motivation for participation by the non-state actors and the state in the policy formulation and implementation process. According to this study, when the state is collaborating with the non-state actors, the following are some of the reasons for engaging them:

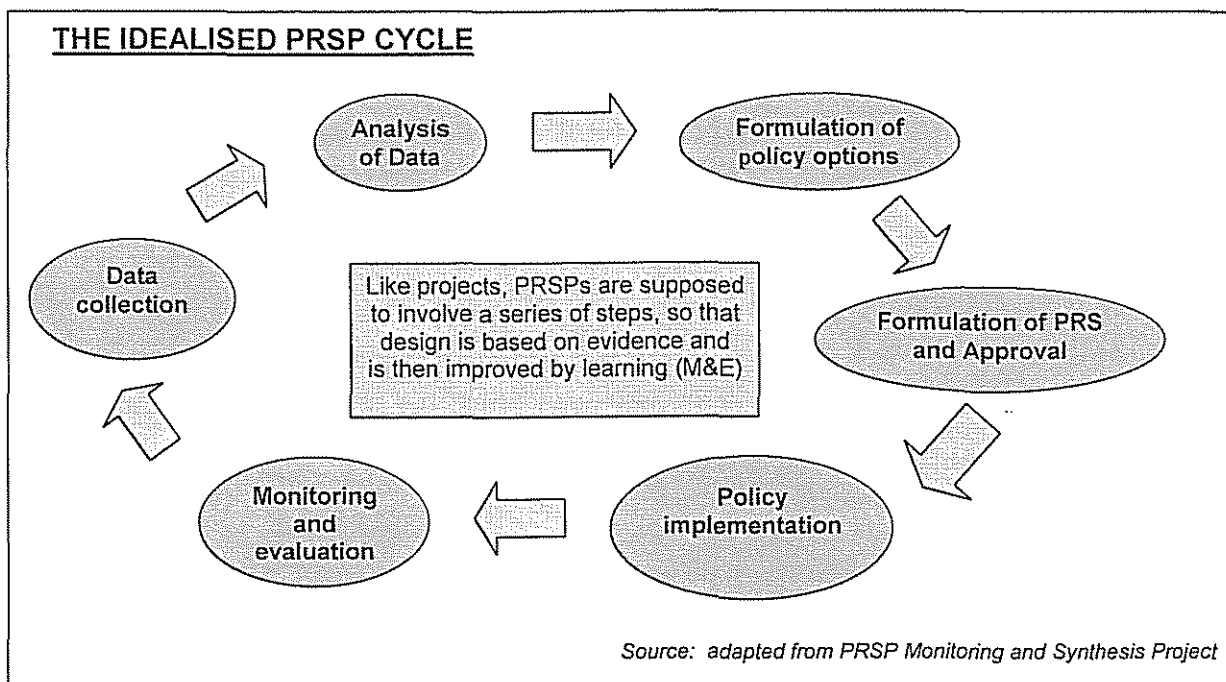
1. to learn from their approaches;
2. to enable them have an input in national development priorities;
3. to monitor their activities; and

4. as a strategy for attracting donor's financial support (Campbell 1996:6).

While for non-state actors, the motivation for participation is to provide them with the opportunity to increase the impact of their activities or projects. For those non-state actors that are involved in advocacy work, their objective is to bring about policy reform, while those that carry out humanitarian and grassroots development works, their aim is project replication and expansion (Ibid). In the case of the poverty reduction policies, the study also looked at the role of multilateral financial institutions in fostering participation of stakeholders. The study analyzed the extent to which the stakeholders' for participation affected the policy document that was produced at the end.

The PRSP process follows four (4) steps namely: problem identification; policy formulation; implementation and impact evaluation (Brock, et al 2001: 2), but it also includes approval by the IFIs after formulation of the policy document as shown below in the box. Grindle and Thomas framework was relevant to the study for analyzing all the factors that underlie policy reform. Using the PRSP cycle (given below), the Grindle and Thomas framework assisted me to determine what factors determined the inclusion of the issues identified from the monitoring and evaluation of the implementation of poverty reduction policies in new policies that were formulated and approved when stakeholders came together. While the second part of the framework on the motivation for participation and motivation provided the background that enhanced the study's analysis and provided the basis for explaining the findings.

Figure 1



Source: Driscoll, et al 2004: 8.



## CHAPTER THREE

### COUNTRY BACKGROUND

This chapter looks at the evolution of poverty in Zambia from about 1991 to the present and the reasons that are responsible for keeping people in that state. The problem of poverty was there before 1991, but the study was restricted to this period because of the availability of credible data. The second section of the chapter looks at the evolution of the development policies in Zambia from the 1960s to the present. This background is necessary for understanding the motivations behind policy reforms and the drivers of policy change.

#### **3.1 Trend in the Poverty Situation in Zambia**

The quantification of the level of poverty in Zambia is done by the Central Statistical Office (CSO), the Government unit in charge of data collection using income poverty. The Central Statistical Office determines the poverty line using the amount of money that a family of six would require to purchase basic food to meet their caloric requirements. The use of this measure for determining the level of poverty in the country does not capture the full extent of the problem because the measure does not factor in such needs as shelter, education, health care, clothing, footwear and transport (PRSP 2002:23).

In 1991, the Social Dimensions of Adjustment Priority survey was conducted to determine the extent of poverty using the above mentioned measure. According to this survey the poverty level stood at 69.7 percent of the total population. Another survey was conducted in 1993, at this time the level of poverty went up to 73.8 percent. In 1996 and 1998, the Central Statistical Office conducted Living Conditions Monitoring Surveys to find out the trend in the various dimensions of poverty. In 1996, the overall poverty rate was 69.2 percent, while in 1998 the rate went up to 72.9 percent. In other words, although the level of poverty had been fluctuating between 1991 and 1998, the extent of poverty in the country increased in this period from 69.7 percent to 72.9 percent (Ibid).

The latest survey conducted to determine the level of poverty in Zambia is the Living Condition Monitoring Survey 2002-2003. This survey found that the level of poverty

declined slightly from the 1998 level of 72.9 percent to about 67 percent of the total population being poor (CSO 2004:115). In terms of the incidence of poverty among the various groups of individuals, the highest incidence was among the small scale farmers who had the incidence of 79 percent with 66 percent of them in extreme poverty. This group was seconded by the rural medium scale farmers with 73 percent. In the urban areas, the highest level was among those dwelling in low cost households whose poverty incidence was about 58 percent (FNDP 2006:29).

**Table 1: Incidence of Poverty by Residence and Stratum, 2002/2003**

	Poverty Status				
	Extremely	Moderately	Total	Non	Total
	Poor	Poor	Poor	Poor	
<b>All Zambia</b>	46	21	67	33	100
Rural	52	22	74	26	100
Urban	32	20	52	48	100
<b>Rural Stratum</b>					
Small Scale Farmers	54	22	76	24	100
Medium Scale Farmers	35	29	64	36	100
Large Scale Farmers	-	33	33	67	100
Non-agric H/holds	35	20	55	45	100
<b>Urban Stratum</b>					
Low Cost Areas	39	23	62	38	100
Medium Cost Areas	13	17	30	70	100
High Cost Areas	4	4	8	92	100

Source: LCMS 2004.

From the table above, it is clear that the problem of poverty is concentrated in rural areas where two third of the population is leaving in extreme poverty compared to urban areas where only one third of the people are in extreme poverty (Ibid). Despite the decline in the poverty levels in the country in the period 2002/2003 compared with the 1998 level, small scale farmers continue to be the poorest.

### **Reasons for the High Levels of Poverty**

A number of reasons have been advanced to explain the barriers that have been responsible for the failure of people to come out of poverty. The PRSP 2002-2004 provides a number of reasons from the side of the Government as explanations for the high level of poverty. These factors include the following:

- Lack of adequate economic growth;
- High level of income inequality in Zambia;
- The high debt burden that reduced the resources available for poverty reduction;
- High dependence on external financing from donor countries;
- Failure to prioritize poverty reduction activities;
- Lack of adequate social safety nets to cover the people who are deprived; and
- The high incidence of HIV/AIDS which is depleting the human capital for sustainable economic development (PRSP 2002).

In addition to the Government views of the causes of the high level of poverty, people also have their own perception as to the causes of their deprivation. The Living Condition Monitoring Survey of 2002-2003 captures people's views with the main reason for poverty in rural areas for the high poverty level in rural areas being the failure to afford the price of agricultural inputs such as fertilizer. This was followed by low pensions, wages and salaries; these were cited as the main reasons for urban poverty. The other reasons included:

- Lack of cattle due to death of cattle;
- Lack of employment;
- Hard economic times and high price of commodities; and
- Loss of breadwinners to death (CSO 2004:120).
- 

### **3.2 The Evolution of Development Policies in the Period 1964-2007**

This sub-section is aimed at describing development policies that have been undertaken by successive Zambian Governments from 1964 to the present. The sub-section also has the objective of highlighting the point that unlike the policies developed under the PRSP,

all the previous policies were developed without the stated requirement of including all the relevant stakeholders in the formulation process.

In the first decade of Zambia's independence from 1964 to 1974 the country had a relatively high standard of living owing to the booming economy. At this time, the country's economic indicators were very favourable with the Gross National Product (GNP) per capita of over US\$500, below five (5) percent inflation, low unemployment and malnutrition levels. However, living conditions started deteriorating around 1975 threatening the gains that were achieved in the previous decade (GRZ 2007:1). In order to deal with the deterioration in the living standards of the people, successive Governments have taken a number of measures to alleviate the impact of the economic decline. The table below gives chronologically the policies implemented by successive Governments.

**Table 2: Chronology of Zambia's Economic Policy Changes**

<b>PERIOD</b>	<b>ECONOMIC REGIME</b>
Before December 1982	Centralised Planning and Controlled Regime
December 1982-October 1985	Decontrols and Deregulations
October 1985-April 1987	Highly Liberalised Regime
May 1987-November 1988	Return to Controlled Regime
November 1988-June 1989	Relaxation of some controls
July 1989-November 1991	Towards full-scale liberalisation
November 1991-December 2001	Fully-fledged Structural Adjustment Programme
December 2001-Present	[Present] Government in power with (a) guarded approach to liberalisation/privatization, (b) the re-introduction of national planning and (c) development of PRSP.

Source: Farrington et al 2002:6

At independence in 1964, in order to correct the imbalances created by the years of colonialism, the Government formulated the First National Development Plan for the period 1966-70. The Plan emphasized the diversification of the economy from the

dependence on copper mining and the development of infrastructure. Most of the targets of this Plan were met because of the high revenues that were accruing to the State as a result of the high copper prices (Mwanza et al 1992:121).

In 1968, the Government also embarked on a series of economic policy changes that saw the country transformed from a semi-liberal to economic nationalization where the State controlled and managed all aspects of economic activity. Fiscal and monetary policies introduced enabled the Government to control prices of essential commodities and interest rates among others. The measures also saw the Government taking over some private enterprises (Mwanawina et al 2002:16). As shown in Table above, in this period there was a substantial move towards nationalization and taking of majority shares (51%) in big companies (Ibid:21).

Following the global economic recession in the 1970s, the revenue accruing to the Government reduced drastically due to the fall in the prices of copper. This led the Government to borrow heavily leading to the debt burden. The debt that was contracted was used to maintain the import levels, copper mines and the public sector (Mwanza et al 1992:120; Bigsten et al 2000:4). The continued economic crisis forced the Government to embark on Structural Adjustment Programme in 1983 (Bigsten et al 2000:4). This marked the beginning of the involvement of IFIs in policy formulation in the country. However, Structural Adjustment Programme was abandoned in 1987 after it was blamed for increasing malnutrition and deaths. It was also abandoned after a series of riots over the increase in the price of the staple food which affected the popularity of the Government (Ibid:5).

As shown in Table 2, the Government returned to a controlled regime. The Government introduced the New Economic Recovery Programme (NERP) with the stated objective of developing the country with domestic resources. Among the policies included in the NERP included:

- A fixed exchange rate determined by a Government constituted committee;
- Price control of about 23 'strategic' commodities;

- Fixed interest rates; and
- A ceiling on debt servicing at 10 percent of export earning (Ibid).

Contrary to expectations, the NERP did not meet the objectives of the Government. In July 1989, the Government went back to SAP; this led to decontrolling of all prices except the ones for the staple crop maize. The Government continued with the Structural Adjustment Programme until 1991 when the new Government came into office with a new President (Ibid).

With the change of government in October 1991, the new Government that came in as shown in Table 2 implemented fully the SAP from the IFIs. Several reform measures were implemented by the Government then, the changes included among others privatization of state firms; removal of price controls on all commodities; the agricultural market for inputs and outputs was opened up to the private sector; and subsidies were removed (Ibid:8; PRSP 2002:19).

A new Government came in with a new President towards the end of 2001. The economic policies devised by this Government were different from the previous administration in the sense that it came in at the time when IFIs had introduced the PRSP approach. This approach required that the formulation and implementation of the PRSP should include all stakeholders from the Governments; donors and the civil society (Meyns 2005:51). The Government embarked on formulation and approved the final draft of the first PRSP in May 2002 which was subsequently endorsed by the Board of the IMF and the World Bank. It was officially launched in the first week of July 2002 (Seshamani 2002:4). The second PRSP called the Fifth National Development Plan (FNDP) was launched in January 2007.

The innovation of requiring the participation of all stakeholders in policy formulation is new in Zambia as can be seen from the description of the policies that have been formulated and implemented in Zambia. It is clear from the description that policy formulation was initially a preserve of the Government, and then later it also involved the IFIs who were behind the Structural Adjustment Programme. The current policies in

place have been formulated under the new approach of including all the relevant stakeholders. The study will be analyzing this interaction of the three groups of stakeholders in the formulation of poverty reduction policies in Zambia: the Government; donors and civil society organizations, whether it has really changed the way policies were formulated in the previous periods.

## CHAPTER FOUR

### REVIEW OF LESSONS LEARNT ON PRSP FORMULATION AND IMPLEMENTATION

This chapter looks at the major lessons and findings that have come out of the formulation and implementation of PRSP from the time they were first introduced in 1999 by the World Bank and the IMF. The lessons drawn from the international experiences that have come out of PRSP policy formulation and implementation will be looked at in two broad categories: lessons learnt in the formulation of the PRSPs and those that come out of the implementation process of the policy documents. This chapter provides from an international level, answers to the question on the problems and lessons that have come out of PRSP formulation and implementation. The findings in the chapter would be used when analyzing the factors that influenced the formulation and reformulation of poverty reduction policies in Zambia.

#### 4.1 Lessons from the Formulation of PRSPs

In looking at the formulation process, what is of interest is to find out who were involved in the formulation of the PRSP; and the extent to which the various actors influenced the content of the final documents. A review of the literature shows that the PRSP have been commended for enhancing the participation of a broad spectrum of stakeholders in the formulation of the policy documents. It is argued that the PRSP process has empowered civil society organizations as compared to earlier periods when all policy-making was restricted to the government. The PRSP process has enabled civil society organizations to be formally included in policy-making decisions (Stewarts et al 2003; Oxfam 2004:5).

In looking at participation of stakeholders in the formulation, the literature brings out the deficiencies in the implementation of the requirement for the participation of stakeholders. The literature on the experience of participation in the formulation process highlights the problem of interpretation of the meaning of participation. The literature shows that participation has been interpreted by governments, IFIs and donors to mean information sharing and consultation (Trocaire 2004:2). While participation may be viewed in a



continuum spanning from information sharing on one end through consultation and then collaboration, to joint decision making at the other end. The literature shows that civil society involvement in the PRSP involved mostly consultation (Oxfam 2004:5). This interpretation and application of the concept is contrary to what is stated in the Source Book for Poverty Reduction Strategies (2002), in which the World Bank defines participation as:

‘the process by which stakeholders influence and share control over priority setting, policymaking, resource allocations, and/or program implementation’ (quoted in Stewarts et al 2003).

From the definition in the Source Book, the interpretation of participation should be one at the end of the continuum which involves joint decision making with the power to influence policies formulated.

On the extent of participation of stakeholders in the formulation of PRSPs, it comes out clearly that the processes were very inclusive in the sense that they included a wide range of actors. However, the literature also shows that this broad participation of stakeholders did not necessarily translate into effective influence on the policies that were formulated at the end. This finding was brought out in the Institute of Social Studies’ (ISS) Evaluation and Monitoring of Poverty Reduction Studies (PRS) in Latin America in its 2003 Regional Report, that despite the fact that several stakeholders participated in the formulation process in Bolivia, Honduras and Nicaragua, many of their recommendations were not incorporated in the PRSPs (ISS 2003:31). Other literatures also agree with the opinion expressed in the ISS’ conclusion on the three countries’ experience. They also reveal that the impact of the civil society organizations’ recommendations on the final policies was very negligible. It is argued that this lack of influence could be attributed to the absence of a clear link between the participation process and the creation of the PRSP policy document (Curran 2005:6).

Another key finding when looking at the participation of the formulation process is who was involved. The World Bank’s Source Book for Poverty Reduction Strategies stipulates that the following groups of stakeholders should be involved:

1. the general public, particularly the poor and vulnerable groups;
2. the government including parliament, local government;
3. civil society organizations such as NGOs, community based organizations; trade unions; academic institutions;
4. private sector actors such as professional associations; and
5. donors, both bilateral and multilateral (Ibid).

The literature shows that the experience in terms of which stakeholders were involved as mixed. In some countries there was a broad involvement of actors as outlined in the Source Book above, while in other countries some groups were not involved. However, in almost all the countries the process was to a large extent driven by the government who were guiding and managing the process of participation, with the Ministry of Finance in some countries dominating the process (Ibid). For example in Bolivia, Honduras and Nicaragua, the whole processes were directed by the central governments who “designed the dialogue process, the agenda and the rules of the game” (ISS 2003:28). Other authors like McGee et al 2002 and Curran 2005 also highlight the fact that the PRSP process was lead and controlled by the governments. Furthermore, the literature also consistently shows that in spite of the differences in the experiences, in a lot of countries the following groups were left out of the formulation process:

- Parliamentarians: in a lot of countries national parliaments were left out of the formulation process and in some they played a very minimal role. The exclusion was more acute in Africa, followed by Latin America. The literature also shows their participation may have been marginal because of their low perception of the political gain of participating in the process.
- Trade Unions: the literature shows the level of involvement of trade unions in the early PRSP was very minimal. They were not adequately consulted to make their inputs in the policy documents.
- Women: experience had shown that the participation of women in the formulation process was weak.
- Marginalized Groups: the PRSP process has been criticized for being biased against the poor. Experience shows that there was very little direct

consultation with the poor. The literature argues that the process favored the urban dwellers and left out the indigenous groups and other marginalized groups (Stewarts et al 2003; Oxfam 2004; Trocaire 2004; Piron et al 2004:17).

One of the major lesson that has come out of stakeholder involvement in the formulation of the PRSPs is that the level of involvement is to a large extent determined by the nature of the political system. In a study on four (4) countries namely: Bolivia; Georgia; Uganda and Vietnam, Piron et al (2004) argues that the nature of the political system determines how power is exercised by the executive arm of government. The authors argue that

*'the formulation of a PRSP is not simply a technical exercise. The process interacts with institutional constraints, in particular those which originate from the nature of the state, its historical antecedents, and the way its power is exercised. Formal aspects of the political systems matter as well as the informal rules by which they operate. These institutional norms influence the options available for individual political actors...'* (Piron et al 2004:10).

The lesson on the influence of the nature of the political system existing in a country explains why some stakeholders were not involved. The literature shows that in many countries the participation of stakeholders in the formulation process was very selective. Groups such as political parties and trade unions that were not favored by the governments in office were left out (Stewarts et al 2003; Piron et al 2004:17).

A number of other lessons have also come out on the contents of the PRSP policy documents. One of the core principles of the PRSP is that of national ownership, that is, the PRSP documents should result from a process that is country driven with all the key stakeholders included (Bwalya et al 2004:4). However, the literature reveals that there is virtually no difference in terms of the content in the policies adopted by several countries. It is argued that it is difficult for a PRSP document to contain different things that are not in line with the requirements of the IFIs who approve them for countries to receive new lending (Stewarts et al 2003). First lesson seen is that as long as these policy documents

are approved by the IFIs, developing countries' government will not be empowered in policy-making. The literature clearly shows that the influence of the IFIs has led to some of the recommendations of the stakeholders not to be included in the contents of the PRSPs. Civil society organizations were not involved in the discussions of the macro-economic and structural policy (Ibid). It is also revealed in the literature that the macroeconomic policies were not open for debate and were taken directly from the PRGF agreed with the IMF before the PRSPs were completed (Oxfam 2004:16; Whaites 2000:8; Curran 2005:7).

In terms of the contents of the PRSPs, the literature shows that "...there is very little variation among programmes, and many of the same adjustment instruments and targets have re-appeared in the context of the PRSPs. Both these trends suggest low national control over final documents" (Stewarts et al 2003). The lesson learnt is that the content of the contents of the PRSPs are to a very large extent controlled by IFIs who approve them and provide vital lending to developing countries (Trocaire 2004:6).

#### **4.2 Lessons from the Implementation of the PRSPs**

This subsection will be looking at the literature on the implementation experiences of the PRSP in a number of countries. In line with the central research question of this study, emphasis will be placed on monitoring and evaluation. Monitoring in the PRSP is intended to provide a way for continuous improvement of the policies implemented by providing the feedback on the progress or lack of it in order to ensure that the process is evidence based and also result oriented. Secondly, monitoring is also intended to enhance transparency and accountability in order to raise public confidence and support for the policies implemented. Thirdly, monitoring by involving key stakeholders is intended to bring about national ownership of the PRSP (Bedi et al 2006:9; Braunschweig et al 2006:2).

A number of studies have been conducted to look at the experiences in the monitoring and evaluation of the PRSPs in countries that were implementing PRSPs. In a World

Bank study of 12 countries; the following lessons were learnt as obstacles to effective PRSP monitoring:

1. Deficiencies in the PRSPs: the study found that the PRSPs lacked operational details, costing and prioritization. The indicators were poorly selected and not associated with the goals.
2. Coordination problems among the data producers and the users. It was learnt that various agencies were protective of their roles in order to maintain their staffing and funding levels.
3. Capacity problems in the administrative data collection systems.
4. It was also learnt that the data that was collected was not analyzed. Thus the reports that were produced lacked analytical content.
5. It was learnt there was no link between the PRSP monitoring and government policy process. The output of the monitoring exercises were not having any impact on policy making and the demand for information was very low (this may be explained by the anticipated impact of negative findings on political support as will be explained in the next paragraph).
6. There was also lack of alignment between donor monitoring and reporting requirements and PRSPs monitoring systems. This led to donor also setting up their own monitoring and evaluation systems, hence spreading thinly the available resources (Bedi et al 2006).

The overall finding of the World Bank's evaluation of the monitoring experience in the PRSPs was that:

'governments in most countries are monitoring results as a requirement, and results are not being used to adjust strategies or to enhance accountability for performance' (World Bank 2004b:17 quoted in Bedi et al 2006:17).

The other lesson that has been learnt from the experiences is that there was an overemphasis on technical aspect of monitoring and evaluation without paying attention to the institutional arrangements and domestic political processes. While elaborate lists of monitoring indicators were developed, these were not assigned properly to responsible agencies and there was no institutionalized link between monitoring information and

decision making (Braunschweig et al 2006:2). This finding tallies with what was found by the World Bank above. Other literature also gives a great weight to the influence of political will in the country. It is argued that political will, leadership and capacity building at the central and local levels are very important factors for the success of monitoring and evaluation. Where political will is lacking, political leaders will be reluctant to be held accountable for their policies. The fear is that effective monitoring and evaluation will reveal unsuccessful policies and programmes which will jeopardize their chances of continuing in power and hence under-valuing the idea of evidence-based learning (AfDB 2006:6).

Another vital lesson learnt is on the incentive for involvement in monitoring and evaluation by the line ministries. The lesson that has come out is that various line ministries want to maintain the benefits that have been accruing to them from the projects and programmes under them. Thus officials and ministers do not want to lose control over sector priorities, targets and indicators, and want to avoid a reduction in the funding they receive (Driscoll et al 2004:6). This works against coordination as already highlighted by the World Bank study. The literature also shows while the lack of coordination could be explained by the fear of losing the incentives enjoyed by the line ministries, it also comes out that insufficient coordination between the central and local levels may be explained by the lack of capacity at the local levels. Technical capacity falls as one moves from the central to the local levels. The literature shows that the CSOs that have had an active involvement in the implementation and monitoring of the PRSPs are those with networks and international organizations with partners throughout the country (AfDB 2006:6; Morazan et al 2005:8).

## CHAPTER FIVE

### FINDINGS ON THE PRSP EXPERIENCE IN ZAMBIA

The chapter will look at the experience of the country in the formulation of the PRSP and its successor the FNDP. The chapter will also attempt to highlight from the literature the problems that were identified and the lessons that were learnt in the formulation and implementation of the poverty reduction activities. The chapter will end with the lessons that have been incorporated in the FNDP. The chapter will provide the basis for the discussion in chapter 6 of the factors that may have influenced the formulation process.

#### 5.1 The PRSP Formulation Process

Zambia started the formulation of the PRSP in 2000. It initially started with the preparation of an Interim Poverty Reduction Strategy Paper (I-PRSP); this was expeditiously drafted with the sole purpose of enabling the country to qualify for debt relief by reaching the Decision Point. As a result of this urgency on the part of the Government, the I-PRSP was drafted without stakeholder participation (Seshamani 2002:3). The preparation of the full PRSP was launched by the Government during a stakeholders' conference held from the 28<sup>th</sup> to 30<sup>th</sup> June 2000 (Ibid; CSPR 2005b:1).

In terms of the experience in the formulation process, the participatory process in the drafting of the Zambian PRSP is hailed as a good model for stakeholder collaboration in PRSP formulation processes (Seshamani 2002:15; Bwalya et al 2004:23). The formulation process was highly praised for being very consultative and that civil society organizations took part in the development of the policy document. The process included "government ministries and agencies, donors, civil society, private sector, traditional leaders, etc" (CSPR 2005b: 1). The IFIs in their 2005 PRS review cited Zambia's case as a good example of stakeholder collaboration (World Bank 2005:ix). Thus the process was praised by academics, CSOs and donors for being inclusive.

The formulation process was initiated by the Government and was assigned to the MOFNP to be the lead actor. The MOFNP had the role of coordinating the process, selecting the participants, developing the terms of reference, housing the PRSP secretariat,

organizing stakeholder meetings and drafting the final plan. In order to enhance participation of the stakeholders, MOFNP came up with eight (8) working groups. The 8 working groups included: macroeconomic, governance, industry, agriculture, tourism, mining, health and education. Stakeholders from all the key groups such as Government, civil society, and the donors were represented in these working groups (Bwalya et al 2004:19; Seshamani 2002:13). The table below shows the composition of stakeholders during the formulation of the first PRSP. The table shows that in total the participants from the donor community were more than the participants from the Government and civil society.

**Table 3: Participants in the Government Working Groups by Category**

		<b>Government</b>	<b>Civil Society</b>	<b>Donors</b>	<b>Total</b>
1	<b>Macroeconomic</b>	3	4	7 (50%)	14
2	<b>Agriculture</b>	7	6	5 (28%)	18
3	<b>Tourism</b>	6	4	3 (24%)	13
4	<b>Industry</b>	4	6	3 (24%)	13
5	<b>Mining</b>	4	5	2 (15%)	11
6	<b>Health</b>	5	3	7 (47%)	15
7	<b>Education</b>	5	3	9 (52%)	17
8	<b>Governance</b>	4	4	5 (38%)	13
	<b>Total</b>	38	35	41	114

Source: MoFNP 18<sup>th</sup> September 2000 (Quoted in Schroder 2002:24)

CSOs were invited by the Government to participate in the formulation process in July 2000. In order to coordinate effectively the contribution of the civil society in the process, 90 organizations under the leadership of the Jesuit Centre for Theological Reflection (JCTR) formed an umbrella organization called CSPR. The CSPR was involved in the formulation process at two (2) levels namely: first, it had representatives who took part in the Government established 8 working groups and the teams that conducted provincial consultations; secondly, it conducted its own consultations with the people in addition to participating in the Government consultation exercises through its representatives. In



order to conduct its own consultations, CSPR came up with 10 working groups which would conduct consultations on the various themes. The 10 themes identified included: governance, industry, employment and sustainable development, livelihoods, agriculture and food security, tourism, macroeconomics, mining, health and HIV/AIDS, gender, education, child and youth, and environment. These independent consultations emanated from the deep seated fear the civil society had that the Government would manipulate the process. CSPR therefore conducted its own provincial consultations in four (4) provinces of Zambia. The findings from the thematic working groups, provincial consultations and other meetings that were conducted resulted into a report called “A PRSP for Zambia – A Civil Society Perspective”. This report was submitted to the Government as part of the civil society’s contribution to the PRSP in July 2001 (Seshamani 2002:15; Bwalya et al 2004: 20; CSPR 2005:12).

In April/May 2001, the Government established working groups conducted provincial PRSP consultations in all the nine (9) provinces of Zambia. The participants in these consultations included traditional leaders, civil society organizations within the provinces, elected and governmental office holders and business leaders. In these meetings the participants were encouraged to voice their opinions on poverty issues in Zambia. The reports from the working groups were submitted to the Ministry of Finance who compiled an integrated document (PRSP 2002:144; Bwalya et al 2004:20).

However, the participation of stakeholders from political parties in the formulation process was constrained as a result of the political atmosphere that was existing at the time the process was being undertaken. The formulation of the PRSP was being undertaken at the time when the country was about to have elections in 2001 and the incumbent President was trying to change the constitution in order to run for a third term in office. It was initially intended that political parties and parliamentarians would be involved in the PRSP process, however due to the third term debates and electoral campaigns, political parties and parliamentarians kept away from the process. The political atmosphere at the time also affected the MOFNP which was in charge of the process. The Ministry was concerned that the PRSP could be looked at as a ruling party

(MMD) document. This made it difficult for MOFNP to consult with political parties. They wanted to avoid the PRSP being turned into a platform for obtaining political mileage by politicians. This caution was also implemented in the provincial consultations where politicians were deliberately not invited to meetings (Bwalya et al 2004:22). This finding is in line with the argument that participation is essentially a relation of resources and power. It is clear from the way the Ministry handled the participation here that the agents of the government had the resources and the power to determine the outcomes of the process. Government officials in MOFNP dictated the terms of the process of participation as was seen in the provincial consultations which were made up of mainly government officials and selected individuals (Imboela 2005b:442).

In looking at the contents of the final document of the PRSP, the CSPR the umbrella organization of the civil society organizations involved in the formulation of the policy document reported that "Government substantially accepted CSPR's inputs as most of their suggestions were incorporated in initial draft for the full PRSP, reflecting its evolving strength in influencing Government on important policy issues" (CSPR 2005:12). Seshamani (2002) states that about three quarters of the suggestions of the civil society were accepted. He argues that this can be attributed to the high level of professionalism and intellectual capabilities among the civil society (p24). The primary source documents do not specify exactly what suggestions were incorporated. However, based on international experience discussed in chapter 4, the suggestions accepted were those made on basic social services, agriculture, health, education etc. suggestions touching on macroeconomics were not incorporated because they were derived from the PRGF agreed between the Government and the IMF (Oxfam 2004:16; Whaites 2000:8; Curran 2005:7). Furthermore, as to whether this acceptance of the civil society proposals is a sign of the increasing level of influence of the civil society on the Government will be discussed later in chapter 6.

## **5.2 Fertilizer Support Programme (FSP) Formulation Process**

The sub-section will first discuss the background to the FSP by looking at the policies changes from 1964 to about 2001 in order to set the stage for the discussion of the formulation process of the FSP and the justification for the creation of this small scale farmers' support initiative by the Government.

Agriculture in Zambia plays an important role in the country's economic wellbeing and in poverty reduction. It is argued that the failure of agriculture to offer secure livelihoods in rural areas is the major cause of the persistent high levels of rural poverty (PRSP 2002:54). It is estimated that about 60 percent of the population derive their livelihood from agriculture and about half of the total food crop production (maize, millet and rice) is used for subsistence purposes and seed stock (Wichen, et al, 1999: P4). Furthermore, there are three (3) categories farmers in Zambia. The majority of farmers are small scale farmers, who cultivate on average from about 0.5 to 9.0 hectares and with about half of them doing it for subsistence purposes. The second group consists of large scale farmers who utilize modern technologies and hire labour. This group contributes to the country's cash crop production. In between these categories are the medium sized farmers who cultivate around 5-20 hectares, usually using oxen as draught animals (Ibid).

In looking at the evolution of the agricultural policies in Zambia since independence in 1964, the period is divided into three: 1964-91; 1992-2002 and 2002 to the present. These three periods are characterized by implementation of different policies in the agricultural sector influenced by the existing Government positions as shown in Table 2. In the period 1964 to 1992, the agricultural policies were characterized by public intervention in the agricultural sector. The Government in this period fixed both the producer prices of maize and the consumer prices for the whole country. Furthermore, the farmers received from the Government seed and fertilizer at subsidized prices, (Wichen, et al, 1999: P17). Small-scale farmers were in this period relatively free from uncertainties due to this support from the Government, which guaranteed the availability of inputs, procurement, storage, marketing and prices of their products and provided some form of insurance against poor harvest. In times of drought, the farmers were not compelled to pay back the

loans. This support led to the increase in the share of the marketed production from 60 percent to over 80 percent in the 1980s by small-scale farmers, (Ibid: 29; CCJDP, 2005:8). However, the agricultural policies implemented in this period were criticized for creating inefficiency and making the sector state dependent. As a result of the sector being managed by parastatal bodies, product marketing and input distribution was inefficiently conducted. The resulting problems included the shortage of production inputs and late delivery of inputs (Ibid: 21; CCJDP 2005:8).

The next period is the 1992-2003 period which is identified with the implementation of the SAP. During this time, there was a liberalization of the economy of the country under SAP. Maize imports, consumer prices of maize and prices of transport which were previously determined by the Government until February 1992, were now liberalized, (Wichen, et al, 1999: 21). Market liberalization in the agricultural sector was justified due to the aforementioned inefficiencies of the parastatal bodies, the burgeoning costs of maintaining agricultural subsidies and worsening economic conditions in the country. In order to push its liberalization policy in the agricultural sector, the Government came up with the Agriculture Sector Investment Programme (ASIP). The reforms carried out under ASIP were aimed at improving the domestic input supply and marketing of agricultural products, economic pricing of goods, the reduction of subsidies and the privatization of state owned firms, (Ibid:24). With the implementation of liberal policies in the financial markets, the literature shows that the real interest rates became positive, hence improving the incentive for efficient use of credit. However, small-farmers had difficulties getting credits as parastatal banks had stopped disbursing loans to farmers without security, (Ibid: 35). The reforms carried out under Structural Adjustment Programme, which required the country to abolish the monopolistic power of the parastatal bodies and expose them to competition, removing all government subsidies and ensuring that they operated efficiently. These requirements were intended to transform these organizations into commercial entities. This reform requirement entailed privatizing or liquidating parastatals (Knudsen 1990:60). As a result, the reform measures affected the operations of the Zambia Cooperatives Federation Financial Services (ZCF-FS); Credit Union Saving Association (CUSA) and Lima Bank, which were created to support

the activities of small scale farmers by providing them with credit in the form of short term (seasonal) loans (Wichen, et al, 1999: P7). In the end, agricultural reform measures affected negatively small scale farmers who now had the problem of accessing agricultural inputs such fertilizers leading to the worsening of the poverty situation among this category of farmers (PRSP, 2002:25).

The third period spans from 2002 onwards when agricultural policy reform occurred as a result of the adoption of the PRSP. Under the PRSP, agriculture was perceived as an “engine” of poverty reduction, (CCJP, 2005: 7). The policies under the PRSP were not aimed at discarding the free market policies, if anything they accepted them as good for the sector. The document states that “the policy of liberalization is correct for revitalizing agriculture”, (PRSP, 2002:55). However, the PRSP recognized that the initial impact of liberalization on Zambia’s small-holder farmers were negative due to limited opportunities to access both agricultural inputs and credit. It therefore endeavored to find ways of helping smallholders, (Ibid: 60). It was in this policy environment that the Fertilizer Support Programme was initiated to deal with the cause of poverty among small scale farmers – the difficult to acquire agricultural inputs.

The FSP was developed in 2002 as one of the implementing mechanisms of the agricultural component of the PRSP 2002-2004. It was developed with the aim of tackling poverty through enhancing food security at household level. It was initially created for the purpose of helping small scale farmers that had lost their livelihood as a result of the 2000/2001 drought and was meant to run for only three years (MOFNP 2004:23). The Programme went beyond three years and is now also part of the poverty reduction strategies contained in the FNDP.

In its formulation process, the PRSP requirement for inclusion of several stakeholders was followed in the drafting of the FSP by the Government. In the formulation of the FSP, the following stakeholders were involved in the development of the Programme: representatives from the MACO; MOFNP; the Bank of Zambia (the central bank); the Zambia National Farmers Union (ZNFU); Small Scale Farmers’ Association (a member

of the C SPR); and the Agricultural Consultative Forum (ACF). The ZNFU represent large commercial farmers. The ACF is an organizational supported by donor countries involved in the promotion of horticultural exports. The Small Scale Farmers' Association is supposed to represent the interest of the small scale farmers, but it does not have national structures for it to represent effectively the interests of this category of agricultural producers (Imboela 2005:171). The constituted group went round the country conducting consultative meetings with the people. Imboela (2005) argues that the participation of people in the formulation of the FSP was 'formulaic', that is it was just a planning tool aimed at getting people into a determined plan. In other words people's participations in the consultation meeting did not alter anything (Ibid). This argument is made on the basis of the power relations that exist between the stakeholders of the Programme the poor small scale farmers and the policy makers. The argument is in line with the definition of participation used in the study. The small scale farmers lacked the power to influence the direction of the policy formulation process.

### **5.3 Actor Involvement in Formulation and Implementation**

In the formulation of the PRSP as already outlined the formulation process in Zambia is hailed for being highly inclusive. The formulation process included the Government, donor countries and institutions; and civil society organizations (C SPR 2006:10). However, despite the fact that the formulation process was praised for being very inclusive, a number of challenges were highlighted that worked against the spirit of participation as outlined in the World Bank PRSP Source Book. Seshamani (2005) highlight some problems that were identified in the formulation of the PRSP. These included the lack of access to vital information by the civil society. The other problem identified was the failure by the civil society to participate at higher levels in the preparation of the PRSP. They were only involved during the initial stages of the formulation process. Civil society representatives were not included in the Drafting Committee and the Technical Committee that prepared the final copy for presentation to Cabinet for approval. They were also not consulted on the version of the PRSP that was submitted to the IMF and World Bank boards for approval (p17). The Technical Committee was under the supervision of a committee comprising Permanent Secretaries.

Permanent Secretaries are senior civil servants in charge of the administration of the line ministries who are at the same time very close to the ministers of respective ministries. This committee of Permanent Secretaries approved the draft PRSP before it was presented to the Cabinet for approval (Schroder 2002:23). This institutional structure for the formulation of the PRSP in Zambia is very significant when analyzing the factors that affected the inclusion of the contents of the final policy documents. It is important because it reveals stakeholder influence in the PRSP formulation process. This is in line with the study's argument that, if participation is to have any impact all the stakeholders must be empowered to influence the decision-making process at all levels (O'Malley 2004:7). The same composition of stakeholders and institutional formulation structures were used in the formulation of the FNDP as will be shown in section 5.5.

In the implementation process, MOFNP was assigned the responsibility for the overall implementation of the PRSP. Other ministries, civil society and donor agencies were expected to support MOFNP in implementing the poverty reduction strategies (CSPR 2005:5). The actual implementation of the activities was carried out by the line ministries in the Government. Some civil society organizations involved in service delivery were also involved in the implementation of the activities. An example is the Programme Against Malnutrition (PAM), which is the implementing agent of the Government for a programme called Food Security Pack which targets vulnerable farmers, by providing them with agricultural inputs at no cost.

In order to effectively implement the PRSP, the MOFNP created new structures. The structures created included the Planning and Economic Management Department (PEMD). The department is in charge of PRSP coordination, monitoring and evaluation. Specifically the department carries out planning, budgeting, management and harmonization of resources for financing poverty reduction strategies and technical support at national level. In order to monitor the implementation process, SAGs were created in 2003 from the working groups that were created during the formulation process. The members of SAGs were drawn from the Government, civil society, academia, private sector and donor agencies. These groups were chaired by the

permanent secretary of each ministry, and one person from each ministry was appointed as a liaison officer for the day to day running of SAG. These structures existed at national level. SAGs provided technical advice to MOFNP on the implementation, monitoring and evaluation of the various sectors (Ibid: 6).

At provincial and district levels the already existing structures were to be used for monitoring the implementation of the poverty reduction strategies at those levels. At provincial level there was already in existence the Provincial Development Coordinating Committees (PDCCs), while at district level, the District Development Coordinating Committees (DDCCs) were in place. In addition to their role of coordinating socio-economic development, monitoring of the PRSP implementation at provincial and district levels respectively were added to their responsibilities. These two structures are in a better position to carry out this responsibility because of their broad membership. Their membership is drawn from the Government, local government authorities, traditional leaders' representatives and civil society (Ibid: 6).

Like at the formulation stage, the PRSP implementation process continued the same culture of inclusiveness. There was stakeholder participation at national level in SAGs, at provincial level in the PDCCs and in DDCCs at district level. The civil society also carried out independent monitoring and evaluations through its umbrella organization the CSPR (Ibid: 13).

The implementation of the FSP is carried out by the Ministry of Agriculture and Cooperatives. The unit within the ministry that is in charge of the Programme at national level is the Programme Management Unit (PMU). At provincial level, the supervision of the Programme implementation is carried out by the Provincial Agricultural Coordinator (PACO). At district level, the District Agricultural Coordinator (DACO) supervises the implementation of the Programme by the staff with the District Marketing Officer who carries out monitoring and evaluation of the programme. The approval of the applications for agricultural inputs is conducted by the District Agricultural Committees (DAC) after receiving the application through the DACO (Imboela 2005a:172; CSPR 2005a:8).



The small scale farmers participated in the implementation of the FSP through forming cooperative societies in their respective communities. Farmers' cooperatives had to be formed because in the period 1992-2001, they had collapsed due to the unfavorable agricultural policies implemented under SAP. Within their local cooperative societies, the members elected office bearers to form up the cooperative board which selected the eligible members to benefit from the Programme (Imboela 2005a:174). Successful applications are submitted to the district agricultural office by the board of the local cooperative.

#### **5.4 Problems Identified in PRSP Implementation**

In discussing the problems that were identified in the implementation of the PRSP 2002-2004, this section will attempt to look at the problems that affected the implementation of the PRSP as a whole and then it will conclude with the consideration of those that were identified in the FSP implementation.

##### **Problems of Funding**

According to MOFNP's First PRSP Implementation Progress Report covering the period January 2002-June 2003, the implementation of the PRSP 2002-2004 was estimated to cost US\$ 1.3 billion with about 67 percent of the amount financed by foreign sources. The implication of this funding scenario was that the successful implementation of the poverty reduction strategies was highly dependent on the country's maintenance of a good relationship with the foreign financiers. This dependence on foreign financing provided the first source of problem in the implementation of the PRSP. In 2003, as a result of the budget over-expenditure, the Government failed to conclude a PRGF with the IMF which led to the withholding of vital funding for poverty reduction (MOFNP 2004a:56). As identified in the first PRSP report, the Second PRSP Implementation Progress Report for the period July 2003-June 2004 and CSPR's monitoring report also identified inadequate and untimely release of funds to implementing agencies as one of the serious challenges that faced the implementation of the PRSP. This problem led in some cases to non-implementation of some activities (MOFNP 2004b:67; CSPR 2005b:10).

A review of the literature indicates that in addition to funding problems emanating from foreign sources, difficulties in financing poverty reduction activities was also caused by the lack of priority in allocation of funds. In a study by the CSPR on expenditure tracking under the PRSP, it was found that “some sectors were receiving less than what was allocated and vice versa” (CSPR 2005b:9). The study found that funding for poverty reduction activities was less than what was budgeted for, while some non-poverty reducing areas received more than 100 percent of what was budgeted for in the national budgets. Examples of areas that received priority funding included the Cabinet Office which got 512.5 percent of what was budgeted for in 2002; with the State House getting 264.2 percent in the same year. The study also found that social safety nets (under which the FSP and Food Security Pack fall) were receiving more funding than sectors such as education in 2002 and 2003 (Ibid; Mutesa 2005:69). This problem in the disbursement of funds during the implementation of PRS was not good because it hindered progress in the sectors that were under funded.

### **Lack of Implementation Capacity**

The second major problem identified was the lack of capacity by the implementing agents. This problem was highlighted by the MOFNP in its first report on the implementation of PRSP. The ministry reported that some implementing agents lacked the capacity to utilize the funds they were allocated. The problem of lack of implementing was also highlighted in the ministry’s second PRSP report. The report revealed that lack of capacity was seen in line ministries’ lack of strategies for implementing the activities in the PRSP, which in the end resulted in misapplication of funds for poverty reduction. This problem was also identified by the civil society involved in monitoring and evaluation. The civil society also found that the implementing agencies lacked the necessary capacity to “absorb and expend resources” they were allocated (CSPR 2005b:10; MOFNP 2004a:57; MOFNP 2004b:68).

### **Problems in the Implementation of the FSP**

In the studies conducted on the implementation of the FSP, a number of issues have come out that threaten the success of the Programme. The first problem experienced by cooperatives formed by small scale farmers is the lack of access to vital information on the FSP which affected their preparation for participation in the Programme. In a study by Imboela (2005a), it was found that this problem did not affect cooperative societies that were chaired by former civil servants and members of the ruling party. This led the author to conclude that the local social and political relations were important in determining the accessibility to the vital information on the FSP (p175). The lack of information was also attributed to the lack of visitation by the agricultural extension officers from the district agricultural offices, who were supposed to provide them with information on the application process. The lack of visitation and monitoring of the Programme by agricultural officers was partly caused by the inadequacy in funding of the district agricultural offices (Ibid; CSPR 2005a:21). The inadequacy in funding also affected the availability of stationery materials for application forms for cooperative societies (Ibid).

The other problem identified in the implementation of the Programme was the influence of politicians. Politicians had been using the FSP to gain political advantage among the local people in rural areas (Imboela 2005a:177). This view is shared by stakeholders that submitted during the formulation of the FNDP. They argued that the FSP and the crop marketing processes followed political directives in their implementation more than professional directives (ACF; CSPR 2006a). The problem of political interference was interestingly also raised by the MOFNP in its second PRSP report as a problem in implementation of poverty reduction activities. It reported that political interference had a negative effect of spreading thinly the available resources across a large number of projects (MOFNP 2004b:68).

Another problem highlighted in the implementation of the FSP is that the cost of the inputs was too high for small scale farmers. Stakeholders involved in monitoring of the Programme argued that the requirement of farmers paying 50 percent upfront before the

inputs were supplied was denying many small scale farmers the privilege of benefiting from the FSP (Imboela 2005a:182; CSPR 2006a).

Late delivery of input to the farmers was another problem highlighted in the implementation of the FSP. In the study by the CSPR, it was found that the majority of the respondents (72.45%) responded that in most cases agricultural inputs were delivered late. This affected maize yields negatively (CSPR 2005a:14). The delays were attributed to the existing transport arrangements. Inputs were moved from the capital city Lusaka to depots in various districts, from where they were ferried to the various cooperative societies. The vehicles that transported the inputs only delivered the inputs to cooperatives when the required minimum number of bags was reached (150). In cases where a cooperative society bought less than 150, it had to wait until the number was reached either by them buying more or combining with nearby societies (Imboela 2005a:183).

Problems in the marketing of farm products were another difficult identified by small scale farmers. In the study by CSPR, it was found that

*“because of poor marketing arrangements, long distances and lack of buyers of farm produce, they are not only unable to sell their farm produce, but also unable to buy farm inputs since they do not have the money with which to do so. The farmers indicated that while the [G]overnment has provided the environment for the private sector to participate in the agricultural markets and contribute to agricultural development, the private sector is not adequately servicing the rural communities in remote parts of the country” (CSPR 2005a:21).*

The review of the study's example of a poverty reduction programme (FSP) under the PRSP also reveals the same problems that affected the implementation of the whole PRSP. It reveals the problem of implementation capacity in the Ministry of Agriculture; cooperatives of small scale farmers; existing crop marketing arrangements. There is also as revealed the problem of funding to the Ministry of Agriculture for effectively

implementing the FSP. Finally, the example of the FSP reveals the influence of politics in the implementation of poverty reduction activities in Zambia.

## **5.5 Lessons learnt from PRSP Incorporated in FNDP**

The formulation process of the FNDP was also inclusive like the PRSP 2002-2004. Major stakeholders from the civil society, donor community and the private sector were involved under the leadership of MOFNP. The sectoral plans were undertaken by the SAGs and the 72 districts were asked to develop development plans for their areas which were approved by the PDCC and DDCC. After the completion of their provincial and district consultations, SAGs comprising representatives from the Government, donor community and civil society, chaired by permanent secretaries, met to discuss the formulation of their submissions to the FNDP. In addition to participating in the SAGs, the civil society through the CSPR made further submission by presenting the civil society input contained in the document called "A Fifth National Development Plan for Zambia – Civil Society Perspective". This submission offered recommendations to the problems highlighted in section 5.4. The next stage involved holding a series of meetings facilitated by the PEMD to identify priority areas. The work was overseen by a Steering Committee of Permanent Secretaries chaired by the Secretary to the Cabinet, and these meetings involved only technocrats from the Government. These meetings resulted in the production of the first draft of the FNDP which was submitted to stakeholders in a national stakeholders' workshop. Based on the draft and the inputs of the stakeholders in the workshop, the final document was produced and approved by the Cabinet at the end of 2006 (GRZ 2006:2; CSPR 2006a).

In looking at the lessons that have been incorporated in the FNDP, this subsection will consider them at two (2) levels: at the general level, that is those identified to have affected the overall implementation; and the lessons included on the FSP.

**General Level:** the first lesson that has been incorporated in the FNDP is on the financing of the Plan. The FNDP will be financed from three (3) sources: (1) domestic revenues which will be collected from taxes and non-taxes revenue sources; (2) external

grants from donors; and (3) borrowing from domestic and external sources (GRZ 2006:351). The funding sources are the same as the ones for the PRSP 2002-2004, however, the FNDP's funding scenario is different in the sense that about 77.35 percent of the finances is expected to come from domestic sources unlike in the PRSP 2002-2004, where 67 percent was expected to come from the donors. In the period 2006-2010, the full implementation of the FNDP is estimated to cost about Zambian Kwacha 62, 623.22 billion. Of this figure, about 77.35 percent is expected to come from the Government's own sources (K48, 442.77 billion), while 17.65 percent (K11, 198.35 billion) would come from the donor community leaving a financing gap of about five (5) percent (K2, 982.09 billion) (Ibid: 357). The financing of the FNDP is based on the assumption that there would be an increase in the provision of aid to the country and the utilization of the resources freed as a result of the debt cancellation following the pledge of the donors at the G8 Summit in Gleneagles Scotland in 2005. Government also expects to increase domestic revenues from taxes through implementation of tax reforms aimed at broadening the tax base (Ibid: 354). The shortfall in the resources needed to fully implement the Plan would be obtained from external grants and borrowing (Ibid: 357). It is argued particularly by the donor community that the implementation of the FNDP would be better than that of the PRSP 2002-2004 because of the improvement in the country's macroeconomic situation; reduction in the nation's debt stock; harmonization of donor efforts and their initiative of providing budget support (SIDA 2007:6).

If this funding scenario is followed and implemented, it will reduce donor dependence and avoid the fluctuations in funding of the poverty reduction activities that were experienced during the previous PRSP. However, given Zambia's history of dependence on aid, it will be interesting to watch how this financing plan of the FNDP will work out.

The other lesson learnt and incorporated is on the importance of the capacity of the implementing agencies in poverty reduction. The Government acknowledged the problem and decided to include institutional reforms and capacity building among the strategic goals in the FNDP. The FNDP states on institutional capacity building that "institutional reorganization and capacity building depend on human resources, addressing the existing

human resource capacity gaps through training and retention of professionals in the right positions (within the context of the Public Service Reform Programme) shall receive the highest priority during the implementation of the FNDP” (Ibid:365). Further, changes were made to the division (PEMD) within the Ministry of Finance and National Planning in charge of the implementation of the FNDP, the authority of the division was increased by upgrading the position of the person in charge from the level of director to permanent secretary. This makes the person in charge to be at the level of a controlling officer of a ministry (GRZ 2007).

**FSP in the FNDP:** under the FNDP, the Government continues to recognize the role of the agricultural sector in poverty reduction in rural areas where the majority of the people depend on it. In the FNDP, the FSP is also envisioned to last for three (3) years from 2006 to 2008.

In analyzing the agriculture section in the FNDP, the problems identified from the monitoring of the implementation of the FSP which included crop marketing problems; late delivery of agricultural inputs; the high cost of inputs; organizational problems in small scale farmers’ cooperatives; and lack of adequate extension service provision by MACO were all included and planned for in the FNDP (CSPR 2005b:17). The submission by the CSPR covered the whole agricultural sector which also included the FSP.

A further look at the resource allocation in the agriculture sector component of the FNDP reveals that the Government prioritized the FSP going by the fact that the Programme would be receiving the highest funding in the period 2006-2008. In 2006, 34.7 percent of the core FNDP agricultural programme funding was planned for the FSP; while in 2007 and 2008, 19 percent and 15.7 percent respectively was planned for it (Ibid:53).

## CHAPTER SIX

### DISCUSSION OF THE FINDINGS

This chapter will attempt to analyze the findings in order to answer the study's four research questions, which are: finding out the stakeholders involved; problems and lessons learnt; the extent to which stakeholders' recommendations were incorporated; and determining the factors that influenced the contents of the final policy documents. Following the study's analytical framework, the study will look at the concern for political support; international pressure; technical advice; and bureaucratic implications as possible explanations in order to answer the study's main research question.

#### 6.1 Influence of the Concern for Political Support

Sub-section 3.2 shows that since independence the country has undergone several policy changes. What is clear from the literature is that policy changes in the country have been driven or influenced by political consideration of their impact on the public support for the government in power (Farrington et al 2002:18). This concern for political support can be seen in the example cited when the Government turned back from SAP, when the impact of the policies lead to food riots which affected the then Government's popularity.

The first PRSP 2002-2004 was approved after the elections in 2001, which brought in a new President with the lowest popular vote in the history of the country. He obtained only 28.7 percent of the total votes cast and thus he was starting his rule from a point of weakness (Meyns 2005:48), while the FNDP was formulated and approved before the general elections in 2006. The study results show that the PRSP process was used to boost support for the Government in power. An analysis of the interview data from the MOFNP and CCJDP showed that political consideration had an effect on the policies formulated. The respondents indicated that the Government used the processes to enhance the Government's popularity and to give a good impression to the stakeholders. Using the study's analytical framework, the Government's interest therefore was to ensure that whatever was included in the policy document increased its chances of



reelection in the general elections. This explains the priority given to the FSP among the FNNDP. In its submission on agriculture, the civil society did not include the FSP in its four (4) absolute key interventions, but among other important interventions in agricultural sector. While, Government accepted their submission, when coming up with the FNNDP ensured that the FSP received the highest allocation (2006 (34.7%); 2007 (19%) and 2008 (15.7%)) among the core FNNDP agricultural programmes. This agrees with the argument that PRSPs are affected by the impact that poverty has on those in power. Piron et al 2004, argues that PRSPs are affected by the extent “to which poverty is politically salient and to which there is ‘political capital’ to be derived from poverty reduction efforts” (p10). The study agrees with Piron et al, that high rate of poverty was being used to secure support for the Government through the use of the FSP. The category of people the FSP aims to reach are critical for political because as shown in section 5.2 about 60 percent of the country’s population derives its livelihood from agriculture, it therefore follows that getting the support of this category of people was critical for the party in power to continue winning elections.

The concern for political support for the government in power can also be seen in the PRSP formulation structure. The study finding showed that the formulation process of the PRSP 2002-2004 and FNNDP was carried out in stages. The initial stage involved the SAGs collecting the views of the stakeholders and compiling the sectoral plans. The next stage was carried (which was at a higher level of preparation) out by a Technical Committee under the leadership of the PEMD. This stage was conducted exclusively by bureaucrats from the Government. The civil society was only called upon to give their comments on a Government prepared first draft of the FNNDP. As shown by Schroder (2002), it was at the level of the Technical Committee that decisions were made concerning the content of the policy document. He also showed that the Technical Committee was under the supervision of a committee of Permanent Secretaries, who are close to politicians (Ministers). Therefore, if decisions were made at the Technical Committee level, it follows that considerations were made on the impact of policies to be included in the final document on the Government’s political stability, opposition and support because all Permanent Secretaries are appointed by the President.

## 6.2 The Role of International Pressure

The role of international pressure in policy reform in Zambia as was shown by the section on the evolution of the development policies has always come in as a result of successive governments' failure to tackle economic crises (Farrington 2002:19). Policy reforms in Zambia have been motivated by economic difficulties, such as those that arose from the world recessions in the 1970s or the debt crisis as in the case of the PRSP. Therefore, the point at which the country has undertaken reforms has always given the country a weak voice when it came to negotiations with the World Bank and the IMF.

As shown in the preceding sections of the study, donors were involved actively in the formulation process through the SAG. The active donor participation can be seen in Table 3 during the formulation of PRSP 2002-2004, which shows that in absolute terms, that donor representatives were in the majority. They were also involved at the level of approving the final policy document. Donors were also for the same reasons actively involved during the development of the FNDP as shown in section 5.5. Their role of endorsing the final document is significant in influencing the drafters in the Technical Committee, who are fully aware of this requirement. Therefore during formulation, the Government had in mind this requirement that the document had to be approved by the Boards of the IFIs. Hence, the document had to conform to the expectations of these institutions. Like other PRSP countries, the Zambian Government had to negotiate a PRGF with the IMF which determined the macroeconomic framework which the country would follow. In the macroeconomic framework, Government agreed with the IMF targets for indicators such as inflation and the budget deficits. The disbursement of funds by donors is based on conformity to these requirements (Oxfam 2004:16). The macroeconomic framework agreed with the IMF constrained the Government in its planning (AFRODAD 2006:23).

International pressure was not only exerted in the SAG meetings but, also in meetings held between the Government and the IFIs. For example during the formulation of the PRSP 2002-2004, several meetings were held between the Government and the World Bank and the IMF at which discussions were held to review whether the formulation

process was moving in the direction in which the final document would be endorsed or not (Schroder 2002:33). Therefore these meetings were significant in influencing the content of the final document. The influence of international pressure can also be seen in how the Government ensured that during the formulation of the FNDP, expenditure estimates complied with the PRGF, as can be seen from the President's statement when he was launching the FNDP, when he said that "...even though the consultative process was done not all proposals or ideas were incorporated in the final documents. I am sure we all appreciate the fact that our resource envelope could not accommodate all the ideas that came from the stakeholders" (GRZ 2007).

From the foregoing, the study concludes that international pressure in the form of the approval of the final document by the Boards of the World Bank and the IMF and the need to comply with the agreed PRGF which the IMF uses to certify countries that should receive development finance, did influence formulation of the PRSP 2002-2004 and the FNDP.

### **6.3 Influence of Technical Advice**

The study findings has shown that in both the formulation of the PRSP 2002-2004 and the FNDP was carried out firstly, in the SAGs involving the representatives from Government, donors and civil society and; secondly in the Technical Committee comprising only the civil servants. Technical advice was very critical in the formulation of both documents. Only technically competent people were drawn from the civil service, donors and civil society organizations to be members of the various SAGs. The SAGs were also provided with consultants to support their work (GRZ 2006:2). Even the civil society through CSPR showed high level of technical competency as shown by the reflection of all its proposals on agriculture in the FNDP. Technical advice was also critical in the formulation process at the level of the Technical Committee which compiled the final document for Government approval and eventual endorsement by the IFIs. Both the Government and the IFIs depended on their technocrats for their decisions. In reconciling this factor with the influence of political considerations, while the junior

civil servants who carry out the actual policy drafting are expected by law to be non-political, the influence to take into consideration political concerns comes from the committee of Permanent Secretaries who supervise the process who are as stated are closer to politicians by virtue of appointment ( Schroder 2002).

#### **6.4 Influence of Bureaucratic Implications**

The study was able to bring out that lack of implementation capacity had affected the effective implementation of poverty reduction activities during the PRSP 2002-2004 by the various line ministries. The study also showed that the improvement of the implementation capacity of the various implementing agencies was placed among the strategic goals of the FNDP. However, the study is unable to conclude convincingly that bureaucratic considerations as defined in section 2.2 on the analytical framework, had affected the inclusion of lessons in the FNDP. The data obtained for the study was insufficient to analyze consideration of bureaucratic implications in the formulation of the FNDP. The study can only speculate the influence of this factor based on the fact that major decisions on what to include in the FNDP were made by the Technical Committee comprising only civil servants.

## CHAPTER SEVEN

### CONCLUSION

The study succeeded through the use of literature to answer the four (4) research questions the study undertook to answer. The study showed that the formulation process of both the PRSP 2002-2004 and the FNDP was very inclusive in that all the major stakeholders from the Government, donors and the civil society were involved. However, the study showed that the process was only inclusive at the initial stage in the SAGs, and not in the Technical Committee which only comprised technocrats from the Government. The study found that civil society were left out of the Technical Committee and did not have any influence in the decisions that were made. From the study's finding on the participation of stakeholders in the formulation process, the study concludes that the level of participation of CSOs in the Zambian process did not measure up to the definition of participation outlined in the World Bank Source Book which defined participation as "the process by which stakeholders influence and share control over priority setting, policy making, resource allocations, and/or program implementation" (quoted in Stewarts et al 2003). The study found that the World Bank and the IMF even though were not involved in the Technical Committee, had the influence through the meetings they held with the Government on the formulation process and through their role of endorsing the final document. The study concluded that the institutional structure for formulation reduced the CSOs' influence in the formulation process.

The study found that in Zambia, the overall implementation of the PRSP 2002-2004 was affected by the following problems: inadequate funding and untimely release of funds for carrying out the activities; and the other problem revealed was the lack of capacity among Government's implementing agencies. The study concluded from the review of the FNDP that these lessons were incorporated in the policy document. The study found that in both the policy documents the PRSP 2002-2004 and FNDP, the Government included a lot of submissions from the CSOs.

On the last question, the study's conclusion is that the major factors that determined the inclusion of lessons and prioritization of poverty reduction programmes was the international pressure on the Government from the IFIs which approved the final documents and determined the flow of funds which the Government desperately needed for running programmes; political consideration for the Government and the ruling party; and technical advice which the politicians relied upon to approve the final document and also the boards of the World Banks. However, the study could not conclusively determine the influence of bureaucratic implications because of the lack of sufficient data to make the conclusion. The study only speculated that it may have had an influence based on the fact that only civil servants were involved in the compilation of the final document.

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## Appendix 1: Questionnaire for CSOs



August 2007

Dear Respondent

I am a student at the Institute of Social Studies at The Hague, Netherlands pursuing a Master of Arts degree programme in Development Studies with a specialization in Population, Poverty and Social Development. In my masters thesis, I am studying the Poverty Reduction Strategy (PRS) process in Zambia. I am particularly interested in the lessons learned during the implementation of the original PRSP policies and programmes. I will look in details at the case of the Fertilizer Support Programme, but examples of other PRS programmes are also useful for my research.

You have been contacted because of your involvement and experience in the PRS process or the Fertilizer Support Programme so that you can help me answer some questions. I would like to assure you that the answers/responses that you will supply to the questions contained in the questionnaire will be treated with the utmost confidentiality that they deserve. Furthermore, no personal identities will be disclosed in the final report that will be written from the data that will be gathered.

In addition to helping my research by answering the questions in the attached questionnaire, I would also like to request for assistance in obtaining documents that will help me to adequately answer the research question. Question 11 of the questionnaire indicates the type of information that would be very useful for me. The additional materials can be sent to my personal e-mail boxes: [pps0613@iss.nl](mailto:pps0613@iss.nl) or [kpm2702@yahoo.co.uk](mailto:kpm2702@yahoo.co.uk) and/or hard copies can be given to my representative (Mr. Saul Banda Jr). You can provide your telephone details if prefer that I interview you by phone. I would also appreciate it if you could recommend others who may be good sources of information for my research.

I would be grateful if I can have the filled questionnaires and the relevant documents by the **end of August 2007**.

Thanking you in advance.

Yours faithfully

Kabwibwi Mubanga  
Institute of Social Studies  
The Hague, Netherlands

## I. Involvement of Civil Society Groups in Monitoring and Evaluation

Many civil society groups were involved in the formulation of the original PRSP. In this section of the questionnaire, I will ask you about whether of these groups have remained involved in the monitoring and evaluation of the implementation of the PRSP. The second section of the questionnaire will address the formulation of the FNDP.

- 1 In the formulation stage of the PRSP, civil society organizations (CSOs) participated in the eight (8) working groups for developing sector plans. How many of these remained involved in official or unofficial monitoring and evaluation of the PRS programs and policies once PRSP implementation began?
  - I. all
  - II. most
  - III. about
  - IV. few
  - V. none
  
- 2 Some of the civil society organizations that were originally involved in the formulation of the PRSP were later involved in the government monitoring and evaluation framework of the PRSP through the Sector Advisory Groups (SAGs), for the CSOs that were not involved, what were the reasons for not participating in official monitoring and evaluation?

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- 3 The civil society in Zambia also introduced independent monitoring of the PRSP in addition to this official government monitoring. Which civil society groups have been most active in independent monitoring and evaluation, and why?

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- 4 What are the major factors that explain why other civil society organizations have decided not to be involved in independent monitoring and evaluation activities?

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## II. Formulation of the Fifth National Development Plan (FNDP)

- 5 How many civil society organizations that were involved in the formulation of the PRSP took part in the formulation of the Fifth National Development Plan (FNDP)?
  - I. all
  - II. most
  - III. about
  - IV. few
  - V. none
  
- 6 Were there any new civil society organizations that got involved in the formulation of the FNDP who did not take part in the formulation of the PRSP?

- I. Yes
- II. No

If yes, list the new actors \_\_\_\_\_

- 7 During the formulation of the original PRSP, in addition to participating in the PRSP working groups, the civil society under the Civil Society for Poverty Reduction (CSPR) came up with a report entitled 'Poverty Reduction Strategy Paper for Zambia: A Civil Society Perspective' as an input into the PRSP 2002-2004.

During the formulation of the FNDP, the CSPR came up with a 'Consolidated Civil Society Response and Input to the GRZ Draft Fifth National Development Plan'. What was the basis for the recommendations contained in this document? To what extent were recommendations contained in this document drawn from the experiences learnt during monitoring and evaluation of the PRSP implementation?

- 8 How were the recommendations from the civil society communicated to those drafting \_\_\_\_\_ the \_\_\_\_\_ FNDP?

- 9 In your opinion, what factors determined whether or not the recommendations by the civil society were taken on by the Government during the formulation of the FNDP? (In your answer you can consider factors like international pressure on the government; impact on the popularity of the government and the ruling party; technical competency of the CSOs; etc)

**III. Additional Information**

- 10 According to the PRSP 2002-2004, one of the poorest groups in the rural areas was that of the small scale farmers. Were there any specific monitoring and evaluation exercises that were carried out on the Fertilizer Support Programme or other policy areas that you are aware of?

I. If yes, please list

II. No

- 11 I would like request reports and documents giving list of civil society organizations that took part in the PRSP and FNDP; monitoring and evaluation reports on the PRSP, the Fertilizer Support Programme and other policy areas; weaknesses and problems identified in the implementation of the PRSP; reports on the FNDP formulation exercise.

THANK YOU



## Appendix 2: Questionnaire for MOFNP



August 2007

Dear Respondent

I am a student at the Institute of Social Studies at The Hague, Netherlands pursuing a Master of Arts degree programme in Development Studies with a specialization in Population, Poverty and Social Development. In my Masters thesis, I am studying the Poverty Reduction Strategy (PRS) process in Zambia. I am particularly interested in the lessons learned during the implementation of the original PRSP policies and programmes. I will look in details at the case of the Fertilizer Support Programme, but examples of other PRS programmes are also useful for my research.

You have been contacted because of your involvement and experience in the PRS process or the Fertilizer Support Programme so that you can help me answer some questions. I would like to assure you that the answers/responses that you will supply to the questions contained in the questionnaire will be treated with the utmost confidentiality that they deserve. Furthermore, no personal identities will be disclosed in the final report that will be written from the data that will be gathered.

In addition to helping my research by answering the questions in the attached questionnaire, I would also like to request your assistance in obtaining documents that will help me to adequately answer the research question. Question 10 of the questionnaire indicates the type of information that would be very useful for me. The additional materials can be sent to my personal e-mail boxes: [pps0613@iss.nl](mailto:pps0613@iss.nl) or [kpm2702@yahoo.co.uk](mailto:kpm2702@yahoo.co.uk) and/or hard copies can be given to my representative (Mr. Saul Banda Jr). You can provide your telephone details if you prefer that I interview by phone. I would also appreciate it if you could recommend others who may be good sources of information for my research.

I would be grateful if I can have the filled questionnaires and the relevant documents by the **end of August 2007**.

Thanking you in advance.

Yours faithfully

Kabwibwi Mubanga  
Institute of Social Studies  
The Hague, Netherlands

### I. Involvement of Civil Society Groups in Monitoring and Evaluation

Many civil society groups were involved in the formulation of the original PRSP. In this section of the questionnaire, I will ask you about whether these groups have remained involved in the monitoring and evaluation of the implementation of the PRSP. The second section of the questionnaire will address the formulation of the FNDP.

1. How many of the civil society organizations that were part of the working groups during the formulation of the PRSP continued to be involved in the Sector Advisory Groups for the monitoring of the process of the PRSP?
  - I. All
  - II. Most
  - III. About half
  - IV. Few
  - V. None
  
2. For the civil society organizations that have not taken part in the official monitoring and evaluation exercises through the Sector Advisory Groups, what were the reasons for their non-involvement?

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3. In addition to participating in official monitoring and evaluation exercises, civil society organizations under the Civil Society for Poverty Reduction (CSPR) also conducted independent assessments of the implementation exercise. How have the findings and reports of these exercises been communicated to the Government?

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4. How were the lessons learnt from the monitoring and evaluation exercises by the Sector Advisory Groups and civil society used by the Government?

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5. Were the findings and reports shared with the press or with other organizations? If so how and with what effects?

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## II. Formulation of the Fifth National Development Plan (FNDP)

6. How many civil society organizations that were involved in the formulation and design of the PRSP took part in the formulation of the Fifth National Development Plan (FNDP)?
  - I. all
  - II. most
  - III. about
  - IV. few
  - V. none

