

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT

STATUS REPORT ON PRSP

Lusaka
Friday, 28 September 2001

THE PRSP PROCESS IN ZAMBIA TO DATE

The preparation of the PRSP process in Zambia started with the formulation of the Interim Poverty Reduction Strategy Paper (I-PRSP). The development of the I-PRSP involved only Government officials owing to the urgency of accessing HIPC funds under the PRGF. The process started in early 2000 and enabled Zambia to qualify for HIPC by December 2000.

The Roadmap for PRSP Formulation

The formulation of the PRSP began with consultations and planning for a road map. The key issues that needed to be clarified then included the sensitisation of stakeholders, stakeholder involvement in the actual planning process, wider national consultations and consolidation of the findings into a document.

Sensitisation Workshops

Sensitisation workshops were intended to explain the PRSP and the role it will play in Zambia's development henceforth. The workshops also invited views on the proposed PRSP process in Zambia.

A sensitisation workshop for senior government officials was held in May 2000. A second workshop for general stakeholders was held in June 2000 and was officially opened by the Republican Vice President. A third workshop was held for political leaders (Cabinet Ministers, Chairpersons of Parliamentary Committees and provincial Deputy Ministers) in November 2000.

Working Groups

Eight Working Groups (WGs) with members drawn from different stakeholders were constituted to formulate sector plans for poverty reduction. The themes for the WGs that were identified, either because they have strong potential for economic growth or because they are critical in social development were: Macroeconomic issues, Agriculture, Tourism, Mining, Industry, Governance, Health and Education.

Papers with cross cutting themes were prepared also, and were incorporated into the PRSP. These papers included the following: HIV/AIDS, Gender, Water and Sanitation, Energy, Environment and Natural Resources and Roads.

WGs individually and jointly met over a period of five months instead of the envisaged two months, which was too short as members have other full time responsibilities.

On top of this, civil society members were encouraged to meet and produce written submissions on various themes as contribution to the development of a full PRSP. They have produced this document and the WGs in preparing a draft PRSP have taken it into consideration. Civil society members are also scheduled to make a formal reaction to the PRSP draft at the forthcoming PRSP Summit

Provincial Consultations

In order for PRSP to be more comprehensive, wider consultations were done at provincial level where 10 district representatives from local communities, local NGOs, civil society organisations and other local institutions made input into the proposed PRSP programs and activities. The provincial consultations were held in May 2001.

The provincial consultations were delayed because of the need by the PRSP Secretariat to make a detailed review of what consultations had been made previously by other people before going out. In addition, political developments in May delayed the process. Zambia goes to the polls later this year.

Line Ministry Participation

In order to strengthen ownership and to prevent duplication of activities aimed at reducing poverty, the PRSP process involved line Ministries. Where sound sectoral plans already existed, they became the foundation for the respective sector's strategy for poverty reduction in the PRSP. Line Ministries also provided chairpersons for the working groups to ensure that the PRSP process is anchored firmly in government. Ministries have been involved in budgeting and prioritising PRSP programs, as well as in the construction of the sector log frames including the verifiable indicators.

Poverty Analysis

Poverty analysis has been done using various data such as macroeconomic statistics and household surveys compiled over the past decade by the Central Statistical Office (CSO) and other organs like the academia and government ministries. Zambia has fairly good data on poverty. The PRSP has also made use of analysis done by others such as the extensive poverty participatory research and the research done in areas like education, health, HIV/AIDS, etc. In the case of HIV/AIDS, extensive use was made of information compiled and analysed by the recently established National AIDS council and UNAIDS.

Policy Framework

The overriding objectives of the Zambian PRSP is to revive on a sustainable basis growth in per capita GDP from its current level that is only about a third of the level at independence. Other objectives include strengthening and protecting human capital, improving governance and rehabilitating public infrastructure. Strategies devised in economic sectors like agriculture and tourism are specifically intended to boost income growth. HIV/AIDS is recognised as a serious challenge that could drastically reverse any positive economic and social development and, therefore, it has received strong attention also.

Monitoring

In May 2001, the PRSP Secretariat and the Central Statistical Office (CSO) held a seminar with other stakeholders on monitoring the PRSP. A consultant provided by the European Union has since arrived to build on work from that seminar and make

concrete proposals for a monitoring system. His preliminary impression is that the current PRSP indicators, as reflected in the PRSP chapter log frames, are too many and need to be consolidated into a manageable number.

The draft PRSP has proposals on institutional and stakeholder roles on monitoring and evaluation as well as on the role that the Ministry of Finance and Economic Development (MoFED) could play as the overall co-ordinating and monitoring institution. Within the MoFED, institutional arrangements for a monitoring unit have been approved together with other institutional changes to facilitate a planning function. These changes are awaiting implementation.

Costing of Programs

All the costings done to date are activity based, and line Ministries were involved in drawing them up. The usual problem of over budgeting was initially noted but through a series of meetings between managements of MoFED and line ministries, more realistic budgets were subsequently developed and sharper priorities were made. Although the costings are indicative and not very precise, it is desirable that independent people and institutions with the relevant sectoral experience scrutinise them for both accuracy and cost effectiveness. This process is already underway but some external technical support might be helpful.

PRSP and the Fiscal Budget

Upon completion, the PRSP will be integrated into the national budget comprising both national and donor resources. Further, line ministries have been informed that there is no separate or additional budget for PRSP only: everything must be eventually consolidated. Sector officers in the Budget Office of MoFED have therefore been familiarised with the PRSP activities so that they can scrutinise budget proposals from line ministries for consistency with their own PRSP proposed activities. This process will start with the 2002 budget.

The definition of size of the resource envelope and its translation into a medium term macroeconomic framework is not yet certain. It is expected to be finalised in November when discussions on the preparation of the 2002 budget will reach advanced levels. In the meantime, the resource constraint is tentative and final prioritisation of PRSP programs will be done after the November discussions.

The PRSP requires a Medium Term Financial Framework for good implementation. There is currently none in Zambia and work on this needs to be started, and technical assistance is required.

The National Summit

The draft PRSP paper will in mid - October be tabled before a National Summit where stakeholders will go through the proposed programs and activities. Along with Lusaka - based interest groups, the Summit will draw 10 participants from each province. The provincial participants will be drawn from different interest groups including traditional authorities, local government representatives, line ministry representatives, civil society members and other groups. This Summit is several

months delayed because of the cumulative effect of the other delays mentioned earlier.

Constraints of the PRSP Process

For an activity that is evolving for the first time in Zambia, the PRSP consultative process has required long time because of the need to carry along stakeholders and build ownership. This requires Senior Managers of government's time and it has sometimes conflicted with their other commitments. Specific examples include the recent hosting of OAU summit and the ongoing process leading up to the forthcoming national elections this year.

With the advantage of hindsight, it is also clear that the time that was initially budgeted to prepare the PRSP was too little when one considers that it was a learning process for everyone.

Requirements for Technical Assistance

Technical assistance is needed in the following areas:

1. Reviewing the proposed PRSP program costings for both consistence with the norm and cost effectiveness. It is hoped that sector experts within the Bank and Fund can help with this as part of their review of the document.
2. Establishing a Medium Term Financial Framework. This work need not hold the completion of the PRSP and it can start now or after PRSP's completion.
3. Establishing a monitoring system for the PRSP. Work has already started with EU technical assistance. Some aspects of this task may continue after the PRSP is completed.
4. Any other area that will be deemed necessary after the identification of specific areas of weaknesses in the first PRSP draft.

Completion of the PRSP

The immediate next step is to hold a PRSP Summit as explained earlier and this will be followed by revisions and other improvements to the document leading to a second draft. The time required for improvements will depend on the extent of comments that will be received during the Summit. Tentatively we expect to complete the revisions in mid-December (one and half months from the Summit). A smaller group of stakeholders will then approve it and after that it will be handed over to the Government to process it through the normal channels including approval by Cabinet. See attached annex

Annex

Revised Time Table For PRSP Completion

Period	Activity
April – July 2000	<ul style="list-style-type: none">• Preparation of the I-PRSP
April-May 2000	<ul style="list-style-type: none">• Planning of the PRSP Road map• Establishment of contacts – government and stakeholders
May – November 2000	<ul style="list-style-type: none">• Sensitisation seminars for government, stake holders and politicians
July-August 2000	<ul style="list-style-type: none">• Negotiating for and organising Working Groups
September 2000 – March 2001	<ul style="list-style-type: none">• Working Group Planning Meetings leading to WG zero drafts
May 2001	<ul style="list-style-type: none">• Provincial Consultations
June 2001 to August 2001	<ul style="list-style-type: none">• Consolidation and summarising of WG zero drafts.• Costing of proposed programs• Construction of log frames• Discussions on program prioritisation.
September 14 2001	<ul style="list-style-type: none">• Release of 1st PRSP draft
October 15-18 2001	<ul style="list-style-type: none">• National PRSP Summit
November 30 2001	<ul style="list-style-type: none">• Completion of 2nd PRSP draft
December 15 2001	<ul style="list-style-type: none">• Hand over of PRSP to Cabinet