

1. CAS Data	
Country: Republic of Zambia	
CAS Year: FY04	CAS Period: FY04 – FY07
CASCR Review Period: FY04 – FY07	Date of this review: May 14, 2008

2. Executive Summary

i. This CASCR Review examines the implementation of the results-based Country Assistance Strategy (CAS) for Zambia for FY04-FY07. The CAS supported the development objectives of the Government of Zambia's (GRZ) Poverty Reduction Strategy (PRSP) for FY02-FY04 and the Fifth National Development Plan (FNDP 2006-2010). These objectives were grouped around three pillars: (i) sustained economic growth anchored in a diversified export economy, (ii) improving the lives and protection of the vulnerable, and (iii) effectively and efficiently managed public sector. The IDA program aimed to support these objectives by providing AAA and base case lending between S\$280-320 million through 15 projects. Actual lending amounted to US\$255 million.

ii. This review rates the overall outcome of the implementation of FY04-07 CAS as *moderately unsatisfactory*.

iii. The first pillar had two components: macroeconomic stabilization and private sector development. The latter was supported by an IMF PRGF and IDA's Economic Management and Growth Credit (EMGC1) and Public Sector Capacity Building Project (PSCAP) aimed to reduce macroeconomic imbalances and improve financial sector performance. Progress was noticeable, in part due to higher world copper prices. However, the business environment remained weak and non-competitive. IDA contribution to this pillar is rated as *moderately unsatisfactory*.

iv. The second pillar aimed to address problems of past growth, which had left behind many poor and vulnerable. IDA's contribution is rated *moderately satisfactory*. There were improvements in education, prevention, care and mitigation of population vulnerable to HIV and assistance to people in drought-ridden areas. In education, IDA contributed towards increasing gross enrollment rates for grades 1-7 and completion rates for grade 7. IDA was less successful however, in improving the overall learning achievements. IDA assistance supported an increase in number of females receiving HIV tests and the percentage of pregnant HIV+ women receiving complete ARVs. IDA contributions also increased access to water marginally in the copper belt, access to safe water nationally, and increased crop production in drought prone areas.

v. The accomplishments of the third pillar which aimed to effectively and efficiently manage the public sector resulted in minimal progress due to the sheer difficulties of reform in the public sector and because of ambitious targets set for the pillar. Except for increased transparency in the budget process (through a medium term expenditure framework (MTEF) and activity-based budgeting (ABB), there is little evidence to conclude that sector's effectiveness and efficiency has improved over the CAS period since many indicators were not monitored. The results of IDA support in this pillar are rated as *moderately unsatisfactory*.

IEG concurs in general with the CASCR lessons. The Review reiterates: (i) the importance of a well thought out, well designed and clearly measurable monitoring and evaluation framework during the formulation of a results-based CAS; (ii) that future CASs need to be more realistic in their strategic objective and should be based on a careful review of past experience and political economy issues.

CASCR Reviewed by:	Peer Reviewed by:	Group Manager
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3. CASCR Summary

Overview of CAS Relevance:

1. *Context:* The FY04-FY07 CAS was relevant since it was prepared in the context of the first Zambia PRSP. The FY04-FY07 CAS adopted the main thrusts of the PRSP and the 2002 Transitional National development Plan (TNDP, the precursor to the FNDP) of the GRZ, and was consistent with Government priorities and plans. The overall lending targets and triggers were adequately defined. The low-case scenario in the CAS determined the lending levels, despite GRZ being eligible for the base-case on account of meeting Multilateral Debt Relief Initiative (MDRI) targets and the Highly Indebted Poor Countries' (HIPC) completion point. This was because a number of projects were cancelled due to changed GRZ priorities.

2. *Design and Objectives:* The CAS was also relevant because it addressed the issues of improving the lives of the poor and vulnerable as crucial long-term strategic objectives. The improvement was to be based on strong growth led by private sector development, and an export oriented economy. After 2003, with the threefold increase in the price of copper and strong growth in agriculture exports, economic growth had risen significantly compared to the past, but the challenge of including the poor and the vulnerable remained as daunting as before.

3. *IDA program:* The lending program was consistent with the CAS strategy of promoting strong output growth and supporting the poor and the vulnerable, including through agriculture development, education, health, particularly with respect to HIV/AIDS, and water. There was also some focus on rural areas.

4. Similarly, the non-lending program also was relevant for the overall strategy. Economic and sector work (ESW) focused on social protection and safety net strategies, poverty and vulnerability assistance, as well as public expenditure reviews on education and health. Also, IDA responded rapidly to provide advice on the use of the increasing resources in the mining sector, and articulated the lending program to respond GRZ's changing priorities.

5. *Realism and Risks:* Overall, although the CAS objectives were more selective than before and aligned with the country's PRSP, they lacked sufficient strategic focus. In the absence of a well developed framework for monitoring and evaluation at the beginning of the CAS, many indicators were revised. Additionally, in some cases, the objectives and design of assistance were complex and ambitious. Project implementation continued to be complex and risky, particularly in light of the country's weak implementation capacity and the political economy factors constraining the scope for strong reforms.

Overview of CAS Implementation:

6. *Lending:* A lending program of US\$255 million consistent with the low-case was delivered during the CAS period. This amount was below the amount for the base-case, even though, due to MDRI and debt relief, the country was eligible for base-case lending of US\$280-320 million. Over the CAS period, the Zambia portfolio declined as reflected by total net commitments from US\$605 million in FY04 to about US\$300 million in FY07.

7. The CAS had planned 15 projects, of which ten projects were delivered during the CAS period (not counting those that were under preparation). The Education Sector and Health Sector Support SWaps that had been planned, as well as the Global Development Learning Network were dropped, and the Malaria Health Booster SIL and a supplemental for the Road Rehabilitation and Maintenance project were added. These revisions are said to be consistent with changed GRZ priorities, but little is said about what led to changes in priorities in the first place—IEG has learned that floods and the onset of malaria were important factors.

8. *Quality and Effectiveness of Operations:* With respect to the quality of the portfolio, close to 50 percent of the portfolio was deemed projects at risk at the end of FY05, but this was reduced to 22 percent by FY07 and was better than the average for Sub-Saharan Africa. Ten projects with total net commitments over US\$400 million were closed during the CAS period and eight projects were extended. Some of these extensions went up to four years, as was the case with the Economic Recovery and Investment Promotion Technical Assistance (ERIPTA) and Basic Education Sub-Sector Investment Program (BESSIP). According to the ICRs, nine of the ten projects under implementation were deemed to be sustainable. The exception was the Power Rehabilitation project. However, institutional impact of the lending program was found to be modest, with only Zambia Railways Restructuring and the Road Investment Program (ROASIP) having had substantial impact.

9. At the beginning of the CAS period, the overall program was found to be wanting with poor project management, procurement, slow counterpart funding, weak enforcement of legal covenants and safeguard issues. QAG placed Zambia on a Portfolio Improvement Program for FY06. The IDA and GRZ took steps to improve portfolio performance with such measures as closer supervision, action plans for each project at risk and Country Program Review (CPR) at the end of December 2005. These measures paid off. Only one project was deemed a problem project at the end of January 2007. IEG ICR reviews found five out of the nine projects evaluated (53 percent of total commitments of all evaluated projects) to be satisfactory. Bank performance in three projects (37 percent of the total net commitments of projects evaluated) was found to be unsatisfactory. Eight projects were extended due to design and implementation issues.

10. In summary, the lending program was aligned to accommodate GRZ's changing priorities. It addressed strategic areas in the main and was working within a reduced IDA lending envelope given MDRI and Debt relief requirements. The lending program addressed some of the recommendations that the IEG had made on the earlier CASCR FY04-07: to strengthen project design and supervision efforts, use adjustment lending judiciously, and not to lend beyond a minimal program unless measurable and concrete reforms were undertaken. However, weak commitment by GRZ, slow disbursement of counterparts funds and poor project management resulted in a lower than projected outcomes. The portfolio improvement program was successful due to enhanced efforts by GRZ and IDA to address project implementation issues.

Non-Lending Services

11. *Analytical and Advisory Activities (AAA):* To support the policy dialogue, AAA associated with the low-case was delivered almost as planned. During FY04 one ESW (Energy Services Delivery Options) was dropped and three activities were added, to reflect changed priorities and increased overall resources due to MDRI, debt relief and the increase in export earnings.

12. The Public Expenditure Management and Financial Accountability Review (PEMFAR) was judged to have had the highest impact and provided a good example of working with other partners. A QAG review of AAA delivered during FY02 to FY05 rated it moderately unsatisfactory with respect to impact, participation and dissemination. The CEM was rated as satisfactory on account of participation, consultation and dissemination. Overall, QAG found the internal quality of ESW high. However, the QAG panel felt that there was no evidence of major change in GRZ policy on account of the CEM. The Diagnostic Trade Integration Study (DTIS) was ranked high on dissemination.

13. Some delays in ESW led to postponement of needed reforms in the health sector. AAA was associated with wide consultations such as in the case of the preparation of the CAS. Similarly, there was wider harmonization of activities and agreement reached on the division of labor among cooperating partners supporting Zambia's development efforts. The Joint Assistance Strategy for Zambia (JASZ) facilitated harmonization of cooperative partners' activities and the Bank became a background partner in education and social protection. The Bank co-led the country program in agriculture, private sector development, tourism, energy and macroeconomics.

Overview of Achievement by Objective:

Pillar I: Sustained Economic Growth Anchored in a Diversified and Export Oriented Economy.

14. This pillar supported improved management of public resources and an enabling environment for private sector growth. The export oriented growth aspect of this strategic objective implied that the economy had to become more competitive with respect to the policy environment, infrastructure and institutional support. The challenge for the CAS was to help GRZ effectively utilize the resource increase to address the remaining constraints, namely poor administration, inadequate infrastructure services, and inefficient allocation to service delivery. All of these were necessary to reduce poverty, particularly in the rural areas, and to address the labor market problems associated with poor training. Overall, outcomes were *moderately unsatisfactory* when measured by indicators stated in the CAS:

Summary of Results vs. Original CAS Objectives:

Sustained Economic Growth Anchored in a Diversified and Export Oriented Economy.

Key Country Development Goals and Related Indicators	Key CAS Outcomes that the Bank Expects to Influence through its Interventions	Bank Group Interventions to Facilitate Attainment of Key CAS Outcomes
A growth conducive macro environment: 1) Stable NPV attained and is at 16; 2) Domestic borrowing was stabilized; 3) Inflation rates were reduced to the target single digits (8.9%) from 19%; 4) Real interest rates were reduced but not to the single-digit target; 5) Real exchange was largely stabilized;	Improved management of public resources: 1) Domestic Borrowing reduced from 3% to 1.3% meeting its target; 2) Reduced Government arrears from 2% to 1.7% in 2007, missing the 1% target; 3.) The resolution of SOEs was only partially accomplished. ZANACO (the state-owned commercial bank) was privatized eventually. No evidence that FSAP recommendations were implemented; 4) Activity-based budgeting introduced and some progress on credible and predictable budgets	Ongoing Lending PSAC; New Lending Economic Management & Growth Credit Non-lending PEMFAR, Country Economic Memorandum; Debt & Cash Management
Sustainable, diversified and export-oriented economy that responds to market demands by: Growth: 1) Surge in world copper prices increased copper production; contributed to economic success in Zambia. 2) Non-traditional exports grew by 40% between 2005 and 2007; 3) Rural poverty declined by 5% between 1998 and 2004 and urban by 3% but high poverty rates eroded economic growth. Exports: 1) no information on	Reduced administrative barriers to exports, investment and production: 1) Pay refunds for duty drawbacks were not monitored; 2) Exporters informed of AGOA and EBA were not monitored 3) The perception of foreign and domestic investors of the investment climate did not improve, business environment in Zambia rated towards the bottom of the scale.	Ongoing Lending Railways restructuring SIL; Power Rehabilitation SIL; ERIPTA; Mine Township Services SIL. Lending Economic Management & Growth Credit SEED Road Rehabilitation and Maintenance Project (RRMP) Southern African Power Pool Agricultural Support Program

<p>whether growth in exports outpace GDP; Investment:-1) no information on increase private investment in non-traditional sectors; 2) no information on Increase in FDI; 3) No information on people employed in productive sectors; Power: 1) Ensure that tariffs for utilities are not an obstacle for private sector competitiveness- Not reported</p>	<p>Financial management and sustainability of infrastructure services is improved with an increase in private investment for services: 1) Percentage of paved roads in good condition increased from 58% to 65%; unpaved roads in good condition increased from 24% to 32%. The targets set in the CAS were achieved; 2) Routine maintenance with local participation increased from 19.5% to 33% but fell short of CAS target; 3) Commercialization of ZESCO achieved but no evidence that regulatory functions in energy and telecom were separated and Government adopted a telecom strategy 4) Industrial surveys indicate satisfaction with TEVET graduates; 5) 70% of the graduates found employment within 6 months; 6) No information on increase in graduates from socially disadvantage and poor and female; 7) Pollution flows from rehabilitated project sites were not reduced; 8) Mining companies not monitored for non-compliance because of poor capacity;</p>	<p>Non-lending Investment Climate Assessment Country Economic Memorandum Competition and Policy Review Trade Policy Review DTIS Review Maize Market Policy</p>
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A. Improved Management of Public Resources: The country moved toward the goals identified in the CAS but IDA's contribution was not that significant. The goals shared with the IMF's PRGF of reducing the domestic borrowing requirement of the public sector (DBR) was met for the most part. Albeit only marginal progress was made in reducing the stock or arrears. Also, the credibility and predictability of budget outcomes increased, and the management of public resources improved. Domestic policy efforts led to a fall in inflation, interest rates and the fiscal deficit, in line with the stabilization program. However progress was in part due to exogenous developments, such as the improvement in terms of trade and increased demand for agricultural exports. Some of the components were not accomplished because longer time was required for administrative reforms to bear fruit. GRZ and IDA also lacked a strong commitment to monitor progress. The CAS included indicators that were complex and difficult to monitor, as well as unrealistic assumptions with respect to the time needed to accomplish reforms. There were also philosophical differences with respect privatization of the some state enterprises, including ZANACO.

B. Enabling Environment for Private Sector led Growth: This objective was expected to be

the supply of technical, vocational education and entrepreneurs, and compliance with environmental regulations. IDA support for training and improved management of infrastructure was more successful than for the other components. However, IDA support could not effectively contribute to long-term reforms to improve competitiveness. During FY06 and FY07, the Doing Business Indicators and an Investment Climate Assessment (ICA) were used to highlight the need for Zambia to be more competitive. Zambia was ranked 117th out of 128 countries included in the Global Competitiveness Index. The 2008 Doing Business Study found that the business environment in Zambia had deteriorated since 2007, particularly in regard to the time taken to register a private enterprise. In transport, the targets for access to road networks, both paved and unpaved, were partially met. While no specific targets were set in the CAS for railways, the Zambia Railways Restructuring project had goals ranging from increased efficiency, overhaul of locomotives, repair of wagons and part of the track re-laid. Some of these goals, such as increased efficiency, overhaul of locomotives and repair of wagons were met with private sector participation as a concessionaire in the railway sector. In power, all three stages of the commercialization roadmap of ZESCO were completed, meeting the agreed milestones. However, the recent power crisis suggests that the strategy needs to be rethought. The targets for Technical Education Vocational and Entrepreneurial Training (TEVET) were mostly met except for the targets for the poor and socially disadvantaged groups. No data is available for female trainees. With respect to the mining sector and environmental regulations, the original indicator was substituted with an indicator to measure non-compliance with environmental regulations. However, the indicator was not monitored. There has been a major spillage of effluent into the Kafue River in 2007, undermining public confidence in environmental controls.

Pillar II: Improving Lives and Protecting the vulnerable

15. This pillar supported: (i) improvements in health and long-term survival of vulnerable groups; (ii) reversal of the spread of HIV; (iii) improvements in job skills through education; and (iv) improvements in living conditions in drought prone areas. These objectives were predicated on buttressing the efficiency of financial and human resources, improving the quality of the primary education system, fostering changes in behavioral patterns, and developing critical infrastructure.

Summary of Results vs. Original CAS Objectives: Improving Lives and Protecting the Vulnerable

Key Country Development Goals and Related Indicators	Key CAS Outcomes that the Bank Expects to Influence through its Interventions	Bank Group Interventions to Facilitate Attainment of Key CAS Outcomes
<p>Better health and long-term survival with focus on vulnerable groups: Infant mortality declined from 123 to 110 deaths/1000 births between 2001/2002. Under 5 mortality is reduced from 123/1000 births to 110 in 2001/2002. No recent information for changes in the CAS period has been provided. Maternal mortality is reported "high" and Zambia is off-track to the meet the MDG. Information on nutrition for pregnant women was not reported.</p>	<p>Efficient use of financial and human resources in the health sector- 1) no evidence provided on differences in urban/rural remuneration; 2) Recommendation of delayed PER incorporated but no evidence that allocation of financial resources have improved. Reliable and Sustainable Water Provision 1) increased to 13.5 hours/day falling slight short of the CAS target; 2) Information on volume of safe water not reported; 3) Cost recovery and sustainability improved to 90%</p>	<p>Ongoing Lending Mining and Township Project, Lending Water Sector Reform Project Malaria Health Booster Project Non lending Health Sector PER</p>

	of project O&M expenditure, exceeding CAS target.	
<p>Reverse the spread of HIV- HIV prevalence was 16% in 2002. Male and female rates not reported; No information on % of infants born to infected mothers.</p>	<p>Vulnerable groups targeted by the Bank: 1) The percentage of females requesting testing increased to 9.2% for males it decreased to 7.2% in 2005 missing CAS target; 2) Condom use increased to 37.5% for males and to 29% for females over the same period and fell short of the target;</p> <p>Vulnerable populations impacted by HIV use prevention, care and mitigation services: 1) Pregnant women receiving ARV increased to 70% from 30% by 2005; 2) no information was provided on the ratio of orphans and non-orphans in school.</p>	<p>Ongoing lending ZANARA, ZAMSIF</p> <p>New lending HIV/AIDS Corridor</p> <p>Non lending Strategic Gender Assessment; Social Safety Nets Note; Poverty and Vulnerability Assessment; Health Sector PER</p>
<p>Better educated populace with relevant job skills: Grade 7 completion rate was 85% in 2006. Other targets such as adult literacy, gender parity in high schools and learning environment were not reported.</p>	<p>The quality of primary education: 1) The CAS target of improving Grade 7 completion rate was accomplished ahead of time; 2) Grade 1 admissions surpassed the set target; 3) Learning achievements were not reported in the CASCR.</p>	<p>Ongoing Lending ZAMSIF, BESSIP</p> <p>Non lending Education PER Education CSR</p>
<p>Improved living conditions in drought prone areas through: The country outcomes on access to services and morbidity were not reported. Mortality has been declining and poverty although declined since 2004 is still very high.</p>	<p>Poor households and communities in areas vulnerable to frequent droughts benefit from risk mechanism: 1) Food production increased by 23% but did not meet the CAS target; 2) The number of households supported by relief declined and met 96% of the target; 3) 64% of the targeted farmers received input packs for sustainable farming. 4) No information available on children in feeding programs</p>	<p>Ongoing Lending Emergency Drought Recovery Project</p> <p>New Lending Agricultural Development Program</p>

16. The key outcomes supported by IDA in this pillar were:

- A. Efficient use of financial and human resources for the Health Sector:** IDA supported this component through a US\$12 million loan for the multi-sectoral AIDS program (ZANARA). Another health sector project that was planned for FY06 but was dropped. In terms of AAA, IDA supported this subcomponent through an ESW on human resources in the health sector in FY04. The overall outcomes that were achieved with this pillar were limited. There was no information on whether urban and rural remuneration targets had been reduced. The Health Sector PER was delivered a year late in FY07. Although the recommendations were implemented by the Government in the FY08 action plan, it is too recent to assess whether financial and human resource allocation has improved.
- B. Reliable and sustainable provision of water in districts that the Bank supports:** IDA supported access to water through an ongoing project Mining Township Services project (MTSP) and a new Water Sector Performance project that was delayed by a year to FY07. Outcomes in this area were partially accomplished. The overall reliability of water access increased to 17 hours/day from 13.5 hours/day but fell short of the CAS target of 20 hours/day. No information was provided on access to safe water. The data provided showed negligible improvements in water access between 1994 and 2004. Cost effectiveness and operational efficiency of water increased to 90 percent of operation and maintenance costs, reducing water loss to 26 percent. The decision to use a private operator improved efficiency and cost effectiveness.
- C. Support for Vulnerable Groups:** IDA support for vulnerable groups with risky behavior was through ongoing projects ZANARA, Zambian Social Action Fund (ZAMSIF) and Basic Education Sub-Sector Investment Program (BESSIP) and a new regional project the HIV corridor. ESW in the areas of social safety nets, poverty and vulnerability assessment (PVA), health sector PER and gender assessment were planned and delivered. The target outcomes for this subcomponent were partially achieved. There was progress in the area of condom use, where the outcomes were close to the targets. The percentage of women who received anti-retroviral therapy increased significantly from 30 percent of women to 70 percent of women. However, the percentage of men between ages 15-40 who received HIV tests decreased, and the set target for gender ratios of orphaned and non-orphaned children in school proved to be too complex. School health programs integrated HIV into health and nutrition interventions. Through ZANARA and ZAMSIF, IDA contributed training counselors and peer educators. The CASCR reports that this has enabled the GRZ to institutionalize routine HIV testing for all women attending antenatal clinics. However, IEG's ICR review on BESSIP reports that school health programs were not widely implemented.
- D. Improved quality of primary education:** IDA's support for education was provided through BESSIP. The planned education SWAp was dropped. Grade 7 completion rate exceeded the target of 85 percent in 2006 from 64 percent in 2001. Gross enrollment for grades 1-7 increased from 95 percent to 123 percent, representing a 10 percent annual growth. Enhancement to quality of education was not systematically monitored. IEG's rating of BESSIP for overall Bank performance and outcome rating was moderately unsatisfactory, but the project met the objective of increasing grade 1-7 enrollment rates. The BESSIP component dedicated to improving the learning environment was rated negligible, because of the short availability of books and the failure to complete curriculum revisions.
- E. Households in drought-prone areas have a risk mitigation mechanism:** The ongoing Emergency Drought Recovery Project (ERDP) and an Agricultural Support Project approved in FY06 were the main lending interventions to support of drought-prone areas with risk mechanisms. Non lending support was through the social safety net study, maize market policy study, small holder agricultural study, PVA, gender assessment and health sector study. The

overall outcomes of this subcomponent were partially accomplished. Food production in GRZ rose significantly - by 23 percent. However, the targets set forth by the CAS for 2005 were not met. The indicator on children receiving benefits from feeding programs was not monitored. The number of households receiving food relief rations increased and reached 96 percent of its target. IEG assessed that, even though 64 percent of the small-scale farmers received input packs and the overall outcome of ERDP was satisfactory, many farmers were not resorted to self-sufficiency.

17. Given the achievement of most objectives in education, HIV prevention and care, water access and quality and support in drought stricken areas, IEG rates this pillar as *moderately satisfactory*.

Pillar III. Effectively and Efficiently Managed Public Sector

18. IDA assistance for an effective and efficient public sector in GRZ sought to increase accountability and transparency of the budget process, and improve the productivity and efficiency of the civil service. It was to be delivered through support for: (i) an open, transparent and realistic budget process with lower levels for financial waste; and, (ii) an environment that improved the performance of the civil service.

Summary of Results vs. Original CAS Objectives: Efficiently and Effectively Management Public Sector

Key Country Development Goals and Related Indicators	Key CAS Outcomes that the Bank Expects to Influence through its Interventions	Bank Group Interventions to Facilitate Attainment of Key CAS Outcomes
<p>Increased accountability and transparency of Government: 1) Perceptions of changes in corruption were not reported in the CASCR; 2) Perceptions of participation, democracy and decision-making improved were not reported in the CASCR</p> <p>A productive and efficient public service: 1) achievement of annual performance targets at sector level were not reported</p>	<p>Government executes an open transparent and realistic budgeting process with lower levels of financial waste: 1) The variation between planned budget and actual expenditure was 19%, missing the 10% target; 2) An activity-based budget was approved and the MTEF and the IFMIS were started, albeit with delay; 3) Public procurement legislation was not enacted; 4) No report on whether expenditures within appropriations are validated through audited reports; 5) Share of budget resources allocated to service delivery measured through social expenditure greater than 38%--no information available .</p> <p>The environment in place for improved performance by the civil service is strengthened: 1) 70% of the target on consolidation of allowances into</p>	<p>Ongoing lending PSCAP, HIPC</p> <p>New lending Public Sector Management SWAp</p> <p>Non lending Governance Survey, PEMFAR (PER CPAR, CFAA), Administrative Barriers Study HIPC Completion Point, Debt & Cash Management, Competition Policy and Regulation Review, Zambia ROSC Study ongoing SOE Assessment Accounting & Auditing ROSC ongoing</p>

	base salary in 2004--no progress since then; 2) The composition of staff shifts towards service delivery functions was not quantified. 3) Performance pay management not accomplished due to lack of resources.	
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19. The reported outcomes supported by IDA to be achieved by the end of the CAS period were:

- A. The Government executes an open, transparent and timely and realistic budgeting process with lower levels of financial waste:** IDA supported this objective through two ongoing projects - Public Sector Capacity Building Project (PSCAP) and the Economic Management and Growth Credit, as well as a Public Sector/Services Management SWAp approved in FY06. ESW in the areas of debt management, governance, administrative barriers, public expenditure, procurement and financial accountability were completed and delivered. The main achievements of this pillar were- the approval of an activity-based budget (ABB) and, the MTEF in its third year. These were both however progress indicators in the CAS. There was little progress on all the other identified outcomes. The difference between planned and actual expenditure was 19 percent, exceeding the target of 10 percent. The planned Integrated Financial Management Information System (IFMIS) for budget execution was not introduced, but existing financial management systems were upgraded. A more transparent public procurement system was not achieved during the CAS period - the procurement legislation was not enacted. There is no evidence of progress on the other indicators of this sub-component - whether expenditures have stayed within appropriations, whether supplemental appropriations have been approved by parliament and whether greater share of the budget has been allocated to service delivery. PSCAP's outcomes were rated moderately satisfactory by IEG. The PSCAP supported the introduction of the MTEF in association with ABB. However, delayed implementation followed unrealistic design and other delays. The Economic Management and Growth credit had a subcomponent dedicated to improving the public sector. IEG's review of the Economic Management and Growth Credit ICR notes that it did not provide sufficient evidence of meaningful, concrete evidence of improvements in public sector management.
- B. The environment in place for improved performance by the civil service is strengthened:** There was minimal progress in this component. Allowances were not consolidated into base salary after the baseline in 2004, due to lack of adequate resources. There was no information provided on the percentage of staff eligible for performance pay. With regards to the shift of staff towards service delivery functions, the outcomes have not been quantified and the CASCR reports that the results are poor. In support of consolidation of base salary for civil service and performance pay for management, IDA approved a Public Sector Management SWAp in FY06—it became operational only in the last year.

20. IEG notes the progress in budgeting embedded in the adoption of the ABB and the MTEF, as well as the scanty information on the other outcome indicators. On this basis, IEG rates the outcomes for this pillar as *Moderately Unsatisfactory*.

Achievement of CAS Objectives			
Objectives	CASCR Rating	IEG Rating	Explanation / Comments
Pillar I: Sustained Economic Growth anchored in a diversified Export Oriented Economy	Moderately Satisfactory	Moderately Unsatisfactory	There was mixed progress in the management of public resources, as annual domestic borrowing was met but not so the reduction in arrears. The increases in exports and output helped foster greater macroeconomic stability. IDA support for private sector development was not adequately monitored to establish improvements in competitiveness. There was improvement in transportation networks and in training technical staff and entrepreneurs. ESW in support was of good quality but had limited influence on GRZ policy.
Pillar II: Improving Lives and Protecting the Vulnerable	Moderately Satisfactory	Moderately Satisfactory	Progress in protecting the vulnerable with respect to HIV/AIDS prevention. Primary education enrollment increased, but there is little evidence of changes in learning achievements. There was also progress in drought risk mitigation.
Pillar III: Effectively and Efficiently Managed Public Sector.	Moderately Unsatisfactory	Moderately Unsatisfactory	While the ABB was introduced and MTEF adopted, there is little evidence of other improvements.

Comments on Bank Performance

21. The AAA activities undertaken during the CAS were appropriate and of high internal quality. IDA prepared relevant notes and short-term studies that helped the CAS carry out its strategy. Highlights of the AAA activity are the CEM, Administrative Barriers study, notes and reports such as the social safety nets, study of tourism, SOEs and the education PER to respond to support objectives and changing economic circumstances. IDA also consulted with stakeholders and developed a division of labor among the donors as evidenced in the JASZ.

22. The average cost of supervision during the CAS period was US\$108,250 per project, above the Africa average of US\$98,000. The average cost of preparation was US\$520,000, substantially higher than the regional average of about US\$308,000. At one point, 50 percent of IDA's portfolio was considered to be problem projects. Intensive attention to these projects ensured that only one project continued to be at risk by FY07, which is now in an advanced state of restructuring. This was the result of close supervision of projects at risk. The high cost of supervision also suggests that the operations being prepared could be excessively complex and taking too long to prepare.

23. The IDA program should have been more selective, especially given the experience with the earlier CAS. IEG's review of the corresponding CASCR at the time rated the overall outcome as moderately unsatisfactory, reflecting the diffused nature of the strategy, the faulty design and the poor outcomes. There was no clear break with the past as intended by the FY04-FY07 CAS. Despite the fact that the CAS was a results-based one, IDA did not pay adequate attention to monitoring and evaluation, to the development of meaningful and tractable indicators, and to informing itself and other stakeholders about progress under the CAS. The indicators were too numerous to monitor, capture progress in key goals adequately and report progress in a timely manner.

24. The quality of supervision was moderately satisfactory as evidenced by the evaluations done by QAG and IEG's ICR. GRZ contributed to weak outcomes with its low commitment to reform, and poor project management.

4. Overall IEG Assessment

Outcome:	<i>Moderately Unsatisfactory</i>
Bank Performance:	<i>Moderately Satisfactory</i>

25. Overall, the outcomes of IDA support and performance are rated as moderately unsatisfactory. The positive achievements in the first pillar were due in part to exogenous factors, such as the strong performance of copper prices in world markets. However, fast growth did not translate into marked poverty reduction in the rural areas, and better support for the vulnerable and at risk. Long-term sustainability of growth will require greater attention to Zambia's competitiveness. There were however some favorable outcomes in the second pillar. IDA performance is considered to be moderately satisfactory given the improvement in portfolio performance, which was partially offset by its poor monitoring and evaluation of this results based CAS.

5. Assessment of CAS Completion Report

26. The CASCR candidly highlights the coverage of CAS objectives, its scope, and results. It identifies each of the components of CAS objectives and reports on the state of progress. But the extent of detailed reporting is limited, since many of the indicators have not been monitored. Moreover, there is very little elaboration on how IDA's program may have contributed to the country outcomes. In addition, the coverage of implementation is somewhat limited, given that results have not been recorded in many of the projects.

27. The most significant drawback of the CASCR is in the area of performance indicators. The CAS included many indicators that could not be easily monitored, or, if monitored, could not provide meaningful measurement of expected outcomes. The CASCR could have emphasized the difficulties with the indicators more. There is little in the way of attribution or contribution of CAS related IDA interventions to country outcomes reported in the CASCR.

28. IEG agrees with the lessons to a large extent given that they speak to very generic themes such as alignment with strategic objectives, strengthened focus on areas where there is strong GRZ commitment and on few monitorable measures, ensuring effective choice of instruments, need to simplify project design, make AAA activities more effective, use partnerships to leverage resources, and position the IDA in roles to reinforce the ability to deliver on CAS objectives. However, there could have been more Zambia-specific lessons that speak to special circumstances of the CAS implementation period, the results and outcomes with reference to changed circumstances of the resource increase, and the political economy of the use of new resources by identifying the gainers and losers from reforms.

6. Findings and Lessons

29. Aside from the lessons drawn in the CASCR, IEG sees two additional ones.

30. For IEG, the main finding of CASCR review is that results based CASs need to be based on indicators that exist, can be used for monitoring, and, more importantly, are effectively monitored by IDA. In the case of Zambia's results based CAS, greater involvement of the main stakeholders and partners, as well as the sector specialists, may have yielded a set of indicators that was meaningful, doable and monitored.

31. Another lesson is the CAS should take stock of past experience when setting the objectives and set these at realistic levels. For instance, the objectives related to the effectiveness and efficiency of public service seem optimistic compared to the experience. GRZ did not put in the necessary resources to improve incentives for public servants due to budget limitations. Perhaps a better understanding of the political economy of decision making within the GRZ would have helped, especially in the context of a country that was undertaking a fiscal adjustment, while experiencing a resource boom, aimed at reducing its debt through MDRI and debt relief.

Annex Table 1: Actual vs. Planned Lending

Annex Table 2: Analytical and Advisory Work: actual vs planned

Annex Table 3: IEG Project Ratings

Annex Table 4: Portfolio Status Indicators by Year

Annex Table 5: IBRD / IDA Net Disbursements and Charges

Annex Table 6: Net Aid Flows (net or gross, ODA or ODA+OOD, as relevant)

Annex Table 7: Economic and Social Indicators

Annex Table 8: Millennium Development Goals

Annex Table 9: Zambia Summary of Achievement of CAS Objectives

Annex Table 1: Actual vs. Planned Lending (Low/ Base/High Case)

Planned Fiscal Year	Project Name	Low/Base/High Case	Proposed Amt	Actual Fiscal Year	Approved Amount	Notes
FY04	Road Rehabilitation and Maintenance Project (RRMP)	Low	50	FY04	50	
	Southern African Powel Pool*	Low	3	FY04	1.1	
FY05						Economic Management and Growth Credit
	Adjustment Credit	Base	40	FY05	40	
	Economic Expansion and Diversification (SEED)	Low	24	FY05	28.2	
	GDLN	Base	5	dropped		
	Pub Service/Sector Mgmt Program (SWAp)	Low	25	FY06	30	
FY06	Agriculture Support Program	Low	30	FY06	37.2	
	Water Sector Reform Project	Low	30	FY07	23	
	Increased Access Electricity	Base	20	Delayed to FY08		
	Education SWAp	Base	25	dropped	0	
	PRSC (Education, Health)	High	40			
	Unplanned Projects					
	Malaria Health Booster SIL (FY06)			FY06	20.0	
FY07	Financial Sector Reform Credit	High	20		0	
	Health Sector Support Program (SWAp)	Low	10	dropped Moved to Regional Department	0	
	HIV/AIDS Corridor**	Low	3			
	Support to Decentralization	High	20		0	
	Unplanned Projects					
	RRPM Additional Financing			FY07	25	
TOTAL			345 (285)***		254.5	

* This is a Regional Project with Zambia being one of the countries. The actual lending number is taken from the CASC Review, unable to verify from BW

** Unable to verify how much was committed from BW

*** \$285 million was the total of the planned low and base case IDA lending

Source:

BW Table 2a.1 and 2a.7 as of December 05, 2007, Image bank

Annex Table 2: Actual and Planned Analytical and Advisory Work

		Status
	Status as of April 2007	Delivered to Client
<u>FY04</u>		
Investment Assessment climate	Completed FY04	03/31/2004
CEM	Completed FY04	05/21/2004
Country Gender Assessment	Completed FY04	06/29/2004
Strategic Country Gender Assessment	Completed FY04	
Governance Survey	Completed FY04	
PEMFAR (PER CPAR, CFAA)	Completed FY04	
Social Safety Nets and Protection Strategy Note	Completed FY04	
Administrative Barriers Study	Completed FY04	
Energy Service Delivery Options	Dropped	
	Education CSR completed FY04	11/26/2003
	Trade Policy Review Completed FY04	07/07/2003
<u>FY05</u>		
Poverty & Vulnerability Assessment	Completed FY05	06/29/2005
DTIS Study	Completed FY05	06/20/2005
HIPC Completion	Completed FY05	
Debt & Cash Management	Completed FY05	
Post Privatization Copper Strategy	Replaced by Copper Sector Review (FY08)	10/10/2008
<u>FY06</u>		
Education Sector PER	Completed FY06	03/29/2006
Smallholder Agriculture Study	Completed FY06	06/28/2006
<u>FY07</u>		
Health Sector PER	Completed FY07	06/22/2007
Competition Policy and Reg Review	Ongoing	
	Nature Tourism Study completed FY07	09/13/2007
	Zambia ROSC Study ongoing	06/08/2007
	Maize Market Policy completed FY07	06/29/2007
	SOE Assessment	04/11/2007
	Accounting & Auditing ROSC ongoing	06/27/2007

Source: BW Table 1.4 as of December 11, 2007, Imagebank

Annex Table 3: IEG Project Rating for Zambia FY04-07

Proj ID		Approval FY	Exit FY	IEG Outcome	IEG Sustainability	IEG ID Impact
P003253	Environmental Support Program	1997	2004	Unsatisfactory	Unlikely	Modest
P003227	ZM-Railways Restructing SIL (FY01)	2001	2005	Satisfactory	Non-Evaluable	Substantial
P003236	ROAD SEC. INVESTMENT PROG. SUPPORT PROJ.	1998	2005	Satisfactory	Likely	Substantial
P050400	ZM-PSCAP (FY00)	2000	2005	Moderately Satisfactory	Likely	Modest
P080612	ZM-Emergency Drought Recovery ERL (FY03)	2003	2005	Satisfactory	Likely	Modest
P003249	ZM-Basic Education APL (FY99)	1999	2006	Moderately Unsatisfactory	#	#
P035076	ZM-Power Rehab SIL (FY98)	1998	2006	Unsatisfactory	Unlikely	Negligible
P040631	ZM-Econ Mgmt & Growth Credit (FY05)	2005	2006	Unsatisfactory	Likely	Modest
P040642	ZM-ERIPTA (FY96)	1996	2006	Moderately Unsatisfactory	Likely	Modest
P064064	ZM-Mine Township Srvc SIL (FY00)	2000	2006	Satisfactory	Non-Evaluable	Modest

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	Inst Dev Impact % Subst (\$)	Inst Dev Impact % Subst (No)	Sustainability % Likely (\$)	Sustainability % Likely (No)
Zambia	416.73	10	52.4	50.0	25.3	22.2	74.0	71.4
AFR	10281.58	228	73.4	68.9	56.9	49.7	74.2	69.1
Bank Wide	61843.07	1009	87.4	80.0	64.9	56.2	89.0	81.3

Source: WB Business Warehouse 4a.5 as of March 10, 2008

Annex Table 4: Portfolio Status Indicators 2003-2008

Fiscal Year	2003	2004	2005	2006	2007
Zambia					
# Proj	14.0	14.0	12.0	9.0	9.0
# Prob Proj	2.0	1.0	4.0	1.0	2.0
# Proj At Risk	2.0	1.0	6.0	1.0	2.0
% At Risk	14.3	7.1	50.0	11.1	22.2
Comm At Risk	27.8	25.0	255.9	28.2	51.2
% Commit at Risk	4.9	4.1	51.4	9.8	16.0
Angola					
# Proj	3.0	3.0	5.0	5.0	6.0
# Prob Proj	-	-	-	1.0	-
# Proj At Risk	1.0	1.0	2.0	3.0	1.0
% At Risk	33.3	33.3	40.0	60.0	16.7
Comm At Risk	33.0	33.0	49.6	122.3	50.7
% Commit at Risk	40.0	31.5	28.1	69.4	18.2
Haiti					
# Proj	-	-	3.0	5.0	10.0
# Prob Proj	-	-	-	-	2.0
# Proj At Risk	-	-	1.0	1.0	3.0
% At Risk	-	-	33.3	20.0	30.0
Comm At Risk	-	-	12.0	12.0	20.0
% Commit at Risk	-	-	16.0	17.1	14.5
Mali					
# Proj	10.0	11.0	10.0	12.0	13.0
# Prob Proj	1.0	2.0	3.0	2.0	-
# Proj At Risk	1.0	3.0	4.0	2.0	-
% At Risk	10.0	27.3	40.0	16.7	-
Comm At Risk	21.0	163.5	112.2	42.5	-
% Commit at Risk	4.1	31.3	26.0	7.9	-
Malawi					
# Proj	11.0	11.0	12.0	10.0	11.0
# Prob Proj	1.0	-	3.0	3.0	-
# Proj At Risk	1.0	1.0	4.0	3.0	1.0
% At Risk	9.1	9.1	33.3	30.0	9.1
Comm At Risk	15.0	48.2	132.6	82.9	60.0
% Commit at Risk	3.6	13.0	35.9	26.2	16.1
Mozambique					
# Proj	16.0	16.0	17.0	18.0	15.0
# Prob Proj	1.0	1.0	3.0	3.0	3.0
# Proj At Risk	2.0	1.0	5.0	3.0	3.0
% At Risk	12.5	6.3	29.4	16.7	20.0
Comm At Risk	80.6	55.0	161.8	100.9	85.9
% Commit at Risk	8.7	6.8	17.6	11.6	11.5
AFR					
# Proj	343.0	334.0	334.0	351.0	364.0
# Prob Proj	46.0	50.0	70.0	55.0	46.0
# Proj At Risk	65.0	76.0	97.0	77.0	77.0
% At Risk	19.0	22.8	29.0	21.9	21.2
Comm At Risk	2,937.3	3,174.5	4,300.9	3,241.0	3,881.6
% Commit at Risk	18.6	19.4	26.3	17.7	18.7

Source: Business Warehouse Table 3a.4 as of November 25, 2007

Annex Table 5: IBRD/IDA Net Disbursement and Charges Summary Report for Zambia

YEAR	Disb. Amt.	Repay. Amt.	Net Amt.	Charges	Fees	Net Transfer
2001	159,499,650	10,685,878	148,813,772	14,193,252	-	134,620,520
2002	187,384,191	20,427,711	166,956,480	16,451,579	-	150,504,901
2003	69,948,529	19,470,921	50,477,608	16,190,877	-	34,286,731
2004	112,906,435	30,640,109	82,266,326	18,375,602	573,111	63,317,613
2005	141,251,806	26,944,243	114,307,563	18,844,587	833,241	94,629,735
2006	84,139,448	33,559,143	50,580,305	18,565,968	521,569	31,492,768
2007	4,319,095	-	4,319,095	-	-	4,319,095
TOTAL	759,449,154	141,728,006	617,721,148	102,621,864	1,927,921	513,171,363

Source: WB Loan Kiosk Net Disbursement and Charges Report as of November 29, 2007

Annex Table 6: Total Net Disbursements of Official Development Assistance and Official Aid Calendar Year 2000-2006

Donor	2000	2001	2002	2003	2004	2005	2006	Total
Australia	0.9	0.7	0.6	1.1	0.8	0.3	0.5	4.9
Austria	0.3	0.4	0.4	2.5	0.3	0.2	8.4	12.5
Belgium	7.8	2.7	2.7	3.3	3.4	3.4	4.2	27.4
Canada	8.4	8.9	12.2	17.5	25.0	49.7	10.6	132.4
Czech Republic	0.1	0.2	0.1	0.4	0.1	0.4	0.9	2.1
Denmark	23.1	22.6	32.2	30.2	45.1	48.4	48.7	250.3
Finland	3.4	4.0	5.3	4.7	6.1	8.8	8.5	40.8
France	13.0	7.7	10.1	2.1	103.8	15.8	63.7	216.2
Germany	112.2	13.8	44.2	233.2	36.2	118.2	287.5	845.3
Greece	-	0.0	-	-	0.1	0.1	0.2	0.4
Ireland	7.8	11.9	20.5	20.5	25.4	27.6	31.1	144.8
Italy	24.0	0.4	1.0	27.5	1.7	0.2	51.7	106.5
Japan	31.9	47.0	68.4	28.3	14.3	131.9	31.5	353.4
Korea	0.0	0.1	0.1	0.1	0.0	0.1	0.2	0.6
Luxembourg	-	-	0.3	-	-	-	0.0	0.3
Netherlands	51.2	29.6	35.5	35.0	53.6	55.9	55.7	316.5
New Zealand	0.3	0.1	0.3	0.3	0.6	0.7	0.7	2.8
Norway	24.8	20.8	29.1	35.6	37.4	49.0	66.2	262.8
Poland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Slovak Republic	-	-	-	0.0	-	-	-	0.0
Spain	0.1	0.1	-	-	0.9	0.2	0.4	1.7
Sweden	19.1	17.5	19.4	20.0	26.2	34.2	48.3	184.7
Switzerland	0.4	1.1	1.1	0.7	0.6	1.3	0.6	5.9
Thailand	-	-	-	-	-	-	0.0	0.0
Turkey	-	-	-	-	-	-	0.1	0.1
United Kingdom	111.4	55.8	28.1	65.9	282.6	165.7	86.8	796.2
United States	46.1	29.0	48.3	63.6	81.8	110.8	309.9	689.5
Multilateral Donors								
AfDF (African Dev.Fund)	24.4	12.2	25.4	11.3	10.7	16.0	58.0	158.0
Arab Agencies	(3.2)	(0.7)	1.3	1.3	10.7	2.6	7.5	19.4
Arab Countries	0.1	0.7	2.0	5.1	2.4	1.6	0.8	12.7
EC	25.7	44.2	104.0	79.4	123.8	139.1	98.3	614.4
GEF	-	-	0.1	0.0	0.4	0.3	1.1	2.0
Global Fund (GFATM)	-	-	-	8.9	44.0	52.1	25.7	130.7
IDA	205.8	135.8	149.7	97.7	156.0	101.8	44.8	891.6
IFAD	1.9	2.0	1.4	3.5	3.2	2.8	4.5	19.3
Nordic Dev. Fund	0.4	0.5	2.4	1.8	4.1	2.4	1.2	12.9
Other Bilateral Donors	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.2
SAF+ESAF+PRGF(IMF)	26.4	(148.9)	(45.3)	(236.0)	(6.8)	(235.8)	24.3	(622.1)
UNDP	3.1	2.8	2.8	2.5	4.3	5.3	8.4	29.1
UNFPA	3.4	1.1	2.4	1.5	1.5	1.8	1.3	12.9
UNHCR	8.6	11.7	16.1	11.2	10.4	6.9	8.3	73.2
UNICEF	4.5	3.4	3.7	3.6	4.0	4.5	5.8	29.5
UNTA	2.8	2.1	2.4	2.4	3.0	3.2	2.2	18.1
WFP	4.2	7.6	11.0	2.7	7.7	7.4	16.4	57.1
DAC Countries, Total	486.2	274.1	359.5	591.9	745.8	822.5	1,115.2	4,395.3
Multilateral, Total	308.1	73.7	277.4	(8.2)	376.8	110.4	307.6	1,445.8
DAC EU Members, Total	373.4	166.4	199.6	444.8	585.5	478.8	695.1	2,943.6
G7, Total	347.1	162.7	212.3	438.1	545.3	592.4	841.8	3,139.6
Non-DAC Countries, Total	0.3	0.9	2.3	5.6	2.6	2.1	2.0	15.8
All Donors, Total	794.7	348.7	639.1	589.4	1,125.2	935.0	1,424.9	5,856.8

Source: OECD Dac 2a as of April 11, 2008

Annex Table 7: Economic and Social Indicators

	Zambia							Angola	Haiti	Malawi	Mali	Mozambique
	2000	2001	2002	2003	2004	2005	2006	Average 2000-2006				
GDP growth (annual %)	3.6	4.9	3.3	5.1	5.4	5.2	6.0	10.0	0.0	3.4	5.8	7.6
GDP per capita growth (annual %)	1.5	2.9	1.5	3.4	3.7	3.5	4.3	7.0	-1.4	1.1	2.7	5.5
GNI per capita, PPP (current international \$)	750.0	790.0	820.0	870.0	880.0	960.0	1000.0	1644.3	1600.0	607.1	917.1	997.1
GNI per capita, Atlas method (current US\$)	290.0	300.0	310.0	350.0	400.0	500.0	630.0	937.1	455.7	152.9	297.1	254.3
Inflation, consumer prices (annual %)	26.0	21.4	22.2	21.4	18.0	18.3	..	109.8	18.4	16.8	1.9	12.0
Agriculture, value added (% of GDP)	22.3	22.1	22.2	22.8	20.8	18.5	16.1	7.6	28.3	38.0	37.6	23.7
Industry, value added (% of GDP)	25.3	25.6	26.1	27.1	26.8	25.1	24.8	68.8	16.7	17.6	24.3	28.0
Services, etc., value added (% of GDP)	52.4	52.3	51.7	50.1	52.4	56.3	59.2	23.6	55.0	44.3	38.1	48.4
Gross fixed capital formation (% of GDP)	17.2	18.7	21.6	24.8	24.6	24.7	25.8	11.7	25.7	13.1	23.7	26.6
Exports of goods and services (% of GDP)	21.1	26.9	23.7	20.6	19.5	16.4	15.0	75.4	12.6	26.7	28.4	29.2
Imports of goods and services (% of GDP)	31.4	29.7	29.0	28.0	27.3	25.2	24.0	60.8	35.8	46.6	39.2	43.0
Gross domestic savings (% of GDP)	8.3	17.3	17.7	18.7	18.2	17.0	18.1	26.3	2.5	-5.8	12.9	12.7
Total debt service (% of GNI)	6.0	5.3	6.4	13.5	8.5	3.5	..	16.4	1.4	3.1	2.6	2.0
Life expectancy at birth, total (years)	37.9	..	37.4	..	..	38.4	..	40.9	51.6	40.2	48.0	42.1
Immunization, DPT (% of children ages 12-23 months)	78.0	80.0	80.0	80.0	80.0	80.0	..	45.3	43.0	82.5	64.2	71.0
Improved sanitation facilities (% of population with access)	51.0	..	..	..	55.0	..	..	30.5	29.0	59.5	44.5	29.5
Improved water source (% of population with access)	55.0	..	..	..	58.0	..	..	49.5	54.0	68.5	47.5	42.5
Mortality rate, infant (per 1,000 live births)	102.0	..	..	..	..	102.0	..	154.0	86.0	86.9	122.0	111.0
Population, total	10.7	10.9	11.1	11.3	11.5	11.7	11.9	15.1	8.3	12.3	12.8	19.0
Population growth (annual %)	2.0	1.9	1.8	1.7	1.6	1.6	1.6	2.8	1.4	2.3	2.9	2.0
Urban population (% of total)	34.8	34.8	34.9	34.9	35.0	35.0	35.1	52.0	37.5	16.4	29.5	33.0
School enrollment, preprimary (% gross)	..	..	..	..	..	..	..	..	..	..	1.7	..
School enrollment, primary, male (% gross)	77.3	77.3	81.0	..	101.1	114.2	..	..	..	133.2	67.8	96.8
School enrollment, secondary (% gross)	22.0	23.5	26.3	..	25.8	28.3	..	15.6	..	30.7	20.4	9.1

Source: WB World Development Indicators as of December 04, 2007

Table 8: Millennium Development Goals

	1990	1995	2000	2005
Goal 1: Eradicate extreme poverty and hunger				
Income share held by lowest 20%	1.3	4.2	3.4	3.6
Malnutrition prevalence, weight for age (% of children under 5)	25.2	23.5	25	23
Poverty gap at \$1 a day (PPP) (%)	38.9	37.8	34	32.6
Poverty headcount ratio at \$1 a day (PPP) (% of population)	64.6	72.6	65.7	63.8
Poverty headcount ratio at national poverty line (% of population)	..	..	72.9	68
Prevalence of undernourishment (% of population)	48	48	..	46
Goal 2: Achieve universal primary education				
Literacy rate, youth total (% of people ages 15-24)	81	..	..	69
Persistence to grade 5, total (% of cohort)	..	..	98	..
Primary completion rate, total (% of relevant age group)	..	..	56	78
School enrollment, primary (% net)	..	..	63	89
Goal 3: Promote gender equality and empower women				
Proportion of seats held by women in national parliament (%)	7	10	10	13
Ratio of girls to boys in primary and secondary education (%)	..	..	90	92
Ratio of young literate females to males (% ages 15-24)	88	..	..	91
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	29.4	..	..	..
Goal 4: Reduce child mortality				
Immunization, measles (% of children ages 12-23 months)	90	86	85	84
Mortality rate, infant (per 1,000 live births)	101	102	102	102
Mortality rate, under-5 (per 1,000)	180	182	182	182
Goal 5: Improve maternal health				
Births attended by skilled health staff (% of total)	51	47	47	..
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	750	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases				
Contraceptive prevalence (% of women ages 15-49)	15	26	54	..
Incidence of tuberculosis (per 100,000 people)	297	534	605	600
Prevalence of HIV, female (% ages 15-24)	..	..	..	12.7
Prevalence of HIV, total (% of population ages 15-49)	..	..	15.6	17
Tuberculosis cases detected under DOTS (%)	..	..	40	52
Goal 7: Ensure environmental sustainability				
CO2 emissions (metric tons per capita)	0.3	0.2	0.2	0.2
Forest area (% of land area)	66	..	60	57
GDP per unit of energy use (constant 2000 PPP \$ per kg of oil equivalent)	1.5	1.3	1.3	1.5
Improved sanitation facilities (% of population with access)	44	..	..	55
Improved water source (% of population with access)	50	..	..	58
Nationally protected areas (% of total land area)	..	..	..	42
Goal 8: Develop a global partnership for development				
Aid per capita (current US\$)	57	212	74	81
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	14.5	18.3	15.7	6.7
Fixed line and mobile phone subscribers (per 1,000 people)	8	8	17	89
Internet users (per 1,000 people)	0	0	2	20
Personal computers (per 1,000 people)	..	..	7	10
Total debt service (% of exports of goods, services and income)	14.7	19.4	20.2	..
Unemployment, youth female (% of female labor force ages 15-24)	21.1	..	..	..
Unemployment, youth male (% of male labor force ages 15-24)	20.7	..	..	..
Unemployment, youth total (% of total labor force ages 15-24)	20.9	..	..	..
Other				
Fertility rate, total (births per woman)	6.5	6.2	5.9	5.4
GNI per capita, Atlas method (current US\$)	420	320	290	500
GNI, Atlas method (current US\$) (billions)	3.5	3.1	3.1	5.8
Gross capital formation (% of GDP)	17.3	15.9	18.7	25.8
Life expectancy at birth, total (years)	46	41	38	38
Literacy rate, adult total (% of people ages 15 and above)	68	..	..	68
Population, total (millions)	8.4	9.6	10.7	11.7
Trade (% of GDP)	72.5	75.8	52.5	41.6

Source: World Development Indicators database, April 2007

Annex 9: Zambia Summary of Achievement of CAS Objectives			
Strategic Objective 1: Sustained Economic Growth Anchored in Diversified and Export Oriented Economy			
Sub-Objectives	Target Outcomes	Actual Results	Rating
Improved Management of Public Resources	Reduced domestic borrowing from 3% of GDP in 2003 to less than 1% of GDP annually beginning in 2005	Reduced to 1.3% in 2007	Partially Accomplished
	Reduced arrears of Government (including parastatals) from an estimated 2% of GDP to almost 0	1.7% in 2007	Not Accomplished
	Credible and Predictable Budget Execution	GRZ has moved from a cash budget to an MTEF based ABB budget from the 2004 FY. Three MTEF budgets have been now produced including 2007. This goal was partly met.	Partly Accomplished The design of the Bank's project in this area was considered overly ambitious especially taking into consideration Government commitment. The reforms took a long time to implement and this was not anticipated. The project did contribute towards introducing an activity-based budget and a payroll management system
	Resolution of state-owned financial institutions from 2006	Resolution of state-owned enterprises was achieved. Privatization and divestiture was achieved. However, there is no evidence that FSAP recommendations were implemented. The CASCR notes that efforts were less successful in strengthening the financial sector	Not Accomplished
Administrative barriers to exports, investment and production are reduced	Pay refunds for duty drawbacks are of an acceptable speed for the private sector by 2007	These indicators were changed and were not monitored as a part of the CAS	Not Accomplished
	Improved perception of foreign and domestic investors of the investment climate in Zambia especially in mining by 2007	Specific measurable indicators not identified.	Not Accomplished In spite of the PSD dialogue, the business environment has not shown progress and Zambia is still ranked towards the bottom end of the scale
Financial management and sustainability of infrastructure services is improved with an increase in private investment for services	Increased percentage at core road network (paved and unpaved) in good condition from 58% and 7%, respectively, in 2004 to 65% and 32% in 2006.	The percentage of paved roads was 60% in 2005 and 24% in 2005.	Accomplished 95% of the target was accomplished. The indicators are on track to achieve the targets for 2006
	Coverage of road network under routine maintenance from 19.5% in 2004 to 40% in 2006 with local community participation	The coverage of road maintenance was increased to 33% in 2005 but the target of 40% has not been met	Partially Accomplished
	All three stages of commercialization roadmap for ZESCO are completed meeting all	Commercialization roadmap for ZESCO was completed as a part of the HIPC completion point.	Not Accomplished While the outcome has been accomplished,

	agreed milestones		the implementation has been uneven. The improvements in some areas (eg. Electricity loss reduction, metering and billing collection) have not translated into consistent improvements in financial performance. The power crisis in Zambia is evidence of the strategy needs major re-thinking
Formal and informal sectors of the economy are met with graduates of the TEVET system	Industrial surveys indicate satisfaction with TEVET graduates by 2007	There was no CAS indicator that denoted progress on satisfaction with TEVET graduates. However, a tracer study indicated that 95.4% of employers perceived the training to be relevant and 95.9% thought the training to be of quality	Accomplished 95.4% of the employers surveyed in the tracer study found the training to be relevant and 96% found the training to be of good quality.
	70% of the graduates find employment within 6 months by 2007	70% of the graduates found employment within 6 months of graduation in 2003	Accomplished
	Increase in graduates from TEVET from poor and socially disadvantaged groups with increase of at least 25% of the graduates are female	Cannot be determined	Not rated
Compliance of mining sector to environmental regulations	Pollution flows from rehabilitated project sites reduced by 70% from current levels by 2007	A monitoring system was established in 2005 and the target was to be measured by 2009. A major spillage of effluent into Kafue river has undermined confidence in the efficacy of environmental controls.	Not rated
	Reduction in the number of mining companies that are identified in non-compliance with environmental regulations	No specific indicator monitored however, the inadequate capacity and autonomy of the Environmental Council of Zambia has contributed to poor monitoring of mining companies and non-enforcement of remedial action by mining companies. This is commensurate with the risks	Not Accomplished Inadequate capacity and autonomy of the Environmental Council of Zambia has contributed to poor monitoring of mining companies and non-enforcement of remedial action by mining companies that is commensurate with the risks.
Ongoing Pre CAS support	<u>Lending</u> Railways Restructuring SIL (2001)	<u>IEG rating</u> Satisfactory	
	Road Sector Investment Project (1998)	Satisfactory	

	PSCAP (2000)	Moderately Satisfactory	
	Power Rehabilitation SIL (1998)	Unsatisfactory	
	ERIPTA (1996)	Moderately Unsatisfactory	
New Lending	Planned Economic Management & Growth Credit	IEG Rating: Unsatisfactory	
	Road Rehabilitation and Maintenance Project (RRMP)	ISR rating (2008) DO: Satisfactory IP: Satisfactory	
	Southern Africa Power Pool	ISR rating (2007) DO: Moderately Unsatisfactory IP: Moderately Unsatisfactory	
	SEED	ISR rating (2007) DO: Moderately Unsatisfactory IP: Moderately Satisfactory	
	Agriculture Support Program	ISR rating (2008) DO: Satisfactory IP: Satisfactory	
AAA	Investment Climate Assessment	Delivered (FY04)	
	Country Economic Memorandum	Delivered (FY04)	
	PEMFAR	Delivered FY04	
	Competition and Policy Review	Ongoing	
	Trade Policy Review	Delivered (FY04)	
	DTIS Study	Completed FY05	
	HIPC Completion	Completed FY05	
	Debt & Cash Management	Completed FY05	
	Maize Market Policy	Completed FY07	
	SOE Assessment	Completed FY07	
Strategic Objective 2: Improved Lives and Protection of the Vulnerable			
Sub-Objectives	Target Outcomes	Actual Results	Notes
Efficient use of financial and human resources in the health sector	Reduced urban/rural differences in remuneration of health workers (Bank's contribution will initially be through an active policy dialogue)	No information provided but the latest available data indicates that these targets have not been Accomplished	Not Accomplished
	Improved allocation of financial resources	While the Health Sector PER was delivered in FY07 (a year late) almost all of the recommendations were implemented in the 2008 work plan. There is no evidence that there was community health financing and risk pooling and that coordinating partners agreed to finance SWAps that the	Partially Accomplished The efficiency of financial and human resources was to be Accomplished through a Health Public Expenditure review that was delivered in FY07 instead of FY06. While the recommendations are agreed upon, they are yet to be implemented.

		Bank was participating	
Reliable and sustainable provision of water in districts that the Bank supports	Water available on average 20 hours/day	Increase of water supply from 13.5 hours/day to 17 hours/day	Partially Accomplished
	Increased volume of safe water	Recent information provided. According the results of a survey conducted by the Government, 57% of the households had access to safe water compared to 56% in 1994. But this information provides baseline information for the CAS and improvements if any for the targeted regions was minimal	Not achieved
	Enhance sustainability; cost recovery of service suppliers to increase from 60 to 80% by 2007	The revenues increased to 90% of operations and maintenance and a higher level of efficiency.	Accomplished Progress was Accomplished through having a private operator
Reduce risky behavior in vulnerable groups in communities targeted	% 15-49 year olds that receive HIV tests	The percentage of females requesting testing increased from 7.9% to 9.2%. The percentage of males requesting treated decreased from 8.5% to 7.2%	Not Accomplished Outcome indicators were worse off for men in 2005.
	Increased % reported condom use at last sex with non-regular partner from 30% to 45% for males and from 17% to 30% for females	Reported condom use by males has increased from 30% to 41% in 2005 and for females from 17% to 28.8%	Accomplished
Vulnerable populations impacted by HIV use prevention, care and mitigation	Increase % of pregnant women receiving a complete course of ARV by 20% in 2005 from a current 39%	The pregnant women receiving ARV increased from 39% to 70% in 2005	Accomplished
	Ratio of orphaned to non-orphaned children (10-14 yrs) who are attending school	Cannot be assessed due to inadequate data	No outcome indicator reported
The quality of primary education improved	Reach Grade 7 completion rate Of 80% by 2006 from 64% in 2001	The grade 7 completion rate was 85% in 2006 surpassing the Bank target	Accomplished
	Raised learning achievements	According to the National	No outcome indicator reported

	overall in undeserved regions	Assessment Survey Report, English and Mathematics scores improved from 33 to 34% and from 34% to 38% from 1999 to 2003. No recent estimates are available	
	Increased grade 1 admission from 94% to 100% in 2007	The gross enrollment rates for grades 1-7 increased from 94% to 123% representing a 10% annual growth. This surpassed the target	Accomplished
Poor households and communities in areas vulnerable to frequent droughts benefit from risk mechanism	Food production restored to 2000-levels in drought-prone areas	Food production rose by 23%. The 2005 target of 658,512 tones was not met. There was modest progress in 2004 where food production reached 599,731 tones.	Partially Accomplished
	Number of households supported with food relief declines	96% of the target was Accomplished. The target was 120,000 in 2004. 114,866 households were supported	Accomplished
	Children in feeding programs receive benefit	No information provided	Not outcome indicator reported
	Number of small farmers using input packs for sustainable farming practices	64% of the targeted farmers have been reached.	Partially Accomplished
Ongoing IDA lending	<u>Project</u> Zananra HIV/AIDS APL (2003)	<u>IEG Rating</u> ISR rating (2007) DO: Satisfactory ; IP: Satisfactory	
	Zambia Social Investment Fund (2000)	ISR rating (2005) DO: Moderately Satisfactory IP: Satisfactory	
	Basic Education APL (FY99)	Moderately Unsatisfactory	
	Emergency Drought Recovery (FY03)	ISR rating (2005) DO: Moderately Satisfactory IP: Satisfactory	
	Mine Townships Services Project	Satisfactory	
New Lending	Pub Service/Sector Mgmt Program (SW)	ISR rating (2007) DO: Satisfactory IP: Satisfactory	
	Water Sector Reform Project	Delayed to FY07;	
	Malaria Health Booster (2006)	ISR rating (2006) DO: Satisfactory IP: Satisfactory	
	Agricultural Development Program (FY06)	ISR rating (2007) DO: Satisfactory IP: Satisfactory	
	Health Sector Support Program (SWAp)	dropped	
	HIV/AIDS corridor	Moved to regional department	

	Education SWAp	dropped	
AAA	Country Gender Assessment	Completed FY04	
	Strategic Country Gender Assessment	Completed FY04	
	Social Safety Nets and Protection Strategy Note	Completed FY04	
	Education CSR	Completed FY04	
	Poverty & Vulnerability Assessment	Completed FY05	
	Smallholder Agriculture Study	Completed FY06	
	Health Sector PER	Completed FY07	
Strategic Objective 3: Effectively and Efficiently Managed Public Sector			
Sub-Objectives	Target Outcomes	Actual Results	Notes
Government executes an open/transparent, timely, and realistic budgeting process with lower levels of financial waste	Variation between planned budget and actual expenditure no greater than 10%. At base year, it was over a 100% of some sectors	The variation between planned and actual expenditures at the sector level was at 19%	Not Accomplished
	Budget presentation reflects summary of proposed budget alongside with actual expenditures from previous years.	No information	No outcome indicator reported
	Expenditures stay within appropriations which are validated through tracked/audited reports	No information	No outcome indicator reported
	Supplemental appropriates approved ex-ante	No information	No outcome indicator reported
	Greater share of budget resources allocated to service delivery functions as measured by total social expenditure, currently at 38% of total.	No information	No outcome indicator reported
	A more transparent and effective public procurement system	The procurement law was not enacted and the system was not made more transparent	Not Accomplished
The environment in place for improved performance by the civil service is strengthened	Allowances are consolidated into base salary	70% of the target met before 2004. The rest is on hold due insufficient	Not accomplished
	Increasing percentage of management staff are eligible for performance pay	This was not accomplished due to lack of adequate funding	Not Accomplished
	Composition of staffing shifts toward support of service delivery functions	No quantifiable data but the CASCR suggests that the shift of composition of staff to support service delivery such as teacher/pupil ratio;	Not Accomplished Indicators for measuring outcomes for this objective were changed and were not monitored. The Government initiated efforts for activity-based budgets, MTEF and IFMIS contributed to some

		physician/population ratio continue to be poor	extent to Objective 1.
Ongoing Pre-CAS support	<u>Lending</u> PSCAP (2000)	<u>IEG rating</u> Moderately Satisfactory	
New Lending	Economic Management and Growth Credit	Unsatisfactory	
	Public Sector Management SWAp	ISR rating (2007) DO: Satisfactory IP: Satisfactory	
AAA	Governance Survey	Completed FY04	
	PEMFAR (PER CPAR, CFAA)	Completed FY04	
	Administrative Barriers Study	Completed FY04	
	HIPC Completion	Completed FY05	
	Debt & Cash Management	Completed FY05	
	Competition Policy and Regulation Review	Ongoing	
	Zambia ROSC Study ongoing	Completed in FY07	
	Accounting & Auditing ROSC ongoing	Completed in FY07	