

1. CAS Data

Country: Zambia

CAS Year: FY08

CAS Period: FY08 – FY11

CASCR Review Period: FY08 – FY12

Date of this review: March 14, 2013

2. Executive Summary

- i. This review examines the implementation of the FY08 Zambia Country Assistance Strategy (CAS) and the CAS Progress Report (CASPR) of FY12, and assesses the CAS Completion Report (CASCR). The strategy was presented as an IDA strategy; accordingly, this review focuses on the IDA program.
- ii. The principle objective of the WBG strategy was to help the Government achieve its objectives of accelerating and sharing growth. Improving competitiveness and productivity were at the heart of the CAS, which was organized under four pillars: (i) macroeconomic and expenditure management to help Zambia better manage its financial resources in support of the inclusive growth agenda; (ii) infrastructure development largely focused on energy, transport and water to help exploit fully Zambia's production potential and to promote integration of rural communities into the national economy; (iii) institutional capacity enhancement to strengthen public sector management, improve transparency in the mining sector, improve business environment and improve agricultural productivity; and (iv) human capital development to help improve health programming and strengthen skills and education for the formal and informal sectors. Supporting expenditure management and infrastructure investments were the two main focus areas of the CAS, while "good governance" and HIV measures would be mainstreamed into all operations.
- iii. IEG rates the overall outcome of IDA assistance as *moderately unsatisfactory*, below the CASCR rating of *moderately satisfactory*. IDA, together with other development partners, contributed to Zambia's commendable achievement in macroeconomic management. IDA provided valuable support towards improving management and transparency of the mining sector, helped expand rural infrastructure and electricity access, and contributed to fighting malaria. IDA assistance also helped strengthen public sector management and simplify some aspects of business regulations, although the results achieved fell considerably short of expectations. However, these achievements were offset by question marks about the sustainability of the models for technical and vocational training promoted under IDA-supported programs; there was limited progress towards improvement in natural resource management, in access to water and irrigation systems, in access to finance for SMEs, and in health programming. In particular, very little progress was made in tapping the large potential of the Zambian agriculture for sustainable productivity gains in order to lift the rural population out of poverty. On the cross-cutting themes, IDA's efforts at improving governance helped promote good governance and anticorruption practices in some areas, but were not able to produce the expected results; mainstreaming of HIV/AIDS got very little traction and consequently no results.
- iv. The CASCR outlines five main lessons: greater realism in setting CAS objectives; simpler project designs; a sound results framework; an incremental approach to addressing policy and institutional issues; and close partnerships with other development partners. IEG concurs with these lessons but underscores two additional points. First, given the large role TF activities play in implementation of many of the CASs, IDA needs to systematically integrate them into the CAS results frameworks and report their status as part of the CASCRs. Similarly, considering the large

CASCR/CPSCR Reviewed by:	Peer Reviewed by:	CASCR Review Coordinator
Prem Garg, Consultant, IEGCC	Lorenzo Perez, Consultant, IEGCC	Xiaolun Sun, Senior Evaluation Officer, IEGCC

share of county budgets that go into AAA, IDA needs to put in place mechanisms for systematic planning, management and self-evaluation of the AAA programs.

3. Assessment of WBG Strategy

Overview of CAS Relevance:

Country Context:

1. Zambia entered the CAS period as a peaceful democracy whose economy, although narrowly based on mineral (mainly copper) extraction, had been growing at an average annual rate of 5 percent since 2000. Sound macroeconomic management, supported by the IMF's program, had brought inflation down to single digits, while high international copper prices and significant debt relief by Zambia's official creditors helped improve its external positions. During the CAS period, Zambia's growth rates further accelerated, averaging 6.5 percent during 2008-2011 thanks mainly to record high copper prices and increased copper production, but also to a bumper maize harvest and a boom in the construction sector. Although this growth elevated Zambia to the lower middle income status in 2011, it did not lead to appreciable poverty reduction - the national poverty rate remained at 60 percent in 2010 and the Gini coefficient rose to 0.54. The country was ranked 164th among 187 countries by the Human Development Index in 2011 and is off track to meet a number of Millennium Development Goals. In particular, Zambia's large agricultural potential remains mostly untapped and rural poverty remains especially wide spread. The new government that came to power following the orderly change of regime in 2011 faces many of the same challenges as the previous government.

2. Zambia's development strategies are anchored in the National Vision 2030, which was issued in 2006 and aspires to make Zambia a prosperous middle-income country by 2030. A series of five-year development plans are to be the main vehicles for operationalizing the Vision into concrete policies, programs and projects. The Fifth National Development Plan (FNDP) covered 2006-2010 and proposed to place special emphasis on macroeconomic management, agricultural and rural development, private and financial sector development, infrastructure and the social sectors in order to increase the growth rate to 7 percent and make growth more inclusive. The Sixth National Development Plan, covering 2011-15, restated the Government's commitment to broad-based pro-poor growth, employment creation and human development.

Objectives of the WBG Strategy:

3. The principle objective of the WBG strategy for Zambia during 2008-11 was to help the Government achieve its objectives of accelerating and sharing growth. Improving competitiveness and productivity would be at the heart of this strategy, which was organized under four pillars: (i) macroeconomic and expenditure management to help Zambia better manage its financial resources in support of the inclusive growth agenda; (ii) infrastructure development largely focused on energy, transport and water to help exploit fully Zambia's production potential and to promote integration of rural communities into the national economy; (iii) institutional capacity enhancement to strengthen public sector management, improve transparency in the mining sector, improve business environment and improve agricultural productivity; and (iv) human capital development to help improve health programming and strengthen skills and education for the formal and informal sectors. Supporting expenditure management and infrastructure investments were the two main focus areas of the CAS, while "good governance" and HIV measures would be mainstreamed into all operations.

4. The CASPR, issued in November 2011 after the original CAS period had ended, extended the CAS period to the end of calendar year 2012 to pave the way for engaging the new Government and other stakeholders in the preparation of a new CAS. Although anticipating opportunities for a "step

change” in the Bank’s engagement with Zambia, the CASPR concluded that the CAS remained relevant for Zambia and did not call for any changes for the remaining CAS period.

Relevance of the WBG Strategy:

5. **Congruence with Country Context and Country Program.** Developed on the basis of an analysis of Zambia’s key development challenges and the comparative advantage of the WBG, the objectives of IDA strategy were fully consistent with the country context. With “helping the Government achieve its objective” as the overarching objective and “supporting FNDP goals?” as the first strategic filter for prioritizing IDA’s Zambia country program, the resultant IDA program was well aligned with the Government development programs. However, despite the high degree of consistency between the CAS objectives and the national aspirations, the IDA strategy was far too broad to provide much guidance for focusing IDA resources (10 percent of total external assistance) on a limited number of priority activities in the context of the large volume of assistance available from other development partners.

6. **Relevance of Design.** Although the strategy stressed the need for selectivity and prioritization and an enhanced focus on results, and proposed to use a number of “strategic filters” to foster selectivity in program design, as rightly noted in the CASCR, the program that emerged was highly diffused and overly ambitious in relation to available capacity and resources. The program included support in 14 different sectors and themes with IDA being the lead partner in six of them (by contrast, the African Development Bank with a similar sized program was to be active in only four sectors with lead in none). Admittedly, IDA’s contributions went beyond financial resources and in some cases (e.g., health) responded to demands from the Government and other partners for the Bank’s analytical leadership. Nevertheless, the overall program would have benefited from more focused efforts in fewer areas. In particular, given the pivotal role of agriculture in rural poverty alleviation and in economic diversification, as well as IDA’s lead role in agriculture according to the agreed division of labor with other partners, agriculture sector would have deserved greater attention rather than being subsumed as one of the four outcomes under Pillar II. The CAS was also ambivalent about the role of IFC and MIGA in supporting the strategy – while the CAS purported to be an integrated strategy for the World Bank Group and both the CAS and the CASCR discuss IFC and MIGA activities in selected areas (e.g., business environment), it was a strategy only for IDA.

7. **Strength of the Results Framework.** The CAS devoted considerable attention to managing for results, with a clearly articulated results chain linking IDA interventions to expected CAS outcomes and to the Government’s strategic goals. Nevertheless, the results framework suffered from a number of weaknesses. This included weak links between program outputs and outcomes (e.g., for technical education), missing baseline and target values (e.g., HIV/AIDS program, primary education), and vagueness in defining some key outcomes (e.g., targets for allocating public expenditures to pro-poor sectors). The diffused program also meant recourse to a large number of outcome indicators and milestones, complicating meaningful monitoring of the CAS implementation. The revisions in the CASPR (dropping six outcome indicators/milestones and revising eight others) came very late in the process - after the end of the original CAS period and a few months before the CASCR - reduced the usefulness of the results matrix for ensuring accountability.

8. **Risk Identification and Mitigation.** Six main risks were identified, including risks related to the political economy, insufficient capacity, external shocks, Dutch disease, energy shortages, and HIV/AIDS. IDA did not propose any specific mitigation measures against these risks beyond the CAS program itself. Thanks to prudent macroeconomic management, Zambia coped well with the global financial turmoil during 2008-09. It has also successfully avoided so far the Dutch disease symptoms. The risks related to energy shortages and HIV/AIDS have not been a significant factor over the CAS period. On the other hand, delayed action or inaction to address structural constraints and limited capacity to plan and implement development policies and programs have led to serious delays and slippages in the delivery and implementation of IDA assistance, and reduced the impact of IDA interventions. IDA’s efforts at overcoming this constraint through support for public sector reforms has

only had limited success. Greater realism in project design and a more focused program would have avoided some of the slippages experienced.

Overview of CAS Implementation:

Lending and Investments

9. At the start of the CAS period, the active portfolio comprised nine operations with an aggregate commitment of US\$295 million. During the CAS period, IDA committed US\$498 million - towards the upper end of the US\$80-100 million annual lending range envisaged in the CAS - in 13 operations. These included four budget support operations totaling US\$90 million, again within the 15-20 percent range envisaged for such lending. In line with the Government's preference, infrastructure investments in energy, transport and irrigation comprised the bulk (80 percent) of IDA financing. The lending program was heavily back loaded with only US\$53 million committed during FY08-09, compared to US\$350 million during FY11-12. In part, this phasing reflected the effect of the hiatus in program delivery following the death of President Mwanwasa in 2008. The program composition differed significantly from the CAS plans, with 8 of the 17 planned operations dropped while four on-going projects received additional financing. In particular, only one of the five regional projects discussed in the CAS got approved. The CASCR is silent on the rationale for these changes or their implications, especially for enhancing Zambia's integration and connectivity with the neighboring countries. IDA's program was accompanied by 17 trust fund activities (active financing and delivered AAA) with a total grant amount of US\$355.3 million.

10. According to internal reporting by staff, portfolio quality improved markedly during the CAS period, with no project at risk by FY12, which was a much better performance than the average for Africa (24 percent) or the world (22 percent). Other portfolio indicators, however, suggest a less positive portfolio performance. As noted in the CASCR, project implementation in most cases experienced significant delays (two years or more) and the disbursement ratio declined sharply from 29 percent in FY08 to about 11 percent in FY12, well below the regional and Bank wide levels. Five operations closed during the CAS period. IEG reviewed their completion reports and rated the development outcome as *moderately satisfactory* in three of them and *moderately unsatisfactory* in the other two. At 60 percent success rate, the performance is below that for the Africa Region (66.7 percent) as well as for the Bank as a whole (73 percent).

Analytic and Advisory Activities and Services

11. During the CAS period, AAA accounted for almost half of the total country services budget. In all, 21 reports and 19 technical assistance (TA) tasks were delivered, covering a large spectrum of topics and sectoral issues. About a quarter of the AAA corresponded to those planned in the CAS, while the others were added during the CAS implementation. At the same time, seven of the originally planned tasks were dropped. About a third of the AAA expenditures came from trust funds, suggesting that other development partners' preferences may have played an important role in task selection. The CASCR does not elaborate on the reasons for adding or dropping AAA tasks or the trade-offs made for getting the most value out of the AAA resources. A cursory look at some of the major reports suggests sound recommendations based on good analysis and persuasive evidence. However, in the absence of a mechanism for systematic self-evaluation of AAA tasks, especially non-lending TA, it is not possible to comment on the relevance, quality and effectiveness of the AAA program as a whole.

Partnerships and Development Partner Coordination

12. To improve the effectiveness of their aid programs, a Joint Assistance Strategy for Zambia (JASZ) for 2007-10 was signed by 4 multilateral and 12 bilateral partners in April 2007. The JASZ included *inter alia* division of labor among the various partners with IDA having the lead responsibility in 6 of the 17 sectoral/thematic areas and an active role in eight other areas. An independent

evaluation of the JASZ in 2010 concluded that the strategy contributed to improved alignment of external assistance to the Government's priorities, deeper institutionalization of key principles of aid effectiveness and improved processes of information sharing and dialogue. However, the overall achievements were considered mixed with the JASZ focusing more on processes than on development outcomes. Streamlining of division of labor among the external partners also remained a challenge due to strong partner preferences for continuing presence in some sectors and themes. A JASZ II was agreed in November 2011 for the period 2011-15. IDA was again slated to play a leading role in six areas, and remain active in six others.

Safeguards and Fiduciary Issues

13. There were no safeguard complaints brought before the Inspection Panel. In the period FY08-FY12, INT recorded more than 17 allegations of fraud and corruption, and found sufficient basis to open 12 cases. Eight of these were substantiated, resulting in actions that included negotiated resolution agreement (1), dealt with by region (5), joint fm/int review audit – ineligible expense determined (1), and referred (1).

Overview of Achievement by Objective:

Pillar I: Macroeconomic and Expenditure Management

14. Under this pillar, IDA was to help maintain a stable macroeconomic environment and support the growth and diversification of the economy.

15. During the CAS period, Zambia achieved rapid GDP growth, although below the FNDP target of 7 percent per annum, while maintaining macroeconomic stability. The main outcome indicator under this Pillar aimed at “real increase in public expenditures to pro-poor sectors (agriculture, tourism and rural infrastructure) from the 2007 levels”. Because of the vagueness in the formulation of this indicator, its achievement is subject to interpretation. Noting that the share of budgeted expenditures for agriculture, tourism and transport sectors increased from 13.9 to 23.1 percent in 2007-2012, the CASCR concludes achievement of this target. IEG questions that conclusion. First, almost the entire increase in allocations was accounted for by the transport sector (from 8.6 to 16.8 percent), while those to agriculture barely changed (from 5.8 to 6.1 percent) and those to tourism declined (from 0.5 to 0.2 percent). Second, there is no information on the share of the transport sector expenditures that went into rural infrastructure - not all transport sector expenditures are likely to be pro-poor. Third, the additional resources allocated to the agriculture sector appear to have been mostly for questionable expenditures in support of input and marketing subsidies. Lastly, considering the significant gaps between the budgeted and actual expenditures (A 2012 PEFA rating of D+), it is not clear to what extent public expenditures to pro-poor sectors actually increased. On a positive note, there was a clear improvement in dialogue on macroeconomic issues between the government and the cooperating partners employing a variety of fora including annual reviews of the National Development Plans as well as consultations as part of the budget support operations.

16. Regarding the other two outcome indicators under this Pillar (government adopting guidelines for allocation of additional resource flows from mining, and the budget to include reporting on donor funding and revenues and expenditures of key public sector institutions), the CASCR reports that no mechanism has been adopted so far to manage the uncertainty and volatility of the mining revenues despite progress made in increasing the scrutiny of the finances of the mining companies and field visits by Zambian officials to multiple countries to study the functioning of sovereign wealth funds. The CASCR also reports improvement in the availability and quality of the debt data, with the Public Expenditure and Financial Accountability Assessment (PEFA) indicator (PI-17 (iii)) improving from C to B between 2008 and 2012. However, the PEFA indicator for Comprehensiveness of Information Included in the Budget Document (PI-6) declined from “B” to “C”. The IMF’s Zambia 2012 Article IV Consultation reports that the monthly-released budget data are often subject to substantial revisions

and data on extra-budgetary institutions and local governments are not available. Although the medium-term expenditure framework and activity-based budgeting were rolled out to institutions such as the Public Service Pension Fund and the Zambia Electricity Supply Corporation, the PEFA indicator on Oversight of Aggregate Fiscal Risk from Other Public Sector Entities (PI-9) has remained unchanged at “C” between 2008 and 2012.

17. IDA contributed to this objective through four budget support operations (FY08, FY10, FY11 and FY12) as well as through its policy dialogue (with IMF, EI and UK) on macroeconomic issues. It is noted, however, that there seems to be a disconnect between the CAS outcome under this pillar and those underpinning the PRSC program, which inter alia focused on sustaining fiscal and financial stability by reducing contingent liabilities. As analytical underpinning for these, IDA support also included several AAA tasks including the Public Expenditure Review (FY10), Mining Sector Fiscal Reform TA (FY08), and Extractive Industry Transparency Initiative (EITI)++ Scoping Study (FY10). For reasons not explained in the CASCR, two potentially important tasks (Development Policy Review and Commodity Risk Management) were dropped.

18. IEG rates the outcome of IDA assistance under Pillar I as *moderately satisfactory*. IDA was one of the development partners whose sustained support for macroeconomic stability contributed to the respectable performance of the Zambian economy during the CAS period. However, there was uneven progress towards the specific outcomes that the CAS sought to achieve.

Pillar 2: Institutional Capacity Enhancement

19. Under this pillar, IDA was to help (i) strengthen public financial management, procurement and oversight capacity, (ii) improve public management and transparency of the mining sector and improved management of the natural resource sector, (iii) improve business environment especially for micro-, small- and medium size enterprises (MSMEs); and (iv) improve agricultural productivity and marketing schemes.

20. **Public financial management, procurement and oversight capacity.** The CAS focus under this component was to help improve timeliness of financial reporting, expedite procurement processing time, and increase the percentage of public sector entities covered by annual audits. Due to significant delays in the implementation of the integrated financial management information system (IFMIS), which was rolled out in 27 ministries/provinces out of the planned 40 government entities, the target of producing financial statements within six months of the end of the financial year was unmet. Similarly, due to legislative delays and a slow follow-up, only limited progress was made in streamlining public procurement processes while the target of maintaining processing time for national competitive biddings at 8 weeks and for international bidding at 12 weeks was not achieved. The PEFA indicator on Competition, Value for Money and Controls in Procurement (PI-19) was rated at “D+” in 2012. On a positive note, annual audit coverage increased considerably, surpassing the CAS target of 60 percent. The implementation of the Payroll Management and Establishment Control system helped improve payroll control, which was reflected in the improvement of the PEFA rating for Effectiveness of Payroll controls (PI- 18) from “D+” in 2008 to “B+” in 2012.

21. IDA’s main instrument in support of this objective was the Public Sector Management Program Support Project (FY06), which financed activities related to all three outcome areas. After a two-year delay, the project closed on June 30, 2012. A completion report is still to be prepared, but the last internal assessment by project team rated the project outcome as *moderately unsatisfactory* with *substantial* overall risk. It was noted that while the project achieved significant progress in the roll-out of the IFMIS, only moderate progress was made in procurement and internal audit reforms.

22. **Improve public management and transparency of the mining sector and improved management of the natural resource sector.** Good progress was made in improving the transparency of Zambia’s mining operations with regular public disclosure of Revenue Reconciliation Reports starting in 2011. The progress made led to designation of Zambia as EITI compliant country in

2012. There was also progress in terms of the percentage of mining companies in compliance with environmental regulations - from 35 percent in 2005 to 60 percent in 2010, although below the CAS target of 85 percent. On the other hand, there is little evidence of improved management of the natural resource sector: the CASCR reports early indications of recovery in wildlife and increased tourism revenues, as well as an increase in WB/WWF management effectiveness score in Kafue National Park (no information on Kasanka and Lavushi Manda National Parks, also targeted under the CAS), but notes that progress in the sector is impeded by weak inter-agency coordination, insufficient budgetary allocations, and slow progress in addressing key policy constraints.

23. IDA supported this objective through the Copperbelt Environment Project (CEP, FY03) and the Support to Economic Expansion and Diversification Project (SEED, FY05), as well as several AAA tasks, most notably the EITI++ Scoping Study (FY10), the Water Resources Assistance Strategy (FY09), and the Nature Tourism Study (FY08). Three GEF grants complemented IDA efforts in this area. WBI also contributed through a number of knowledge-sharing events (learning from the Chilean experience) aimed at helping improve the management and contribution of Zambia's copper industry. Both CEP and SEED have been completed. IEG reviewed their completion reports and rated the development outcome as *moderately satisfactory* for CEP, but noting that "while the project's support enhanced the powers of the environment regulatory institutions, evidence of strengthened capacity remained limited". IEG rated the development outcome as *moderately unsatisfactory* for SEED, which had diffuse and overly ambitious objectives that were substantially scaled back but nonetheless only partially achieved.

24. **Improve business environment especially for micro-, small- and medium size enterprises (MSMEs).** The CAS focus under this component was on reducing cost of doing business and on increasing access to financial services. The CAS target of reducing the number of days for processing tourism licenses issued at Livingstone's one-stop shop from 90 days in 2004 to 60 days in 2010 was not met due to delays in the establishment of the one-stop shop. Arguably, the chosen indicator was far too narrow to capture either the range of problems affecting the MSMEs or the thrust of the overall business environment. The CASCR reports considerable progress in simplifying and streamlining the business licensing procedures, eliminating one third of the 517 licenses that existed in Zambia in 2009. Rationalization of business licenses has been followed by the establishment of an informational e-registry in 2011 for all approved business licenses. Nevertheless, Zambia's overall Ease of Doing Business ranking declined in 2011-2013 after significant improvement during 2009-2011. A second CAS target on increasing the proportion of adult population with access to affordable financial services from 37.7 percent in 2007 to 45 percent in 2011 was off track at the time of the CASPR, and dropped from the results matrix. According to the World Economic Forum's Global Competitiveness Index (GCI), inadequate access to financing remains the most problematic factor for doing business.

25. Besides financial support through the PRSCs and the SEED project, IDA delivered a variety of AAA including notably the Investment Climate Assessment (FY09) and Financial Sector Assessment Update (FY09). However, several activities foreseen in the CAS, including a Competitiveness DPL and AAA tasks related to Micro-foundations of Growth and Rural Competitiveness, got dropped for reasons not explained in the CASCR. IFC complemented the IDA support through its Investment Climate Program which focused on business license reforms. IFC also provided a US\$25 million loan facility in 2010 to Zambia National Commercial Bank to support *inter alia* increased financing for SMEs.

26. **Improve agricultural productivity and marketing schemes.** "Increasing the value of agricultural exports for target value chains (cotton lint) from US\$43.4 million in 2006 to US\$65 million by 2011" was the sole outcome indicator to measure the achievement of this objective. Recognizing that the actual export value declined from US\$62.4 million in 2008 to US\$45.7 million in 2010, the CASPR reset this target in volume terms - from 30,000 tons in 2010 to 35,000 tons in 2012. Neither the original nor the revised outcome targets were achieved. Indeed, neither the original nor the revised outcome indicators appear to capture the intent of this objective, which was to promote improved agricultural productivity to underpin diversification of the economy and inclusive growth focusing on the

smallholder farmers. The CASCR notes a fundamental difference between the Bank's and the Government's approach to improving agricultural productivity in Zambia. Through the Farmer Input Support Program (FISP) and Food Reserve Agency (FRA), the Government provides input subsidies and intervenes in crop markets, which subsume 60-70 percent of the public spending in agriculture sector with benefits going mostly to better-off farmers. Zambia's agricultural policies raise sensitive political economy issues, which appear to have been inadequately considered in the CAS design.

27. IDA support for this objective included the Agricultural Development Support Program (ADSP, FY06), Irrigation Development and Support Project (FY11), and Livestock Development and Animal Health Project (FY12), and two AAA tasks - Agriculture Value Chain Analysis (FY09) and Water Resource Assistance Strategy (FY10). The CASCR notes that despite implementation delays, the ADSP appears on target for helping improve rural infrastructure and increase cotton seed production. However, it is having no significant impact on smallholder productivity which remains constrained by government policies. The Irrigation and the Livestock projects are still in early stages of implementation with no significant results yet.

28. IEG rates the outcome of the IDA assistance under Pillar II as *unsatisfactory*. A large number of development partners were active in institutional reform areas. While IDA support contributed to improving the management and transparency of the mining sector, its role in the natural resource sector was poorly defined and its interventions had little impact. Some progress was made towards strengthening public sector management and improving business environment, but the results fell significantly short of expectations. More importantly, IDA interventions in the agriculture sector were ineffective for developing Zambia's untapped agricultural potential.

Pillar 3: Infrastructure Development

29. Under this pillar, IDA aimed to improve Zambia's transport, energy and water infrastructure to help the country fully exploit its production potential and to integrate rural communities into the national economy. Integration of the Zambian economy with neighboring countries through regional solutions was to be emphasized for maximum efficiency.

30. **Improve transport infrastructure.** The CAS defined two indicators to measure progress in the development of rural transport infrastructure. The first was an output of IDA's Road Rehabilitation and Maintenance Project (FY04), which tracked the rural population benefitting from river crossings reconstructed in two provinces and four national parks. This target was met. The second CAS indicator aimed to measure the improved links between producers and agricultural markets, which would have been a bona fide outcome indicator on the integration of rural communities to the national economy. Unfortunately, it was never properly defined, and replaced in the CASPR by a target of increasing the average vehicle traffic in improved roads from 3,480 in 2009 to 5,046 in 2011. The CASCR provides no information on whether it was achieved.

31. In addition to rural roads and bridges, the afore-mentioned Road Rehabilitation and Maintenance Project, plus its Phase II in FY10 and additional financing in FY11 also supported the construction and/or rehabilitation of selected sections of the trunk roads, as well as strengthening the capacity for road maintenance, financing and safety. However, as noted in internal staff reporting, weak performance by consultants under IDA-supported projects and high turnover in the Road Development Agency's senior staff have meant significant implementation delays. The sector's performance also suffered from the financial irregularities and implementation weaknesses identified in 2009 by the Office of the Auditor General.

32. **Improve access to water, energy services and irrigation systems.** In the energy sector, the CAS outcome target was to increase access to electricity from 20 percent of the households in 2006 to 23 percent in 2009. Assisted in part by IDA's the Increased Access to Electricity Project (FY08 and additional financing in FY11), some 117,000 households gained access to electricity during 2008-11, raising the share of households with electricity to about 22 percent by the end of 2011. The slower than expected increase reflected delays in project implementation but also bottlenecks in power

generation. The projects, as well as the policy dialogue under the PRSCs, also helped improve the operational efficiency of the Zambia Electric Supply Corporation, including through tariff increases that were needed for its financial viability. Additionally, a recently approved Regional Line Transmission Project (FY12) is to help improve supplies to the southern part of the country.

33. In the water and sanitation sector, the CAS had two indicators to measure access to safe water in rural and urban areas. The target of establishing water storage and regulation in 20 rural communities by 2011 was not achieved as the supporting IDA project was dropped. In urban areas, IDA's Water Sector Performance Improvement Project (FY07) was to provide safe water to 25,000 additional people in the Lusaka peri-urban area by 2011. Instead, only an estimated 4,000 people were receiving safe water as of June 2012. Internal reporting by staff notes procurement issues, disbursement delays, and weak contract management. It also notes an increase in the public sector arrears to Lusaka Water and Sewerage Company (LWSC), which undermines the financial viability of the company and violates the agreed project covenants. Reportedly, dissolution of the LWSC board in November 2011 has worsened the situation and created a lack of accountability within the company. The CAS had another outcome indicator that foresaw 6,200 hectares of newly irrigated land under PPP management. According to the CASPR, the actual progress in 2011 amounted to only about 560 hectares; no update is available in the CASCR. At US\$115 million, the Irrigation Development Project (FY11) was the largest IDA commitment during the CAS period; it had a slow launch and is still at an early stage of implementation.

34. IEG rates the outcome of IDA assistance under Pillar III as *moderately unsatisfactory*. IDA support helped improve rural infrastructure and electricity access. However, these achievements were offset by large shortfalls vis-à-vis intended results in the water sector, significant delays and implementation issues in both the energy and the water sector programs, and apparently serious fiduciary issues that affected the transport sector program. For reasons unclear from the CASCR, most of the infrastructural projects aimed at regional integration did not go forward.

Pillar 4: Human Capital Development:

35. IDA's strategy under this pillar focused on improving health programming and strengthening skills and education for the formal and informal sectors.

36. **Improving health programming.** Although the objective as articulated in the CAS was to improve Zambia's overall health system strategy and planning, with particular attention to HIV/AIDS, the proposed CAS outcome indicators focused on the health outcomes related to IDA's on-going Malaria Booster Project (FY06 and additional financing in FY11) and a planned Norwegian TF project on maternal mortality. None of these indicators would allow proper measurement of progress towards improved health programming in Zambia. The CASCR re-labels, ex-post, the CAS objective as *improved health planning in fighting malaria* and considers it achieved on the basis that (i) the target of 60 percent of children under 5 years of age sleeping under treated nets was almost met (the actual was 50 percent in 2011); (ii) the target of 80 percent people in eligible areas sleeping in indoor residual sprayed structures was met; and (iii) programs launched during the CAS period led to 50 percent decrease in malaria deaths. Although these results do not necessarily suggest improved planning in fighting malaria, let alone improved health programming overall, they were significant and achieved in spite of the "large scale misappropriation of resources" linked to the 2009 corruption scandal, which underscored the need for better governance in the health sector. There is no information on the CAS target of increased institutional deliveries, while the planned TF project did not seem to have gone forward (no record of the project in the WB Business Warehouse).

37. In addition to IDA financing on malaria, the Bank delivered a Country Health Status Report (FY10), which was anticipated to underpin IDA's support for improving Zambia's health system strategy and planning. There is no mention of this study in the CASCR. IDA also delivered a report on Improving Access to Artemisinin Combination Therapy in Zambia (FY11), which informed the Government's decision to scale up the essential drugs pilot programs.

38. **Strengthening skills and education for the formal and informal sectors.** The CAS proposed two indicators to measure the progress towards better skills and education of Zambian workers. There is no updated information on the first - 70 percent of the graduates from IDA-supported Technical Education, Vocational and Entrepreneurship Training (TEVET) Development Support Program were employed within 6 months of graduation and 90 percent within 12 months of graduation. The IDA project, which was approved in FY01 and closed in FY09, was rated as *moderately unsatisfactory* by IEG's project performance assessment review for its development outcome. In particular, although the project achieved modest success in creating a system capable of improving skills for the formal and informal sectors, it did not succeed in establishing the relevant sector governance and financing framework to assure the program's sustainability. At the time of the IEG field visit in early 2011, the training operations were suffering from shortage and uncertainty of funding. It is unclear whether the relatively good results achieved at the conclusion of the IDA project – 55 (90) percent of the graduates were employed within 6 (12) months of graduation – were sustained. As noted in the CASCR, the CAS outcome indicators in this area were not adequately linked to the IDA interventions. In addition, IDA strategy also aimed to help Zambia move toward universal completion of basic education. There is no information in the CASCR on this aspect of the IDA program. The World Development Indicators show that the primary completion rate increased from 92.7 to 103.3 percent during 2007-2010, prior to the TF-financed Education – Fast Track Initiative Catalytic Fund (FY11).

39. IEG rates the outcome of IDA assistance under Pillar IV as *moderately unsatisfactory*. Many partners were active in human development areas, mostly focusing on health. IDA assistance contributed to the good progress achieved in malaria control and treatment, but there is no evidence that the CAS objective of improved health programming was achieved. Information on skills and education outcomes is incomplete and shows mixed results.

Cross-Cutting Themes: Governance and HIV Measures

40. **Governance.** The outcome of IDA's support for mainstreaming good governance across all CAS activities was to be tracked through improvements in the Country Policy & Institutional Assessment (CPIA) score for Public Sector Management and Institutions. The CASCR does not report on this, but the relevant CPIA data shows a marginal decline from 3.2 in 2007 to 3.1 in 2011 (against a target of 3.3 or more), while corruption remained the second most problematic factor (after access to financing) for doing business throughout the CAS period according to the GCI data. It is not clear to what extent IDA carried out the proposed activities (e.g., sector-specific assessment before each operation, an anticorruption action plan accompanying each new operation, third party in project monitoring), but fiduciary issues, both as they affected the design and implementation of IDA portfolio and as part of the good governance and anti-corruption (GAC) theme, were important focus of IDA's assistance throughout the CAS period. In particular, IDA responded forcefully in the roads sector to remedy the governance issues raised by the Office of the Auditor General. IDA's support for improving public financial management also helped strengthen key governance and oversight institutions. In addition, the CASCR reports that IDA is piloting a variety of activities to improve the Government's accountability by supporting demand for good governance by civil society, media and beneficiaries of IDA-supported projects.

41. **HIV/AIDS.** The outcome for IDA's support for reducing the spread of HIV/AIDS, mitigating its socio-economic impact and increasing access to care and support for the affected people would be measured by the number of people reached through HIV/AIDS mainstreaming activities in IDA interventions. The CAS was vague about how the mainstreaming was to be achieved in practice; neither the CAS nor the CASPR included any data on baseline and targets for this indicator. The CASCR provides no data on the chosen indicator, or any other proxy for measuring progress on the mainstreaming objective, but notes that Zambia remains a hyper-epidemic country. IDA support for this theme came primarily through a US\$42 million grant for the Zambia National Response to HIV/AIDS project that closed in 2008. IEG's review of the project completion report rated its

development outcomes as *moderately satisfactory*, noting its contribution to preventing and reducing the spread of AIDS, as well as deficiencies in project design (lack of focus on high risk groups and absence of baseline data) and limited achievement of some objectives (e.g., increased access to care and support). The CASCR reports that mainstreaming of HIV/AIDS in line ministries was enhanced through more interaction during planning meetings. Nevertheless, there is no evidence of significant IDA efforts or outcomes related to the mainstreaming of HIV/AIDS.

42. IEG rates the outcome of IDA assistance under the Cross-Cutting Themes as *moderately unsatisfactory*. IDA's strong focus on improving governance at project, sector and country system levels contributed to increased awareness and adoption of GAC practices, although this did not lead to noticeable improvement in overall governance and control of corruption. There is no indication that HIV/AIDS was mainstreamed into IDA interventions and there are no appreciable results.

Pillars	CASCR Rating	IEG Rating
Pillar I: Macroeconomic and Expenditure Management	NA	Moderately Satisfactory
Pillar II: Institutional Capacity Enhancement	NA	Unsatisfactory
Pillar III: Infrastructure Development	NA	Moderately Unsatisfactory
Pillar IV: Human Capital Development	NA	Moderately Unsatisfactory
Cross-Cutting Theme: Governance and HIV Measures	NA	Moderately Unsatisfactory

4. Overall IEG Assessment

	CASCR Rating	IEG Rating
Overall Outcome:	Moderately Satisfactory	Moderately Unsatisfactory
IDA Performance:	Moderately Satisfactory	Moderately Unsatisfactory

Overall outcome:

43. IEG rates the overall outcome of IDA assistance as *moderately unsatisfactory*, below the CASCR rating of *moderately satisfactory*. IDA, together with other development partners, contributed to Zambia's commendable achievement in macroeconomic management. IDA provided valuable support towards improving management and transparency of the mining sector, helped expand rural infrastructure and electricity access, and contributed to fighting malaria. IDA assistance also helped strengthen public sector management and simplify some aspects of business regulations, although the results achieved fell considerably short of expectations. However, these achievements were offset by question marks about the sustainability of the models for technical and vocational training promoted under IDA-supported programs; there was limited progress towards improvement in natural resource management, in access to water and irrigation systems, in access to finance for SMEs, and in health programming. In particular, very little progress was made in tapping the large potential of the Zambian agriculture for sustainable productivity gains in order to lift the rural population out of poverty. On the cross-cutting themes, IDA's efforts at improving governance helped promote good governance and anticorruption practices in some areas, but were not able to produce the expected results; mainstreaming of HIV/AIDS got very little traction and consequently no results.

IDA Performance:

44. IEG rates IDA performance as *moderately unsatisfactory*, below the CASCR rating of *moderately satisfactory*. CAS objectives were fully aligned with Zambia's Development Plans and

enjoyed broad-based support in the country. However, they were far too broad in scope to provide much guidance for designing “highly selective and targeted interventions” that the CAS proposed. The diffused program included support in 14 sectors and themes, with many projects that were overly ambitious and complex in design, leading to implementation delays, high project costs, and less-than-expected benefits. The results framework suffered from a number of weaknesses, ranging from weak results chain in some cases to deficient indicators in many instances. The program delivered, both lending and AAA, differed significantly from the CAS plans, often without an explicit rationale and especially with regard to the planned projects aimed at regional integration. Portfolio quality, as measured by staff assessment of projects at risk, improved during the CAS period, but disbursement rate declined sharply. The contrast between the high success rate (93 percent) of on-going projects and the below average success rate (60 percent) of completed projects suggests room for improvement in the quality and realism of supervision reporting. The CASPR was prepared very late in the CAS implementation process – after the original CAS period had concluded, rendering it an ineffective tool for introducing course corrections. Changing the outcome targets at this late stage did not serve the purpose for ensuring accountability. There was good coordination with other development partners - IDA was a key signatory of JASZ I & II and helped mobilize significant co-financing from other partners to supplement its own financial assistance to Zambia. Considerable attention was devoted to fiduciary issues throughout the CAS period.

5. Assessment of CAS Completion Report

45. The CASCR provides a well-organized, but somewhat positive, account of the CAS’s relevance and achievements. In particular, although the main text provides a candid assessment of IDA’s support to the agriculture sector, the executive summary presents a different account. The CASCR would have benefited from reflecting on the reasons for poor performance vis-à-vis economic diversification and inclusive growth objectives and the lessons from that experience for the next CAS. It would have also benefited from greater attention to analyzing the deviations from the CAS program, especially with regard to the regional projects and the AAA program, and the management and contribution of the fairly large TF program that accompanied the IDA program. Comments on the dynamics of the IDA/IFC relationship and the ambivalence about this being a joint or an IDA only strategy would have also been useful.

6. Findings and Lessons

46. The CASCR outlines five main lessons: greater realism in setting CAS objectives; simpler project designs; a sound results framework; an incremental approach to addressing policy and institutional issues; and close partnerships with other development partners. IEG concurs with these lessons but underscores two additional points. First, given the large role TF activities play in implementation of many of the CASs, IDA needs to systematically integrate them into the CAS results frameworks and report their status as part of the CASCRs. Similarly, considering the large share of county budgets that go into AAA, IDA needs to put in place mechanisms for systematic planning, management and self-evaluation of the AAA programs.

- Annex Table 1: Summary Achievements of CAS Objectives**
- Annex Table 2: Zambia Planned and Actual Lending, FY08-12**
- Annex Table 3: Trust Funds Projects Active in FY08-12**
- Annex Table 4: Planned and Actual Analytical and Advisory Work, FY08-12**
- Annex Table 5: IEG Project Ratings for Zambia, FY08-13**
- Annex Table 6: IEG Project Ratings: for Zambia and Comparators, FY08-12**
- Annex Table 7: Portfolio Status for Zambia, FY08-12**
- Annex Table 8: IDA Net Disbursements and Charges Summary Report for Zambia, FY08-12**
- Annex Table 9: Total Net Disbursements of Official Development Assistance and Official Aid, FY07-11**
- Annex Table 10: Economic and Social Indicators for Zambia, 2008-2011**
- Annex Table 11: Millennium Development Goals**

Annex Table 1: Summary Achievements of CAS Objectives

CAS 08-12: Pillar 1 Macroeconomic and Expenditure Management		Actual Results (as of current month year)	Comments
<u>Major Outcome Measures</u>	1. Macroeconomic stability and support the growth and diversification of the economy		
	Public expenditure allocation to pro-poor sectors (e.g. agriculture, tourism, rural infrastructure) shows real increase. Budget 2008 allocation (ZKW billion) for Agriculture, Tourism and Roads: 1,964.2	The share of transport increased from 8.5% of the budget in 2008 to 16.8% in 2012 whereas that of agriculture increased only from 5.8% to 6.1%. Tourism declined from 0.5% of the budget to 0.2%.	Source: CASCR.
	Clear GRZ guidelines for allocation of additional resource flows from mining	GRZ agrees on instruments for managing the uncertainty & volatility of revenue flows from mining and puts in place an appropriate mechanism to harness the flows (such as a sovereign wealth fund).	Source: CASCR.
	Budget presentation includes reporting on donor funding and revenues and expenditures of quasi-fiscal institutions (Bank of Zambia, the Public Service Pension Fund and state owned enterprises (SOEs), especially ZESCO)	The authorities report monthly budget releases, but the data are often subject to substantial revisions, and data on extra-budgetary institutions and local governments are not available.	Source: Zambia 2012 Article IV Consultation, IMF.
CAS 08-12: Pillar 2 Institutional Capacity		Actual Results (as of current month year)	Comments
<u>Major Outcome Measures</u>	1. Strengthened public financial management, procurement and oversight capacity		
	Time for production of financial statements after the end of financial year for institutions where Integrated Financial Management Information System (IFMIS) is operational decreases from 9 months (2007) to 6 months by 2010	There is no progress on this outcome.	Source: CASCR. Timely production of financial statements depends on full implementation of IFMIS.
	Procurement processing time for national competitive bidding is maintained at 8 weeks and for international competitive bidding at 12 weeks (2007 levels) in 90% of Purchasing and Supplies Units	There is no progress on this outcome.	Source: CASCR.
	Percentage of entities (48 entities: 22 ministries, 9 provinces and 17 spending agencies) covered by annual audit increases from 50% in 2006 to 60% by 2010	The percentage of entities covered by annual audit has increased significantly in recent years to about 80% in 2010.	Source: CASCR.
	2. Improved public management and transparency of the mining sector and improve management of the natural resources sector		
Extractive Industries Transparency Initiative (EITI) report published (making all financial flows of mining operations to Government Zambia	As part of the EITI process, the first EITI Revenue Reconciliation Report was published in February	Source: CASCR.	

	transparent and available to the public)	2011 and the second one in March 2012	
	Percentage of mining companies in compliance with Environmental Management Plans (EMP) for the identified priority environmental liabilities increases to 85% by 2010 (from 35% in 2005)	The industry compliance with EMPs increased from 35% in 2005 to 60% in 2010.	Source: CASCR.
	WB/WWF management effectiveness score for 3 National Parks increases from 2007 by end of 2011 for: - Kafue NP from 41 to 64	The management effectiveness as measured by WB/WWF tracking tool-KNP increased from 41 in 2004 to 63 in 2011.	Source: P071407 Support for Economic Expansion and Diversification (SEED) project. IR. 6.29.2012.
3. Improved business environment, especially for micro-, small- and medium-size enterprises (MSMEs)			
	Average number of total days to process Ministry of Tourism, Environment and Natural Resources tourism licenses issued at Livingstone's new "one stop shop" decreases to 60 days in 2010 (from 90 days in 2004)	There is no progress on this outcome.	Source: CASCR.
4. Improved agricultural productivity and marketing schemes for smallholders			
	Volume of agricultural exports for target value chains (t/year) [from 50,000 in 2010 to 51,900 by 2012]: - cotton from 30,000 in 2010 to 35,000 t/ha - sunflower 65 to 75 - groundnuts 440 to 835 - paprika/chilli 2 to 3 - soybean 2,050 to 16,000	The volume of agriculture exports for target value chains (t/year) was at 50586.30 metric tons by 2011. Cotton increased to 35000 t/ha in 2011, groundnuts increased to 739t/ha in 2011 soybeans increased from 2035 t/ha in 2005 to 14445 t/ha in 2011.	Source: P070063 Agricultural Development Support Program. IR. 4.26.2012.
CAS 08-12: Pillar 3 Infrastructure Development		Actual Results (as of current month year)	Comments
Major Outcome Measures	1. Improved transport infrastructure		
	Number of rural population with access to reinstated river crossings increases from 0 in 2007 to 502,000 in 2012	Number of rural population with access to re-instated all-weather river crossings increased from 0 in 2007 to 502,000 in 2012.	Source: P071985 Road Rehabilitation and Maintenance Project. IR. 5.23.12.
	Average vehicle traffic in improved roads from 3,480 in 2009 to 4,176 in 2010 to 5,046 in 2011	There is no information available.	Source: P070063 Agricultural Development Support Program ISR.4.26.12. Average vehicle traffic on improved roads increased from 52 to 103 in 2011. The unit was adjusted to vehicles per day, but not shown in the CAS Progress Report.
	2. Improved access to water, energy services and irrigation systems		
	Water storage and regulation established in 20	There is no progress on this	Source: CASCR.

	target rural communities by 2011 (final determination by project effectiveness)	outcome.	
	25,000 additional people have access to safe water in Lusaka peri-urban area (250/new installed water kiosk) by 2011	Under the World Bank supported-project, Lusaka Water and Sewerage Company (LWSC) has constructed/rehabilitated 99 water kiosks in 12 Lusaka peri-urban areas, with 88 currently supplying water. About 4, 000 people have access to safe water.	Source: CASCR P071259 Water Sector Performance Improvement Project. IR.07.10.12.
	Number of people provided with access to electricity under the project by household connections	Access to electricity remained at about 23 percent in 2012.	Source: P077452 Increased Access to Electricity. IR. 06.13.12.
	6200 ha of newly irrigated land under PPP management	There is no progress on this outcome.	Source: P102459 Irrigation Development Project. IR.
CAS 08-12: Pillar 4 Human Capital Development		Actual Results (as of current month year)	Comments
Major Outcome Measures	1. Improved health programming		
	Percentage of institutional deliveries increases from 43% in 2006 to 50% in 2011	There is no information available.	
	Percentage of children under 5 years of age who sleep under a treated bed net increases from 30% in 2006 to 60% by 2011	The percentage of children under 5 years of age who slept under an insecticide treated net last night increased from 28.6% in November 2007 to 50% in December 2011.	Source: P096131 Zambia Malaria Booster Project. IR.08.13.12.
	Percentage of people in indoor residual spraying (IRS) eligible districts areas who sleep in appropriately sprayed structures from 40% in 2006 to 80% by 2011	Percentage of people in indoor residual spraying (IRS) eligible districts areas who sleep in appropriately sprayed structures from 40% in 2006 to 80% in 2008.	Source: CASCR, P096131 Zambia Malaria Booster Project. IR. 8.27.12.
	2. Strengthened skills and education for the formal and informal sectors		
	> 90% of the 2004 and 2005 Technical Education Vocational & Entrepreneurship Training (TEVET) graduates find employment within 12 months and > 70% within 6 months of graduation (intermediary result in 2005: 89% within 12 months and 72% within 6 months)	55.1 percent of the graduates were employed within a time lag of less than six months. Within a year of graduation the proportion is 90 percent.	Source: P057167 TEVET Development Program Support Project. IR.6.29.09.
	Increased primary completion rate towards reaching MDG	Primary completion rate as a percent of relevant age group increased from 92.7 in 2007 to 103.3 in 2010.	Source: World Development Indicators.

Annex Table 2: Zambia Planned and Actual Lending, FY08-12

Project ID	Project	Proposed FY	Approval FY	Proposed Amount	Approved Amount (mln.)	Outcome Rating**
Programmed projects						
P074445	Economic Management and Growth Credit II	2008	2008		10	IEG: MS
P077452	Increased Access to Electricity	2008	2008		33	LIR: MS
P106596	Roads Rehabilitation and Maintenance Project II	2009	2010		75	LIR: S
	Competitiveness DPL	2009	Dropped			
P107218	Poverty Reduction Support Credit I	2009	2010		20	
	Southern Africa Power Market Program (Zambia-Tanzania Interconnection)	2009	Dropped			
	Water Resources Development Project	2010	Dropped			
P102459	Irrigation Development Project	2010	2011		115	LIR: S
P117370	Poverty Reduction Support Credit II	2010	2011		30	LIR: S
	Regional Communications Infrastructure Program (Telecommunications)	2010	Dropped			
	Nacala Development Corridor	2010	Dropped			
	Southern Africa Transport Corridors HIV/AIDS Program (regional)	2010	Dropped			
	Hydro Energy Generation Project (including PRG)	2011	Dropped			
	Small Towns Water & Sanitation Services Project	2011	Dropped			
P124351	Zambia Kafue Town - Muzuma - Victoria Falls Regional Transmission Line Reinforcement	2011	2012		60	LIR: S
P126349	Poverty Reduction Support Credit III	2012	2012		30	
P122123	Zambia Livestock Development and Animal Health project	2012	2012		50	LIR: MS
Total Programmed projects CAS FY08-12				0.0	423.0	
Non-programmed projects						
P110458	Water Sector Performance Improvement Project -Additional Financing		2009		10	
P120723	Road Rehabilitation and Maintenance Second Additional Financing		2011		15	
P121325	Additional Financing for Zambia Increased Access to Electricity Services Project		2011		20	
P120872	Malaria Booster Project Additional financing		2011		30	
Total projects CAS FY08-11 excluding Grants and Special Financing Projects				0.0	498.0	
On Going Projects During CAS Period		Approval FY	Closing FY		Approved Amount (mln.)	
P057167	Technical Education Vocational & Entrepreneurship Training (TEVET) Development Program Support Project	2001	2009		25	IEG: MS

P003248	Zambia National Response to HIV/AIDS (ZANARA)*	2003	2009		42	IEG: MS
P070962	Zambia Copperbelt Environment Project*	2003	2011		21	IEG: MS
P070962	Zambia Copperbelt Environment Project	2003	2011		19	LIR: MS
P071985	Road Rehabilitation and Maintenance Project	2004	2014		50	LIR: S
P071407	Support for Economic Expansion and Diversification (SEED)	2005	2012		28.15	IEG: MU
P082452	Public Sector Management Program Support Project	2006	2012		30.0	LIR: MU
P096131	Zambia Malaria Booster Project	2006	2013		20.0	LIR: S
P070063	Agricultural Development Support Program	2006	2014		37.2	LIR: S
P071259	Water Sector Performance Improvement Project	2007	2013		23.0	LIR: MS
	Regional Projects					
P070122	Regional Trade Facilitation Project - Zambia	2001	2013		15	LIR: S
P069258	3A-Southern Afr Power Mrkt APL 1	2004	2016		178.6	LIR: MS

Source: Zambia 2008 CAS, 2011 CASPR and WB Business Warehouse Table 2a.1, 2a.4 and 2a.7 as of 12/31/2012.

* IDA Grants

**LIR: Latest internal rating. MU: Moderately Unsatisfactory. MS: Moderately Satisfactory. S: Satisfactory. HS: Highly Satisfactory.

Annex Table 3: Trust Funds Projects Active in FY08-12

Project ID	Project	Financier	Approval FY	Amount (mln.)
P074258	SEED Biodiversity	GEF	2005	4
P076320	Zm: Increased Access to Electricity & ICT Services	GEF and Global Environment - Associated IDA Fund	2008	37.5
P077452	Increased Access to Electricity	European Commission	2008	16.6
P118273	Education – Fast Track Initiative Catalytic Fund	Institutional Development Fund	2011	60.2
P108882	Extension of Kasanka Management System to Lavushi Manda National Park	GEF	2009	0.9
P114672	Results Oriented Monitoring & Eval	Institutional Development Fund	2009	0.32
P103625	Avian Influenza Prevention and Control FY09	Avian and Human Influenza Facility	2009	1
P121986	Pilot Program for Climate Resilience Phase I	Special Climate Change Fund	2010	1.5
P111106	ZM-Capacity Building for Public Expenditure Tracking (PET) through HIV/AIDS PETS	Institutional Development Fund	2010	0.5
P109092	Zambia: Extractive Industries Transparency Initiative Implementation	Single Purpose Trust Fund	2010	0.3
P120902	Institutionalizing Livestock Data Collection and Analysis in Zambia	Trust Fund for Statistical Capacity Building	2011	0.3
P070063	Agricultural Development Support Program	IDA Grant	2006	37.2
P071985	Road Rehabilitation and Maintenance Project	Different Donors	2004	140.8
P096131	Zambia Malaria Booster Project	Multiple Donors	2006	23.7
P111106	Capacity Building for Public Expenditure Tracking (PET) through HIV/AIDS PETS	Institutional Development Fund	2010	0.5
P102459	Irrigation Development Project	ZBEN-Local: Beneficiaries	2010	0.1
P124351	Zambia Kafue Town - Muzuma - Victoria Falls Regional Transmission Line Reinforcement Project	EC: European Investment Bank	2012	30.0
Total Special Financing CAS FY07-11				355.4

Source: Zambia 2008 CAS, 2011 CASPR and WB Business Warehouse Table 2a.1, 2a.4 and 2a.7 as of 12/31/2012.

Annex Table 4: Planned and Actual Analytical and Advisory Work, FY08-12

Project ID		Proposed FY	Delivered to Client FY	Output Type
	Economic and Sector Work			
	<i>Planned (CAS FY2008-2012)</i>			
P096705	Nature Tourism Study	2008	2008	Report
P106429	Investment Climate Assessment	2008	2009	Report
	Citizens Empowerment Policy Note	2008	Dropped	
	Public-Private partnership Policy Note	2008	Dropped	
P104506	Education Public Expenditure Tracking	2008	2008	Report
P107331	Water Resources Assistance Strategy	2009	2010	Report
P112134	Financial Sector Assessment Update		2009	Report
P102460	Agriculture Value Chain Analysis	2009	2009	Report
	Rural Competitiveness Survey	2009	Dropped	
	Micro Foundations of Growth - Value Chain Analysis	2009	Dropped	
P112950	Public Expenditure Review	2010	2010	Report
P109869	Agriculture Public Expenditure Tracking Survey	2010	2010	Report
P107987	Country Health Status Report	2010	2010	Report
	Strategy for Post Basic Education	2010	Dropped	
	Poverty and Vulnerability Assessment	2011	Dropped	
	Investment Climate Assessment	2011	Dropped	
	Commodity Risk Management	2011	Dropped	
	Development Policy Review	2011	Dropped	
	Water Pollution and Supply Solutions Study	2011	Dropped	
P123548	Poverty Assessment	2012	2012	Report
	<i>Non-planned</i>			
P110793	Zambia SOE Ownership Strategy		2008	Report
P094966	Regulatory Assessment of Utilities		2008	Report
P109096	ICR ROSC		2009	Report
P111405	HIV/AIDS Epidemiological-Results Synthesis in Zambia		2009	Report
P115752	Inclusive Growth Analytics: A Framework and An Application		2009	Report
P113236	Constraints to Inclusive Growth		2009	Report
P117967	Medium Term Debt Strategy		2010	Report
P107751	Jobs and Prosperity: Building Zambia's Competitiveness		2010	Report
P113476	Improving Access to ACT's in Zambia EFO		2011	Report
P123059	Micro-Macro Mining Sector Benefits		2012	Report
P125174	DeMPA Assessment - Zambia		2012	Report
	Technical Assistance			
	<i>Planned (CAS FY2008-2012)</i>			
	NA			
	<i>Non-planned</i>			
P090978	Health Dialogue		2008	"How-To" Guidance
P093947	GVEP-Zambia Energy-Poverty Action Plan		2008	"How-To" Guidance
P104302	Support for Rationalizing Safety Nets in Zambia		2008	"How-To" Guidance

P105592	Review of Poverty Reduction and Transport Strategies		2008	Client Document Review
P107436	Health Public Expenditure Review Follow-up & Managerial Budgeting for Bottlenecks		2008	"How-To" Guidance
P107980	IF Follow Up		2008	"How-To" Guidance
P108093	Mining Sector Fiscal Reform		2008	Client Document Review
P109591	ICT Policy Dialogue		2008	"How-To" Guidance
P110788	International Health Partnership		2008	Institutional Development Plan
P112547	telecom NLTA		2009	"How-To" Guidance
P102171	Educ Sector Dialogue		2010	Institutional Development Plan
P111958	FSAP Coordination		2010	"How-To" Guidance
P112680	EITI++ Scoping Study		2010	Client Document Review
P116857	Early Childhood Care and Development Initiative		2010	Institutional Development Plan
P117932	Telecom NLTA		2010	"How-To" Guidance
P116411	Electricity Sector Performance Review		2011	Client Document Review
P118409	Policy Dialog on Tourism and Conservation		2011	Institutional Development Plan
P118710	Non Lending TA on Competitiveness in Zambia		2011	"How-To" Guidance
P125242	Supply Chain Innovation		2011	Model/Survey

Source: Zambia 2008 CAS, 2011 CASPR and WB Business Warehouse Table 8.1.4 as of 12/31/2012.

Annex Table 5: IEG Project Ratings for Zambia, FY08-13

Exit FY	Project Name	Total Evaluated (US\$M)	IEG Outcome	IEG Risk to Development Outcome *	PID
2009	ZM-Zanara HIV/AIDS APL (FY03)	50.5	Moderately Satisfactory	MODERATE	P003248
2009	ZM-TEVET SIM (FY01)	27.8	Moderately Unsatisfactory	SIGNIFICANT	P057167
2009	ZM-Econ Mgmt & Growth Crdt 2	9.6	Moderately Satisfactory	SIGNIFICANT	P074445
2011	ZM-Copperbelt Env (FY03)	37.3	Moderately Satisfactory	SIGNIFICANT	P070962
2012	ZM-SEED (FY05)	28.9	Moderately Unsatisfactory	SIGNIFICANT	P071407

Source: WB Business Warehouse Table 4a.5 and 4a.6 as of as of 8/23/2012

* With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

Annex Table 6: IEG Project Ratings for Zambia and Comparators, FY08-12

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	RDO % Moderate or Lower (\$) *	RDO % Moderate or Lower (No) *
Zambia	154.01	5.00	63.23	60.00	32.78	20.00
AFR	11,571.93	230.00	75.37	64.47	36.81	37.99
World	66,611.86	886.00	83.81	71.64	67.66	54.94

Source: WB Business Warehouse Table 4a.5 and 4a.6 as of as of 8/23/2012.

* With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

Annex Table 7: Portfolio Status for Zambia, FY08-12

Fiscal year	2008	2009	2010	2011	2012
Zambia					
# Proj	11	8	10	9	8
# Proj At Risk	0	2	2	2	0
% At Risk	0	25	20	22	0
Net Comm Amt	372	305	400	520	508
Comm At Risk	0	62	119	118	0
% Commit at Risk	0	20	30	23	0
AFR					
# Proj	419	440	454	470	452
# Proj At Risk	94	131	137	117	108
% At Risk	22	30	30	25	24
Net Comm Amt	23,307	28,178	34,189	37,466	38,963
Comm At Risk	5,890	6,951	9,494	7,950	6,300
% Commit at Risk	25	25	28	21	16
World					
# Proj	1,525	1,552	1,590	1,595	1,500
# Proj At Risk	276	344	366	337	333
% At Risk	18	22	23	21	22
Net Comm Amt	106,762	131,076	158,287	168,249	168,408
Comm At Risk	18,428	19,930	28,186	22,979	23,723
% Commit at Risk	17	15	18	14	14

Source: WB Business Warehouse Table 3a.4 as of 8/23/2012

Annex Table 8: IDA Net Disbursements and Charges Summary Report for Zambia, FY08-(in US\$)

FY	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfer
2008	68,947,572.36	536,468.75	68,411,103.61	1,040,609.94	1,484,963.93	65,885,529.74
2009	54,738,811.02	768,788.19	53,970,022.83	0.00	2,671,386.91	51,298,635.92
2010	27,199,867.57	1,241,383.57	25,958,484.00	0.00	2,975,530.11	22,982,953.89
2011	89,985,602.89	2,749,543.89	87,236,059.00	0.00	3,138,251.03	84,097,807.97
2012	68,863,073.04	3,576,741.07	65,286,331.97	0.00	3,698,267.68	61,588,064.29
Total (08-12)	309,734,926.88	8,872,925.47	300,862,001.41	1,040,609.94	13,968,399.66	285,852,991.81

Source: WB Loan Kiosk, Net Disbursement and Charges Report as of 8/23/2012.

Annex Table 9: Total Net Disbursements of Official Development Assistance and Official Aid, 2007-2011(in US\$ million)

	2007	2008	2009	2010	2011	2007-2011
Bilaterals						
Australia	1.13	0.71	1.49	1.86	8.82	14.01
Austria	0.07	0.04			0.02	0.13
Belgium	0.23	0.33	0.29			0.85
Canada	15.23	9.54	8.12	5.15	3.21	41.25
Denmark	48.44	34.24	46.29	21.63	40.01	190.61
Finland	19.07	14.9	22.78	19.76	16.76	93.27
France	0.89	0.86	1.83	0.79	0.82	5.19
Germany	37.74	40.43	50.79	32.47	36.55	197.98
Greece	0.22	0.14	0.07	0.03	0.02	0.48
Ireland	32.48	43.34	35.87	26.13	20.82	158.64
Italy	0.15	5.74	1.83	1.36	0.25	9.33
Japan	28	31.15	32.59	44.97	43.09	179.80
Korea	1.05	0.6	0.82	0.61	0.17	3.25
Luxembourg	0.01					0.01
Netherlands	70.1	84.28	63.33	35.02	21.88	274.61
New Zealand	0.5	1.03	1.61	1.1	1.74	5.98
Norway	74.41	72.9	62.6	45	48.72	303.63
Portugal						0.00
Spain	0.68		9.43	0.15		10.26
Sweden	48.58	47.39	19.26	15.3	28.86	159.39
Switzerland	0.14			0.16		0.30
United Kingdom	68.1	80.71	68.67	78.96	88.97	385.41
United States	154.24	213.72	219.83	213.22	268.42	1069.43
DAC Countries, Total	601.46	682.05	647.5	543.67	629.13	3,103.81
Cyprus	0.01					0.01
Czech Republic	0.34	0.96	1.31	0.78	1.01	4.40
Estonia					0.03	0.03
Hungary					0.01	0.01
Israel		0.03	0.01	0.02	0.04	0.10
Kuwait (KFAED)	0.04		1.4			1.44
Liechtenstein	0.59					0.59
Poland	0.06	0.4	0.4	0.19	0.33	1.38
Romania					0.06	0.06
Thailand		0.01				0.01
Turkey	0.1	0.03	0.01	0.01	0.01	0.16
United Arab Emirates				0.04		0.04
Non-DAC Countries, Total	1.14	1.43	3.13	1.04	1.49	8.23
Multilaterals						
AfDF	20.13	45.05	34.9	55.89	0.17	156.14
AfDF					3.91	
BADEA	0.43		1.24	0.07	0.1	1.84
EU Institutions	78.24	128.89	144.71	87.46	100.18	539.48
GAVI	4.84	8.16	3.63	7.76	7.86	32.25
GEF	4.74	5.43			13.3	23.47
Global Fund	41.84	102.9	55.19	40.96	103.18	344.07
IAEA	0.36	0.83	0.34	0.56	0.34	2.43
IDA	70.88	59.3	43.56	35.45	75.32	284.51
IFAD	3.58	3.13	3.54	4.82	5.57	20.64
IMF (Concessional Trust Funds)	42.06	11.04	243.52	56.13	29.04	381.79
Nordic Dev.Fund	1	1.96	3.72	2.77	0.09	9.54
OFID	3.57	1.58	1	0.18		6.33
UNAIDS	2.01	0.79	0.87	0.95	1.37	5.99
UNDP	3.71	12.61		5.87	4.01	26.20
UNFPA	1.91	3.1	3.28	5.04	2.87	16.20
UNICEF	8.92	8.32	8.91	8.79	8.22	43.16
UNTA	2.6	1.63				4.23
Multilateral Agencies, Total	290.82	394.72	548.41	312.7	355.53	1898.27
All Partners, Total	893.42	1078.2	1199.04	857.41	986.15	5010.31

Source: OECD DAC Online database, Table 2a. Destination of Official Development Assistance and Official Aid – Disbursements, as of 12/31/2012

Annex Table 10: Economic and Social Indicators for Zambia, 2008 – 2011

Series Name	Zambia				Zambia	AFR	World
	2008	2009	2010	2011	Average 2008-2011		
Growth and Inflation	5.68	6.40	7.61	5.90	6.40	4.08	1.53
GDP growth (annual %)	2.91	3.53	5.92	1.59	3.49	1.54	0.37
GDP per capita growth (annual %)	1,250.00	1,300.00	1,370.00	1,490.00	1,352.50	2,127.47	10,935.58
GNI per capita, PPP (current international \$, min.)	12,065.62	12,572.54	13,815.69	15,619.43	13,518.32	993,936.21	61,583,606.97
GNI, Atlas method (current US mil. \$)	12.45	13.40	8.50	..	11.45
Inflation, consumer prices (annual %)							
Composition of GDP (%)							
Agriculture, value added (% of GDP)	18.95	21.55	9.16	20.72	17.60	12.55	2.78
Industry, value added (% of GDP)	41.39	34.10	37.23	37.74	37.62	30.70	26.18
Services, etc., value added (% of GDP)	39.66	44.35	53.61	41.53	44.79	56.74	71.04
Gross fixed capital formation (% of GDP)	22.19	22.15	22.41	21.26	22.00	214.95	20.14
Gross domestic savings (% of GDP)	24.63	25.59	31.48	23.14	26.21	195.29	20.06
External Accounts							
Exports of goods and services (% of GDP)	35.97	35.61	44.10	37.13	38.20	32.32	27.64
Imports of goods and services (% of GDP)	33.53	32.16	35.03	35.25	33.99	35.46	27.92
Current account balance (% of GDP)	-7.09	4.20	7.06	1.12	1.32		
External debt (% of GDP)	22.46	26.56	25.80		24.94		
Total debt service (% of GNI)	1.26	1.48	1.03		1.25	1.42	
Total reserves in months of imports	1.91	5.00	3.58	3.02	3.38	5.97	13.41
Fiscal Accounts ^{1/}							
Revenue (% of GDP)	23.0	18.9	19.6	22.5	21.00		
Expenditure (on a commitment basis) (% of GDP)	23.9	21.3	22.6	25.5	23.33		
Overall Balance (% of GDP)	-0.9	-2.4	-3.0	-3.0	-2.33		
Total Public Debt (% of GDP)	26.7	28.1	26.6	27.7	27.28		
Social Indicators							
Health							
Life expectancy at birth, total (years)	47.05	47.81	48.46		47.77	53.69	69.38
Immunization, DPT (% of children ages 12-23 months)	79.00	82.00	82.00		81.00	74.49	84.37
Improved sanitation facilities (% of population with access)	48.00	48.00	48.00		48.00	30.37	62.04
Improved water source (% of population with access)	60.00	61.00	61.00		60.67	60.73	87.88
Mortality rate, infant (per 1,000 live births)	74.10	71.50	68.90		71.50	78.26	42.03
Population							
Population, total (mil.)	12.38	12.72	12.93	13.47	12.88	843.87	6,855.29
Population growth (annual %)	2.65	2.74	1.58	4.16	2.78	2.50	1.16
Urban population (% of total)			35.70		35.70	36.86	50.28
Education							
School enrollment, preprimary (% gross)						17.30	46.83
School enrollment, primary (% gross)	122.02	115.81	115.25		117.69	99.42	106.18
School enrollment, secondary (% gross)						37.81	69.31

^{1/} Source: IMF

Source: WB World Development Indicators for all indicators excluding those noted.

Annex Table 11: Zambia - Millennium Development Goals

	1990	1995	2000	2005	2010
Goal 1: Eradicate extreme poverty and hunger					
Employment to population ratio, 15+, total (%)	65	65	70	67	67
Employment to population ratio, ages 15-24, total (%)	47	48	53	52	51
GDP per person employed (constant 1990 PPP \$)	2,154	1,561	1,566	1,811	2,174
Income share held by lowest 20%		4	3	4	
Malnutrition prevalence, weight for age (% of children under 5)	21	20	20	15	
Poverty gap at \$1.25 a day (PPP) (%)	40	29	27	37	
Poverty headcount ratio at \$1.25 a day (PPP) (% of population)	61	62	56	69	
Vulnerable employment, total (% of total employment)	65	78	81	81	
Goal 2: Achieve universal primary education					
Literacy rate, youth female (% of females ages 15-24)	66		66		67
Literacy rate, youth male (% of males ages 15-24)	67		73		82
Persistence to last grade of primary, total (% of cohort)			66	75	53
Primary completion rate, total (% of relevant age group)			63	87	103
Total enrollment, primary (% net)	84	75	71	96	93
Goal 3: Promote gender equality and empower women					
Proportion of seats held by women in national parliaments (%)	7	10	10	13	14
Ratio of female to male primary enrollment (%)	91	92	93	96	101
Ratio of female to male secondary enrollment (%)	59		77		
Ratio of female to male tertiary enrollment (%)	39		46		
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	16.6		22		
Goal 4: Reduce child mortality					
Immunization, measles (% of children ages 12-23 months)	90	86	85	85	91
Mortality rate, infant (per 1,000 live births)	109	105	94	84	69
Mortality rate, under-5 (per 1,000 live births)	183	177	157	138	111
Goal 5: Improve maternal health					
Adolescent fertility rate (births per 1,000 women ages 15-19)	..	143	153	152	142
Births attended by skilled health staff (% of total)	51	47	47	47	
Contraceptive prevalence (% of women ages 15-49)	15	26	22	41	
Maternal mortality ratio (modeled estimate, per 100,000 live births)	470	530	540	500	440
Pregnant women receiving prenatal care (%)	92	96	83	94	
Unmet need for contraception (% of married women ages 15-49)	31	27	13	27	
Goal 6: Combat HIV/AIDS, malaria, and other diseases					
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)			58	58	34
Condom use, population ages 15-24, female (% of females ages 15-24)		11	17	17	
Condom use, population ages 15-24, male (% of males ages 15-24)		34	36	39	
Incidence of tuberculosis (per 100,000 people)	710	788	713	566	462
Prevalence of HIV, female (% ages 15-24)					8.9
Prevalence of HIV, male (% ages 15-24)					4.2
Prevalence of HIV, total (% of population ages 15-49)	12.7	15	14.4	13.9	13.5
Tuberculosis case detection rate (% , all forms)	30	51	68	76	73
Goal 7: Ensure environmental sustainability					
CO2 emissions (kg per PPP \$ of GDP)	0	0	0	0	0

CO2 emissions (metric tons per capita)	0	0	0	0	0
Forest area (% of land area)	71		68.8	67.7	66.5
Improved sanitation facilities (% of population with access)	46	47	47	48	48
Improved water source (% of population with access)	49	51	54	58	61
Marine protected areas (% of territorial waters)					
Net ODA received per capita (current US\$)	60	228	78	102	71
Goal 8: Develop a global partnership for development					
Debt service (PPG and IMF only, % of exports, excluding workers' remittances)	15	18	16	6	1
Internet users (per 100 people)	0	0	0.2	2.9	10.1
Mobile cellular subscriptions (per 100 people)	0	0	1	8	42
Telephone lines (per 100 people)	1	1	1	1	1
Fertility rate, total (births per woman)	6	6	6	6	6
Other					
GNI per capita, Atlas method (current US\$)	440	350	310	500	1070
GNI, Atlas method (current US\$) (billions)	3.5	3.1	3.1	5.7	13.8
Gross capital formation (% of GDP)	17.3	15.9	17.4	23.8	22.4
Life expectancy at birth, total (years)	47	44	42	44	48
Literacy rate, adult total (% of people ages 15 and above)	65		68		71
Population, total (billions)	0	0	0	0	0
Trade (% of GDP)	72.5	75.8	68.6	71.2	79.1

Source: World Development Indicators

