

# Parliament's Role in the Development Agenda: TWO CASE STUDIES

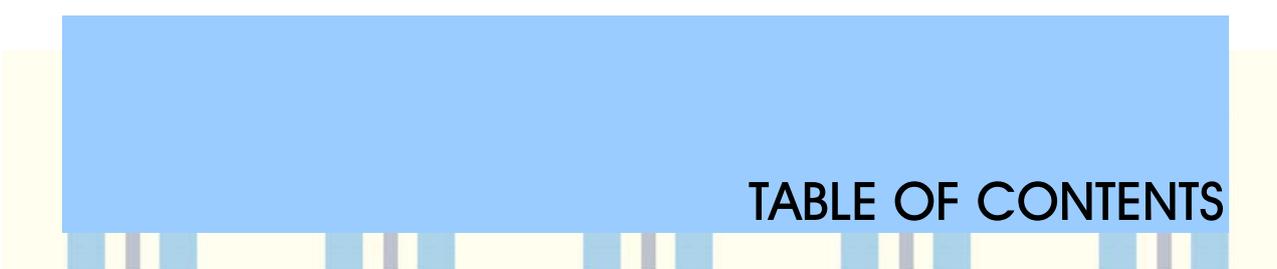
*Prepared by a team of experts commissioned by the Inter-Parliamentary Union*

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## INTRODUCTION

The issue of aid effectiveness features prominently on the international political agenda and is central to achieving the eight Millennium Development Goals (MDGs) aimed at eradicating extreme poverty by 2015. The MDGs and the UN Millennium Declaration, representing an unprecedented global partnership to meet the needs of the world's poorest populations, were adopted by all Member States in 2000. The signing of the Declaration triggered a series of high-level events on financing for development, including the Monterrey Conference in 2002, the G8 summit in Gleneagles in 2005, and the Doha Conference in late 2008. These events resulted in concrete commitments from donors to assist countries in their efforts to accelerate progress towards the MDGs by mobilizing greater resources for poverty reduction. The Development Cooperation Forum (DCF) of the United Nations Economic and Social Council was established in 2007 to enhance the implementation of the internationally agreed development goals, including the MDGs. The DCF brings together all key stakeholders, including parliaments, and is held bi-annually to promote dialogue on policy issues related to development. A major theme of the second DCF, scheduled for 2010, will be mutual accountability.

In 2005, more than 100 countries and leading development institutions signed the Paris Declaration on Aid Effectiveness, which consists of a set of principles for reforming the delivery and management of development aid. These principles include promoting greater national ownership of development strategies and programmes, better alignment of donor activities with national priorities and systems, more harmonization among donors to reduce duplication of efforts and increase coordination of activities, a focus on results, and mutual accountability between donor and partner countries. Each of these principles is linked with specific targets to be achieved by 2010. The 2008 Paris Declaration Monitoring Survey reported that donors are making strides to improve coordination at the country level, and a large number of developing countries have improved their management of public funds. However, the Survey concluded that faster action and further reform is required if the 2010 targets are to be met. In response to these findings and to promote country ownership over development, the Accra Agenda for Action was drawn up in 2008 to encourage donors to increase aid predictability and speed up the process of untying aid and reducing conditions for providing aid. It acknowledges the critical role and responsibility of parliaments in ensuring country ownership and urges governments to work more closely with parliaments in preparing, implementing and monitoring national development policies and plans.

Partnership is central to these principles. Fostering strong partnerships between donor and partner countries hinges on the willingness of donors to shift from project- to programme-based funding or general budget support, and to help build the capacity of partner countries to manage independently. Partner countries, in turn, need to demonstrate greater commitment to transparency and public finance-management reform. These changes, coupled with the successful implementation of the Paris principles, could result in sustainable development and the elimination of extreme poverty at national and sub-national levels. Good governance is fundamental to the realization of these changes and requires functional national institutions. Parliaments have a crucial role to play, particularly in

improving their country's ability to assume full ownership of national development policies and programmes. As representatives of the people, parliamentarians can speak on behalf of the poor and other vulnerable groups, ensure that development plans are informed by the real priorities on the ground, adopt requisite legislation, approve budget allocations, and exercise oversight over expenditures.

However, parliaments often lack the independence, knowledge and resources to perform their functions, especially in poor countries. As a result, the role of parliament in improving the effectiveness and impact of aid, and in shaping development strategies that reflect the concerns of the people, tends to be overlooked. Instead, national development approaches tend to be shaped and driven by the governments of donor and partner countries. A key recommendation of the 2006 Paris Declaration Monitoring Survey is to address this problem by strengthening the ability of parliaments to engage in the planning and assessment of development policies and programmes.

During the Inter-Parliamentary Union's (IPU) 17<sup>th</sup> Assembly, held in Geneva in October 2007, the issue of "Parliamentary Oversight of State Policies of Foreign Aid" was the subject of a panel discussion. That discussion resumed during the 18<sup>th</sup> Assembly in Cape Town, South Africa, in April 2008. A resolution adopted in Cape Town recommended that "an institutional dialogue on the conditions likely to make aid more effective be initiated among donor country and beneficiary-country parliaments, both bilaterally and multilaterally, within the IPU in particular."

## The Zambia and Tanzania case studies

In response to the Cape Town resolution and the recommendation of the 2006 Paris Declaration Monitoring Survey, the IPU, with support provided by the Swedish International Development Cooperation Agency (Sida), commissioned case studies on Zambia and Tanzania as a first phase of a project aimed at galvanizing parliaments in partner countries to play a more active role in designing and evaluating national development policies and programmes, including those implemented with donor support. The tasks undertaken for the case studies included:

- (1) Reviewing the level of involvement of the Zambian and Tanzanian parliaments in planning and evaluating national development strategies;
- (2) Examining the relationships between the donor community, the executive, and parliament;
- (3) Determining how parliament can increase the involvement of civil society organizations in discussions of development assistance;
- (4) Identifying obstacles to parliament's full engagement; and
- (5) Proposing activities that can contribute to overcoming these obstacles.

The health sector was the subject of special focus as it provides a concrete illustration of the progress both countries are making towards instituting the principles of the Paris Declaration. The findings of this study will inform follow-up action by the IPU, Sida and other partners to address identified obstacles and replicate best practices found in other countries.

Zambia and Tanzania were chosen for the case studies because both have democratically elected parliaments that have recently undergone critical reforms, a long history of substantial donor funding, including a significant portion of aid provided as general budget support, and a high degree of donor coordination. The ongoing donor harmonization and alignment processes in both countries

have created opportunities for increasing parliament's participation in the donor-government dialogue, in overseeing development assistance, and in promoting national ownership of the development agenda.

### **Methodology of the case studies**

A mission to Zambia and Tanzania was undertaken from 19 February to 7 March 2009 followed by an analysis of collected information. The mission included interviews with parliamentarians, representatives from the donor community, including agencies active in the health sector, government officials, and members of civil society. The interviews covered the following issues:

- Parliament's organization, mode of operation, staff and capacity, reform processes and remaining challenges
- Government structure, public financial management and other reform measures, relationships with parliament and development partners
- Donor architecture, aid modalities, agreed financing and coordination strategies, interaction with parliament
- The interaction of civil society organizations with parliament, development partners and the government
- The national development strategy, and the planning and budgeting processes
- The health sector as an illustrative example of the impact different aid modalities have on the planning, budgeting, and monitoring processes

The study also involved analysis of budget and audit documents, performance reviews, organization and flow charts, relevant literature, including critical studies on the two countries, the legal framework, regulations and handbooks. Many of these materials were provided by the Zambian and Tanzanian parliaments and government offices. The quality of the budget and audit documents was assessed to determine the transparency and accessibility of the information, issues central to increasing donor confidence in national processes and parliament's ability to understand and make recommendations on the budget, evaluate the linkages between the budget and national plans and priorities, and oversee expenditures. Review of the legal framework, including articles of the constitution and standing orders, was essential for determining parliament's independence and power in relation to the executive.

This expert study should not be seen as an end in itself. The aim is rather to use the observations and recommendations of the experts as a basis for further debate, study, and decisions on next steps for increasing parliament's role in the development agenda, and improving aid effectiveness.

### **The team of experts**

*Cyril Ndebele*, Governance Consultant, Parliamentary Expert, former Speaker of the Parliament of Zimbabwe

*Finn Hedvall*, Public Finance Management Advisor, SIPU International, Sweden, Secretary to the team

*Jennifer Requejo*, Health Specialist Consultant, Partnership for Maternal, Newborn and Child Health, Geneva, Switzerland

## EXECUTIVE SUMMARY

The issue of aid effectiveness ranks high on the international political agenda and is central to achieving the eight Millennium Development Goals (MDGs) aimed at eradicating extreme poverty by 2015. The signing of the UN Millennium Declaration by all member States in 2000 triggered a series of high-level events on financing for development and on maximizing the impact of development assistance. A major outcome of these events was the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action, both of which endorse a set of principles for reforming the delivery and management of development assistance, including promoting national ownership of development strategies, aligning donor activities with national priorities, harmonizing procedures among donors, focusing on results, and mutual accountability.

Adhering to the Paris Principles requires trust between donor and partner countries. Donor countries need to demonstrate greater willingness to invest in programme-based funding and to help build the capacity of partner countries to manage independently. Partner countries, in turn, need to make strides in improving transparency and public-management reform. Good governance is fundamental to these changes and requires functioning national institutions, including parliaments.

However, parliaments in partner countries often lack the independence, knowledge and resources to perform their mandated oversight, legislative, and representative functions. Acknowledging these shortcomings, the 2006 Paris Declaration Monitoring Survey recommended strengthening the ability of parliaments to plan and assess development policies and programmes. Following up on this recommendation, the Inter-Parliamentary Union (IPU) adopted a resolution during its 118<sup>th</sup> Assembly, held in Cape Town, South Africa, in April 2008, to initiate a dialogue among parliaments from donor and partner countries on the conditions needed to make aid more effective.

In response to the Cape Town resolution, the IPU, with support from the Swedish International Development Cooperation Agency (Sida), commissioned two case studies as the first phase of a project aimed at galvanizing parliaments in partner countries to play a more active role in planning and evaluating national development policies and programmes, including those implemented with donor support. The case studies were carried out by a team of experts in early 2009 in Zambia and Tanzania, and involved a series of interviews with representatives of the parliaments, executive branch, donor and civil society communities in the two countries. Relevant documents on the government structure, history of development assistance, national development plans and budget, and on the public-finance reform process were also reviewed.

Zambia and Tanzania were chosen for the case studies because both have democratically elected parliaments that have recently undergone critical reforms, a long history of substantial donor funding, including a significant portion of aid provided as general budget support, and a high degree of donor coordination. In Zambia, around 20% of the national budget is externally funded, and 32% of all overseas development assistance (ODA) is provided as general budget support. Tanzania's aid

dependency is nearly twice as high as Zambia's, with approximately 40% of its budget funded through external sources; 36% of all ODA is provided as general budget support.

While these figures indicate that a considerable share of ODA is still earmarked as sector or project-based support, donors are moving towards general budget support as the preferred aid modality in both countries. This trend presents greater opportunities for parliament to exercise oversight over ODA. A main aim of this study was to determine the role parliament currently plays in setting the development agenda in Tanzania and Zambia, and the capacity of the parliaments in both countries to become more engaged in this process, particularly in overseeing ODA.

To best map the situation in Tanzania and Zambia and formulate recommendations, the study team focused on the points of interaction between parliament, the executive, and the donor community. The relationship between civil society and parliament was also assessed, as it is through that relationship that parliament can improve its ability to translate the needs of the people into budget priorities and a supportive legislative framework. In addition, the team reviewed the national planning, budgeting and auditing processes and associated documents to determine the accessibility and quality of the information provided to parliament; the linkages between these processes and whether they result in the allocation and use of resources that reflect national priorities and in effective monitoring and evaluation; and how parliament's participation in these processes can be enhanced. To illustrate parliament's role, or lack thereof, in planning and overseeing development assistance, the team studied the health sector in greater depth.

## RECOMMENDATIONS

Most of our recommendations to strengthen the role of parliament in the development process can be enacted without the need for significant changes to the legal framework in the two countries. For each recommendation, we have identified the main actors (government, parliament, donors, civil society) chiefly responsible for carrying out associated activities. We recognize that our study represents a snapshot of the situation in both countries, and that further study is necessary to confirm our conclusions and determine the way forward. Issues unique to each country that warrant greater attention are discussed at length in the country chapters. Comparisons between the two countries, identifying key similarities and differences, are presented in the observations and recommendations chapter.

### Recommendations not dependent upon constitutional revision

We determined that while there are real obstacles to parliament's greater involvement in official development assistance (ODA) and setting the development agenda in Zambia and Tanzania, a considerable amount of progress can be achieved within the context of existing reform measures and formalized arrangements between the executive branch, development partners, and parliament. The parliamentary reform processes under way in Tanzania and Zambia have created opportunities for greater participation by civil society organizations in parliamentary activities, which, in turn, improve parliament's ability to represent the people and receive needed technical support to carry out its legislative, budgetary, and oversight mandates. These reforms have also made parliament more independent and improved its capacity to introduce new legislation and analyze budget documents.

The governments in both countries have enacted significant reform measures, including decentralization and public financial management reform, with positive implications for parliament's ability to oversee budget allocations and assess the linkages between those allocations and national priorities.

A major drive towards harmonization, to increase aid effectiveness, has also been in motion for the past several years in both countries, opening up new possibilities for parliament to engage in the donor-government dialogue and play a greater role in overseeing ODA. Donors and governments in both countries are showing a willingness to improve the flow of communication about joint donor-government activities to parliament and increase parliament's involvement in designing and evaluating national plans and policies. These complex developments, in addition to donors' direct investments in support of parliamentary reform processes (the PRPI-III programme in Zambia, and Deepening Democracy programme in Tanzania) and the establishment of parliamentary work plans (to be supported by the World Bank), are all encouraging signs that Tanzania and Zambia are making strides towards fully adhering to the Paris Declaration principles, and positioning parliament as an important player in ensuring national ownership of the development process.

However, difficulties remain. Overcoming these difficulties, without resorting to constitutional amendments, will require work in three broad categories: communication processes, capacity-building and the budget documents, themselves.

## Communication processes

### **Donor-government-parliament interactions**

Donors in Tanzania and Zambia have worked with the government to formulate comprehensive Joint Assistance Strategies (the JAST and JASZ, respectively) to strengthen national ownership and enhance the effectiveness of ODA. Donors in both countries (although slight reversals occurred in Tanzania following the two corruption scandals) are making progress in integrating ODA into government systems and procedures, and are progressively shifting towards programme-based approaches. Another major achievement under the JAST and JASZ processes has been an agreement on a division of labour among donors, which improves the effectiveness of development coordination. Continued progress in this area hinges upon improved communication among all three actors:

*Parliament's involvement in the donor-government dialogue.* Any improvement in parliament's engagement in the donor-government dialogue must be balanced with the need to distinguish clear roles and responsibilities between the executive and legislative branches. However, the communication mechanisms that have been institutionalized through the JAST and JASZ frameworks should be opened up, at least informally, to include greater participation of parliament in critical stages of the national planning and budget cycle.

*Mutual trust and accountability.* To increase donor confidence in national institutions and parliament's ability to hold the government to account, the government should provide to donors more detailed implementation plans and information on the progress of reforms. Donors need to improve communication about disbursement schedules with government to increase the reliability and predictability of aid. Timely access to aid information, for both parliament and the general public, would also improve confidence in donors' accountability.

*Acceleration of the implementation of the JASZ and JAST*, particularly the quality of the donor-government dialogue and division of labour process. This includes improving discussions of the MTEF and new five-year national plans and involving parliament in these discussions; further streamlining the consultation process and revising the donor architecture; determining how to include emerging donors in the JASZ/JAST process; and negotiating how to bring greater portions of aid onto the budget.

Donors in both countries are still providing a considerable amount of project-based aid and sector-basket support. They need to be sensitized to the negative impact these aid modalities have on national ownership of the development process, and to the importance of respecting the Tanzanian and Zambian governments' preference for general budget support.

Government ministries accustomed to project-based funding may also need to be made more aware about the importance of general budget support for programme sustainability, and how project-based aid undermines the national ownership process.

### **Parliament-government-civil society organizations interactions**

Increasing the opportunities for civil society organizations to interact with parliament, and improving parliament's willingness to consult with those organizations, are important ways to enhance MPs' ability to represent their constituencies, and to ensure that the national planning and budgeting processes reflect the needs of the people.

### **Parliament-constituency relationships and public accessibility**

Changes that have been introduced to improve public accessibility to parliament, such as constituency offices, standing order changes that have led to increased media coverage, public announcements of committee meetings, and less stringent dress codes, are commendable and should be continued.

## **Capacity building**

### **Members of Parliament and parliamentary staff**

#### *General recommendations*

- A benchmarking analysis of parliament's resource and capacity-building needs in the two countries could be carried out.
- Parliamentary exchanges with other partner and donor countries should continue to promote the sharing of best practices and experiences.
- Translating budget and audit documents, and proposed and existing legislation would enable greater participation of MPs and the public in debates about the budget and changes to the legal framework.
- Resources should be routinely allocated to maintain and update parliamentary websites to improve public accessibility to parliamentary activities.

#### *Legislative function*

- Recurrent training and other capacity-building exercises on the legislative process, including on how to introduce private member bills, evaluate proposed legislation and assess the existing policy framework, should be made available to MPs and parliamentary staff.

### *Research and advocacy*

- Within the framework of the ongoing parliamentary reform processes in both countries, parliament should have access to adequate research staff, and sufficient resources for conducting research.
- Secured funding is needed to enable parliament to commission independent studies by civil society organizations.
- Improvements in parliament's research capacity will enable MPs, including those of the opposition, to advocate more effectively for their respective constituencies on specific issues, and be more informed about issues discussed during committee meetings and in the National Assembly.

### *Budget competence*

- Recurrent training and other capacity-building activities on how to analyze budget documents and audit reports should be provided to MPs and parliamentary staff.
- MPs need to be encouraged to play a more active role as *ex officio* members of local councils to ensure that the priorities and needs of their constituencies are reflected in district-level plans and budgets.

## Quality of budget and audit documents

Improvements in the quality of budget and audit documents have been made in recent years in both countries as part of government reform processes. However, more work is needed in the following areas:

- Improve the quality of the **MTEF** by including a more credible portion of external support.
- Improve the quality of the **annual budget document** by including analytical content and summaries, clear distinctions between recurrent costs and investments, projected committed costs, and off-budget resources from donors.
- Improve the timeliness of the submission of **audit reports** to the President and National Assembly in order to reduce the time lag between actual expenditures and audits of expenditures.
- Improvements in the **transparency and accessibility** of the budget and audit documents will facilitate parliament's ability to exercise its oversight role and hold the government to account for any misuse of funds.

## Recommendations that involve revising the constitution or standing orders

Our assessment of the power of the executive branch in relation to parliament suggests that constitutional amendments, which require a two-thirds majority in both countries, may be required to strengthen parliament's ability to hold the government accountable, in particular the budget calendar in both countries needs to be revised to enable parliament to be involved earlier in the budget formulation and approval process.

### **Representation and the electoral process**

The electoral process should be reviewed in order to consider ways of increasing the representation of women in both parliaments. The single-member constituency/first-past-the-post system in both countries makes it difficult for women to get elected.

### **Selection processes for Speaker of the House and committee members**

These processes should be reviewed in order to ensure that parliament is not represented only by the ruling party or sitting cabinet.

### **Three-line whip system and party loyalty**

Both parliaments are based on the Westminster model and include a three-line whip system that reinforces party loyalty and discourages dissent from the party line. Repercussions from voting against the party can be severe, including loss of party support in future elections. This system should be reviewed.

### **Constituency development funds**

The advantages and disadvantages of these funds, particularly how they interfere with decentralization processes and with parliament's oversight role, need further examination.

### **Sitting fees**

These should be reviewed, as they make donors reluctant to engage with MPs.

### **Autonomy of the national assembly and auditor general's office**

The independence of parliament and the auditor general's office are essential for enabling parliament to fulfil its oversight and budgetary roles. Greater autonomy of these national institutions is also essential to increasing donor confidence in national systems and willingness to provide general budget support. In Tanzania, the establishment of the National Assembly Fund in 2007 significantly increased the autonomy of the national assembly. Although the time lag between expenditures and the completion of audit reports has reduced considerably, these reports still pass through the president's office before reaching parliament in both countries. This process needs to be reviewed to better enable parliament to hold the government to account.

## **Next steps**

This study should not be seen as an end in itself. The aim is rather to use the two country cases and our recommendations as a basis for further debate, study, and decisions on next steps for increasing parliament's role in the development agenda, and improving aid effectiveness.

Zambia became independent in 1964 and adopted a multi-party democratic system in 1991. The country is slowly recovering from a protracted economic decline that started in the 1970s and was exacerbated by structural adjustment programmes introduced by the World Bank and the International Monetary Fund in the 1980s. Its mixed economy is heavily dependent on its copper exports. While the country's Gross Domestic Product (GDP) grew 6.3% in 2007 and 5.8% in 2008, instability in the copper market and the global financial crisis pose a significant threat to Zambia's ability to sustain such high annual growth rates. The country suffers from a high level of entrenched poverty. The World Bank estimates that 64% of the population lives below the internationally-recognized poverty line of US\$1.25 per day. Zambia's ranking on the Human Development Index is 163 out of 179.

Seventeen per cent of Zambia's population of 12 million is under the age of five. Meanwhile, a drop in life expectancy from 49 in 1990 to 42 in 2007 is largely the result of the HIV/AIDS epidemic in the country. The official language is English, but over 85 languages and dialects are spoken.

Zambia is highly dependent on foreign aid. In 2008, total Official Development Assistance (ODA) accounted for about 7% of GDP and 20% of the national budget. Analysis of Organisation for Economic Co-operation and Development (OECD) statistics on ODA shows that Zambia receives approximately 3% to 5% of all ODA disbursed to sub-Saharan African countries, a proportion that has been fairly stable since the early 1990s.

## GOVERNMENT

### Legislative branch

Zambia's parliament is unicameral and is based on the Westminster model. The National Assembly consists of 150 elected and 8 nominated members in addition to the Speaker. The president may attend and address the National Assembly at any time. Members of Parliament are elected for a five-year term. The Speaker is elected by the National Assembly through a secret ballot immediately after a new term begins. The turnover rate of MPs has reportedly been high since the introduction of the multi-party system in 1991. This reduces parliament's institutional memory and necessitates recurrent capacity-building for new members. One MP recently estimated that only about 30% of members return for successive terms.

In the latest election, held in 2006, the ruling party, the Movement for Multiparty Democracy (MMD), won 47% of the seats, while opposition parties won 48%. An additional 5% of members were appointed by the President. Only 15.2% of MPs (24) are women.

Portfolio committees parallel the structure of government to ensure that sector ministries are overseen by Parliament.

### **The Parliamentary Reform Programme (PRP)**

The Speaker appointed the Parliamentary Reforms and Modernization Committee in 1999. The Parliamentary Reform Programme (PRP) was launched in 2002 to implement the recommendations of the Committee with the goal of improving the way MPs relate to their constituents, the executive, and civil society.

The Committee identified some 73 needed reforms in the following five thematic areas:

- Member constituency relations (18 recommendations concerning the establishment of constituency offices for MPs, parliamentary communications, capacity to deliver constituency services)
- Legislative process (21 recommendations related to bill submissions, standing orders committee reforms, bill-drafting resources, and the budget process)
- Committee system (15 recommendations concerning committee outreach, oversight and policy development, civic engagement issues such as links with the media and civil society organizations)
- Administration (six recommendations pertaining to staff capacity, training, staffing levels)
- Support services (eight recommendations related to the physical plant and facilities of parliament)

The PRP has consisted of three phases to date. PRP I (2002-03) was mainly a preparatory phase. The design and implementation of PRP II (2003- 2007) was supported by Denmark, Sweden, Ireland, the Netherlands and the United States with a budget of US\$ 4.5 million. PRP III has started and produced the following results: the number of people having access to MPs has increased by 75%; the number of visitors to parliament has increased by 50%; the public is able to follow the proceedings in the house; and 150 constituency offices have been established, staffed and equipped.

The objective of PRP II was to create a “REAL” parliament for Zambia: a parliament that is Representative and Responsive, Efficient and Effective, Accountable and Accessible, Legitimate and Linked. A key feature of the programme was to improve parliamentary responsiveness to and linkages between the National Assembly and the executive, MPS and their constituents, MPs and the general public and civil society interest groups, and between the office of the Speaker and the MPs regarding the management and administration of the National Assembly.

PRP II activities included:

- A review of standing orders to allow for weekly open questions to the vice president from members of parliament for 30 minutes;
- Capacity-building by attaching staff to other legislatures and through training in budget analysis, IT, and bill drafting and revision following a first reading;
- Expanding the Estimate Committee by mandating the participation of committee chairpersons;
- Increasing accessibility by easing the dress code, advertising committee meetings, improving civil society involvement in committees, establishing a website, broadcasting parliamentary radio along the rail line, increasing media coverage, improving public hearings;
- Installation of modern recording equipment and a vote system

- Supporting the process of compiling the parliament's submission to the Constitutional Review Commission.

A comparison of survey results from 2004 and 2007 shows that:

- The percentage of MPs that felt that the reforms had increased parliament's influence in fiscal policy increased by 28% (from 22% in 2004 to 50% in 2007).
- The percentage of MPs that think the Public Accounts Committee review is adequate increased by 35% (from 20% in 2004 to 65% in 2007).
- The percentage of stakeholders that say it is easy for civil society to make written submissions to parliament increased 31% (from 33% in 2004 to 64% in 2007).

### **Other reform measures**

UNDP has been working directly with Zambia on electoral reform. In the previous election, UNDP helped the electoral commission to open up dialogue with and among the parties, supervise the election process, and resolve any other issues that could undermine a fair election.

The Public Expenditure Management and Financial Accountability reform programme, which is separate from the Parliamentary Reform Programme, includes a component on parliamentary oversight. That component aims to strengthen parliament's capacity to oversee the management of public resources as part of a broader effort to promote a culture of democratic governance, transparency and accountability.

## **Executive branch**

The president is elected through direct public vote held every five years and is eligible to stand for elections for a maximum of two terms. The president appoints the vice president, and selects the cabinet ministers and deputy ministers from among the Members of Parliament. In 2009, there were 23 ministries.

Responsibilities related to the budget process and relations with donors are centred at the Ministry of Finance and National Planning, where the Economic and Technical Cooperation Unit in the Division for Planning and Economic Management is tasked with coordinating and managing donor aid. Line ministries also play a significant role in the planning and budgeting processes in their respective sectors, including by interacting with donors.

The executive branch also includes the office of the auditor general, the National Tender Board, and arrangements to plan, manage and review cross-cutting programmes, such as those related to gender and HIV/AIDS.

The office of the president has a presence in each of the country's nine provinces and oversees such activities as road development, provincial-level planning and budgeting, local government and district administration.

### **Provincial and district levels**

Zambia is divided into nine provinces. The office of the president has provincial offices with a range of functions including overseeing the development of roads, provincial-level planning and budgeting, local government and district administration. The ministries of Home Affairs, Health, Education,

and Agriculture, the police, the Drug Enforcement Commission, the judiciary and the auditor general also have provincial offices. At the district level, the central government appoints district commissioners who are the central government's representatives at district level.

District councils are elected bodies responsible for some specific services, such as providing primary schools. Members of Parliament are *ex officio* members of the district council in their constituency.

### **Public sector reform**

The government has implemented important reform measures, particularly in the area of public financial management and decentralization. The Public Expenditure Management and Financial Accountability (PEMFA) steering group and its secretariat in the Ministry of Finance and National Planning (MOFNP) are involved in public finance management reform efforts. Another steering group and secretariat is involved in public sector reform and decentralization. Additional reforms are being planned involving decentralization of education and other sectors to district councils.

## **Room for improvement**

### **Lack of parliamentary autonomy**

In our interviews, donors and some government representatives expressed concern about the autonomy of parliament. Opposition members cited the dominance of the Speaker and the ruling party in selecting committee members as hindering their ability to participate in and make an impact on parliamentary decisions. These MPs and donors also noted that the three-line whip system, the fact that there are no secret ballots and the votes of each MP are registered, and pressure for party loyalty weakens the oversight and budget-allocation functions of parliament. Opposition members complained that they are not actively involved in planning and setting priorities. They demanded greater involvement by the parliament in determining the level of public debt, in scrutinizing cases of misappropriation of funds, and in follow-up on allegations of misappropriation or questionable use of allocated development funds.

Many MPs cited the dominance of the executive branch in parliament as an obstacle to effective participation of the opposition and the development of an independent parliament. All of the government's 62 ministers and deputy ministers are MPs who were appointed to those positions, undermining parliament's oversight function and ability to critically assess the existing legislative framework and proposed bills.

While MPs from the ruling party, and staff at the Ministry of Finance, said that they were willing to make it easier for opposition members to participate in parliament, Ministry staff noted the opposition's tendency to block bipartisanship by constantly criticizing the government's policies and proposals.

### **Constitutional changes**

Although the ruling party has a large percentage of seats in parliament, it needs support from other parties to enact constitutional changes, which require a two-thirds majority. While many of the changes identified by MPs as critical for strengthening their oversight role and their ability to influence the national planning and budgeting processes can be made under current rules and procedures, some will require constitutional amendments, such as changing the budget cycle.

The clerk and MPs interviewed pointed out that although all parties generally agree about the need for constitutional reform for improving the planning and budgeting process, conflicting party agendas block consensus on how to achieve those reforms.

### **Work plans**

According to MPs interviewed, parliament doesn't have a long-term work plan and thus runs the risk of having its agenda determined by immediate requirements and the demands of the executive branch. Few and short sessions also limit parliament's effectiveness.

### **Gender representation**

MPs interviewed said that traditional views on gender roles make it difficult for women to raise sufficient campaign funds and earn voter support, particularly because of Zambia's single member constituency/first past the post electoral process. The United Nations Development Program (UNDP) is leading a project to increase women's representation in parliament by sensitizing voters and promoting intraparty democracy. The programme also provides direct support to women leaders to help them mobilize resources.

### **Overview of legislation**

MPs also commented that insufficient scrutiny of new legislation has at times resulted in disjointed and contradictory laws.

## **THE NATIONAL PLANNING AND BUDGET PROCESS**

Three national development plans were implemented between independence in 1964 and 1988. A fourth plan was launched in 1989 but abandoned in 1991 after multi-party democracy and an open market system were introduced. Approximately 10 years later, development plans were re-introduced. Sector Advisory Groups (SAG) were created in 2002 to assess progress on specific development goals. The permanent secretary of each line ministry meets with donor representatives once a year to draft the annual action plan and budget for the next fiscal year. Parliamentarians are rarely involved in SAGs. However, they may be invited to the national conference of all SAGs, which is held periodically, to discuss and review progress under the National Development Plan. A fifth national development plan and a long-term national vision were launched in 2006.

### **Vision 2030**

The National Vision for 2030 was published in December 2006 after a period of extensive consultation. Its stated aim is to make Zambia "a prosperous middle-income nation by 2030". Integrating the Millennium Development Framework, it promotes equity and poverty reduction, gender-responsive sustainable development, democracy and respect for human rights, private-public partnerships, a strong industrial sector, a robust and competitive transport system, and a diversified education curriculum. The National Vision lists sector goals and associated targets under three headings: economic growth and wealth creation, social investment and human development, and creating an enabling environment for sustaining social and economic development. The latter cluster includes a number of cross-cutting areas such as governance systems, HIV/AIDS, food and nutrition, and environment and natural resources.

## The Fifth National Development Plan (FNDP)

The FNDP was published concurrently with National Vision 2030, and operationalizes the Vision for the five-year period 2006-2010. The FNDP presents a proposed budget for each of Zambia's 29 sectors, including the amount of government and donor resources needed for sector programmes. For each sector, past performance, policies and key reforms are described, as are the overriding goal of the sector, programme objectives and strategies related to achieving this goal, and the framework for implementing, monitoring and evaluating activities. The total cost of implementing the Plan is estimated to be more than 62,000 billion ZKW (in March 2009, US\$1=ZMK 5,548).

According to most of those interviewed, developing the FNDP was a bottom-up process involving wide consultation from the village and district levels upwards. Parliamentarians were involved in the process at the grassroots level both as *ex officio* members of the District Councils and as participants in public meetings and consultations. Many MPs said they couldn't participate in some of these consultations, however, because the meetings were often called late and required difficult travel from the capital to remote areas.

The FNDP expires in 2010. Discussions between donors and the government on developing a Sixth National Development Plan are under way. It would be important to include parliament in those discussions to be sure that the priorities included in the plan are reflective of the needs of the people.

## The Medium-term Expenditure Framework (MTEF)

Unlike the five-year National Development Plans, which are replaced only at the end of the planning period, the MTEF is a three-year, rolling financial projection prepared annually. The MTEF for 2009-2011, published in December 2008, presents a macroeconomic analysis for the three-year period, the ceiling for government expenditure, and a breakdown of that expenditure into sector programmes. It contains fiscal policies as well as analyses of expenditure by economic and functional classification. It spells out the extent to which costs and revenues are expected to increase, and which sectors can expect to receive a larger share of the budget. In the 2009-2011 MTEF, the sector "General Public Services" is expected to receive a smaller share, whereas expenditures for Economic Affairs, Education and Health increase marginally.

The Ministry of Finance and National Planning is largely responsible for developing the MTEF. Donors are asked to provide information about their pledges well before the MTEF is published. The MTEF document is shared with parliament's Estimate Committee at an early stage, but not subject to parliamentary approval, since the MTEF is not considered to be part of the formal budget. The Estimate Committee can provide input into how resources should be allocated within sectors, but has no role in setting the sector ceilings in the MTEF.

Donors regard the MTEF, or green paper, as a fairly credible account of available resources and of the government's priorities. A comparison of the annual expenditure budget for 2009 (15,279 Bn ZKW) and the MTEF ceilings (13,638 Bn ZKW) shows that the total budget presented to parliament exceeded the MTEF ceiling by 12%.

## The annual budget

The development of the annual national budget, also called the “yellow paper” begins at the district level and ends with line ministers. The budget approval cycle runs from October to December, ending with presidential assent. Once the budget is presented to parliament, which must occur within three months of the beginning of a new financial year, or before 1 April, parliament is given two weeks to analyze and discuss it. This means that the implementation period is reduced to eight months, making fund absorption and coordination of aid flows difficult. In recent years, the budget has been delivered to parliament and presented by the Minister of Finance and National Planning in January. The budget speech is followed by presentations by line (sector) ministers before the parliament analyzes and discusses the budget.

The chairpersons of the sector committees join the extended Estimates Committee for a more extensive analysis and discussion of the budget. The report from the Estimates Committee is read in the National Assembly and submitted to the line ministers for review. The portfolio chairpersons and Estimates Committee have no legal authority to change or provide input into the establishment of the sector ceilings and no power to propose changes that are not accepted by the line ministers.

Parliament’s influence over the budget is limited. In practice, it can only reject or accept the whole proposal. However, if parliament rejects the proposal, it can be dissolved leading to new elections. This possibility acts as a major disincentive to the willingness of MPs to reject the budget proposal. Parliament is also not able to follow up on any budget recommendations made, reducing its ability to hold the government to account. There have been some calls for a better budget calendar that would give parliamentarians more time to scrutinize and approve the budget.

The budget is activity-based and is divided by sector headings and main budget lines. Each sector budget is organized into a central budget and separate provincial budgets. The activity-based approach is designed to make it relatively easy to track the alignment between the budget and the strategic goals in the FNDP and sector specific plans. However, main items, such as salaries, are still grouped at an overall departmental level. In addition, the relationship between the budget and performance is not evident, and sector ceilings and overall sector allocations are not clearly defined.

## Supplementary estimates

Expenditure from general revenues is authorized by the president through warrants that must be issued in accordance with the Appropriations Act. However, the president can issue warrants not enforced by the Appropriations Act during a maximum period of four months after the beginning of the financial year. Presidential warrants may also be issued when authorized by parliament through approved supplementary estimates. Supplementary estimates are presented once a year, usually late in the year and with substantial and retrospective changes of the budget. MPs interviewed complained that approval of the supplementary estimates is essentially a rubber-stamp procedure.

## Public debt

Public external debt stands at around 13% of GDP. This is a relatively low figure, but reflects the debt depreciation Zambia recently received. Zambia was one of the countries that received support from the Highly Indebted Poor Countries Initiative (HIPC) to alleviate a substantial part of its debt burden, which stood at around 60% of GDP in 2005. The country moved out of the HIPC in 2005 and into the Multilateral Debt Relief Initiative, which has increased the amount of revenue available for investment in its development agenda.

Some 10% of the central national budget is allocated for debt service. Several MPs interviewed were concerned about the public debt. However, parliament is only involved in decisions about incurring new debt during the budget-approval process. In many other countries, parliament is empowered to approve new loans or set ceilings to the debt level. Some MPs have suggested that parliament be granted a more significant role in the loan-approval process and in setting loan ceilings.

## Auditing financial outcomes and records

The auditor general is appointed by the president after ratification by the National Assembly. Within 12 months after receiving financial reports from ministries, parastatals and other statutory bodies, the auditor general presents those reports to the president for tabling in the National Assembly. The auditor general has recently initiated value-for-money audits that will also be reported to parliament. While the office of the auditor general was recently reformed to improve its efficiency, the fact that its reports must first go through the president's office before reaching parliament compromises the auditor general's independence.

Parliament's Public Accounts Committee (PAC) is responsible for making recommendations based on the auditor general's report. The PAC conducts hearings on all cases brought to its attention, and summons controlling officers to testify. The PAC issues recommendations, but responses from the executive are often delayed and implementation of recommendations is neither time-bound nor conclusive. While the PAC is able to report any misuse of funds, Parliament is not authorized to follow up if actions were taken against those accused of misappropriation. PAC members interviewed complained about frequent misappropriation of funds, and the tendency for perpetrators of large crimes to go unsanctioned while minor cases are pursued.

The auditor general also reports on the government's use of external grants. However, external donors often employ their own auditors and procedures. As reports from these audits are not shared with parliament, parliament's oversight function and sense of ownership regarding these funds is limited.

## Reforming the budget and auditing processes

Some budget-reform measures could be enacted without constitutional change. For example, there is no legal restriction preventing the budget-consultation process from starting well before the beginning of the fiscal year to allow parliament sufficient time to analyze budget proposals before approving them. The Organisation for Economic Co-operation and Development (OECD) recommends that governments provide detailed budget proposals to parliament at least three months

before the beginning of the fiscal year to allow parliament more time to analyze the budget. The Open Budget Initiative (OBI) produces an annual Open Budget Index. The ratings of the Index indicate whether the budget information provided is “extensive, significant, some, minimal, scant or none”. The Index shows that the Zambian government provides the public with “some, albeit incomplete”, information on the central government’s budget and financial activities during the budget year.

Parliament can work in cooperation with the public prosecutor and the police to apply sanctions in cases of gross misuse of funds. There are also no laws barring the government from regularly sharing reports on loans with parliament or the appropriate parliamentary committee.

## **DONORS AND EXTERNAL ASSISTANCE**

The World Bank is Zambia's largest multilateral donor. Other key multilateral donors include the International Monetary Fund (IMF), the European Union, UN agencies, and the African Development Bank. The United States and the United Kingdom are Zambia's largest bilateral donors. Zambia also receives substantial aid from the Global Fund to fight HIV/AIDS, Tuberculosis and Malaria.

The government distinguishes between three different aid modalities: general budget support, which is the government’s preferred aid modality, sector-specific support, and direct project support. General and sector budget support using national systems are estimated to account for 57% of the total estimated donor support in the 2009 budget. Direct project support and pooled sector or reform funding usually do not use government budget execution systems. Some donors, including China, the World Bank and the African Development Bank, provide project loans. These external loans account for about 5% of financing in the 2009 budget.

The 2008 Paris Declaration Monitoring Survey, which captures aid flows included in published budget estimates as well as aid disbursements reported by Zambia’s main donors in 2007, found that 74% of all ODA received in 2007 was published in the budget document. Some 71% was used through the national procurement system, and 59% was processed through national systems for budget execution, financial reporting and auditing. These figures represent improvements over previous years, but also indicate that there are substantial aid flows provided off-budget and therefore not processed through national systems. The lowest amounts of aid recorded on budget were from the Global Fund to Fight AIDS, Tuberculosis and Malaria, the World Bank, the United Nations and Japan. According to the survey, total net ODA to Zambia in 2007 amounted to US\$967 million, with the United States, the European Commission and the United Kingdom constituting the three largest donors.

### **General budget support**

The donors that provide general budget support have agreed to a standard Performance Assessment Framework (PAF) aligned with the government’s assessment framework for the Fifth National Development Plan. Most of these donors impose conditions on the release of funds, often with one fixed portion and one variable component that are reduced if performance is considered

unsatisfactory. Each donor uses somewhat different segments of the PAF indicators, makes independent assessments of the country's achievements in relation to the indicators, and has different rules for releasing funds. This proliferation of assessment processes and rules for fund disbursement reduces the predictability of aid flows and the value of the agreed PAF matrices.

## **Sector support**

Sector budget support accounts for 3% of the total budget for 2009. The EU supports roads, the UK's DFID and the EU support the health sector, and various donors support public expenditure reform. In addition, numerous donors provide basket support, under a sector-wide approach, for both education and health. This support accounts for 4% of the 2009 budget. Unlike sector budget support, basket funds rarely use the government's budget execution procedures, but may appear in the budget document. Progress reviews of sector budget support and basket funds are conducted by Sector Advisory Groups.

## **Direct project support**

According to government data, around 43% of ODA was provided as direct project support in 2008. Although project-based support may be recorded in the budget and use government systems, the OECD DAC survey and the 2008 Paris Declaration Monitoring survey found that a substantial portion of project-based ODA is outside parliament's scrutiny and control.

## **Donor coordination and the Joint Assistance Strategy for Zambia**

Donor coordination is now considered excellent in Zambia largely because of the implementation of the Joint Assistance Strategy for Zambia (JASZ). There are also several jointly-supported economic growth initiatives: the Agricultural Consultative Forum, the Zambia Business Forum, Private Sector Donors' Group, and the Agriculture Donors' Group.

The JASZ was agreed upon by 12 bilateral donors, international financing institutions, the European Commission and the United Nations in April 2007. The Strategy emphasises mutual accountability of development efforts and embraces the principles of the 2005 Paris Declaration on Aid Effectiveness. It focuses mainly on government-to-government cooperation, and provides a platform for developing a joint analytical and programmatic response to the Fifth National Development Plan. The JASZ describes the main obstacles to achieving the FNDP priorities by sector, the adequacy of the existing monitoring and evaluation system, and financing requirements. It also includes some discussion of how donors can increase support to civil society organizations.

Under the JASZ, donors coordinate regularly with the government. At the overall level, donors work with the Ministry of Finance and National Planning; at the sector level, donors coordinate with respective line ministries. Donors can engage in one of four ways: as lead, active, background or phasing-out partners.

The diagramme below shows how the division of labour is arranged:

SECTOR	Zambia	ADB	BADEA	EC (excl. EIB)	IMF	KUWAIT Fund	OPEC	UN-system	WB	Canada	China	Denmark	Finland	France	Germany	Ireland	Japan	Netherlands	Norway	Sweden	UK	USA	
Agriculture	O	A		A				A	L				A				A	P	B	L		L	
Decentralisation	O							A				B			L	A	L	B				A	B
Education	O	B	B	A				A	A	P		A	P			L	A	L	A			A	A
Energy	O			B				B	L								A		A	A			
Gender Equality	O							L										A	A				A
Civil Society Management	O			A				L	A			A	B		A	A		A	L	P	L	A	A
Health	O			A				L	A	A		P				P	A	A		L	L	A	A
Housing	O								A												P		A
HIV/AIDS	O							L	A	B						B	A	A	A			L	L
Macroeconomy	O			L	A			B	L			B	A		A	B		A	A	A	L	B	
Private Sector Development	O			L				A	L	B			A			B	A	L		P	B	A	
Social Security	O	A						A	B						L						L		
Science & Technology	O								P														
Tourism	O								L									A					A
Water	O	A		B				A	A			L			L	A	A	B					
Transportation	O	A		L		A	A		A			A			P		A		B				
Environment	O							A	A			B	L						A				

Coordination of Actions between Donors  
 O=Ownership L=Lead A=Active B=Background P=Phasing-out

Donors' spread/ focus

The division of labour, largely decided upon by the government and agreed to by donors, has resulted in streamlined communication and reduced transaction costs for the government. However, some transaction costs have increased on the donor side, some donors have not had the capacity to assume their lead roles, and new donors have emerged whose contribution to the FNDP and relationship to the donor-harmonization process have not been clearly defined.

## THE HEALTH SECTOR

The health sector in Zambia, considered a priority area in the Vision 2030 and the FNDP, receives substantial external aid and enjoys a high level of donor coordination. It thus offers an illustrative example of the challenges and opportunities that parliament will encounter as it increases its role in development assistance.

A review of trends in life expectancy paints a dim picture of Zambia's progress in improving the overall health of its population. The country's life expectancy dropped from 49 in 1990 to 42 in 2007 largely due to Zambia's HIV/AIDS epidemic, which escalated during the late 1980s and 1990s. The latest official estimates indicate that the adult HIV prevalence rate is 15.2%.

Zambia is plagued by a high infectious-disease burden linked to its high levels of poverty and lack of progress in providing access to safe water and sanitation facilities, due to funding and capacity shortfalls. Only 58% of the total population has access to safe drinking water and 52% to improved

sanitation facilities. Rates of tuberculosis have spiralled upwards in tandem with the HIV epidemic, putting greater pressure on the health system and reducing productivity levels in the country's already strained economy. Cholera remains endemic in certain areas, and malaria is endemic year round in all districts, with high transmission from December to May. Routine information from the Health Management Information System, however, indicates an overall downward trend in the incidence of malaria in most provinces since 2003 – a reflection of the success of Zambia's massive increase in interventions to combat malaria.

Although child mortality reversals occurred in the 1990s in parallel with the worsening of the HIV/AIDS epidemic, a comparison of infant, neonatal, postneonatal, child, and under-five mortality rates in the 2001/2 and 2007 Demographic Health Surveys shows important declines across all mortality indicators. The implementation of Child Health Weeks and the scale-up of HIV and malaria prevention and treatment efforts have been credited for the success in improving child survival.

Zambia suffers from chronic and acute food insecurity, and malnutrition underlies some 50% of all morbidity and mortality. Micronutrient deficiencies are widespread: the latest estimates indicate that 15% of children under five years of age are underweight while 45% are stunted. However, these figures represent declines from previously reported estimates, suggesting that government efforts to reach target populations with food-fortification measures may be having some positive effect.

Despite a national population policy, which was first established in 1989, high fertility and population growth rates continue to pose a significant obstacle to Zambia's ability to progress towards the health-related Millennium Development Goals. The contraceptive prevalence rate is 41% and the country's total fertility rate increased slightly from 5.9 to 6.2 due to rising rural fertility. Zambia's adjusted maternal mortality ratio, based on 2005 estimates, is categorized as very high at 830 per 100,000 live births.

Zambia's health system is suffering a severe human resource crisis. Only some 50% of the total recommended staffing is in place, including only about 28% of the required doctors, 36% of nurses, 41% of midwives, and 29% of clinical officers. The country has responded to this crisis by abolishing user fees in rural areas, investing in the development of health care facilities in remote areas, making anti-retroviral drugs free, and introducing retention packages and training opportunities.

The Mid-term Review of the National Health Sector Plan IV, 2006-2010, shows that government expenditure on health represented 11.5% of the total 2008 budget. Despite the Ministry of Health's commitment to reaching the 15% Abuja target by 2010, the MTEF projections for 2009-2011 show the health sector ceiling remaining at around 11.5%. The WHOSIS database reports that general government expenditure on health as a percent of total expenditure on health, which is the sum of both government and private expenditure on health, decreased from 60.6% in 1995 to 46.8% in 2006, a 23% reduction. External resources for health as a percent of total expenditure on health more than tripled during the same period, from 11.5% in 1995 to 37.2% in 2006.

According to the Mid-term Review, the substantial increases in actual health spending between 2004 and 2007 are mainly due to increased inflows towards vertical HIV/AIDS programmes and other projects. Only 10% of all donor funds earmarked for health support the government's health system strengthening efforts while 90% is channelled to disease-specific programmes, primarily through NGOs. This pattern of increasing reliance on external support and direct project funding raises

questions about the long-term sustainability of Zambia's health programmes, particularly for HIV/AIDS, malaria and tuberculosis.

## Setting priorities and budgeting for health

Vision 2030 aspires to ensure universal access to health and stop the spread of HIV/AIDS, tuberculosis, and malaria. The health-related MDG target indicators are also among the goals outlined in the Vision. The country's approach to achieving these goals, and addressing the human resource crisis in health, is articulated in the FNDP and operationalized in the costed National Health Strategic Plan (NHSP IV 2006-2010). The Plan was developed in consultation with donors and all health stakeholders and includes a review of progress to date on providing needed health services. Parliament was notably absent from the consultative process.

The NHSP IV identifies 12 national priorities for the health sector and plans for addressing them are clearly defined. These priorities are grouped into three categories – human-resource crisis, public health priorities, and support-system priorities – that match the health needs of the population and reflect the major bottlenecks to service delivery.

The NHSP IV also outlines the health policy framework and plans for re-structuring the Ministry of Health. Other reforms are being introduced through the Sector-wide Approach. The overarching policy framework is based on district-level decentralization that was first introduced in 1992. At the core of this policy is district basket funding based on a population-weighted resource-allocation formula. Although Zambia has introduced comprehensive policies and plans, policies in the area of reproductive health remain outdated and there is a clear disconnect between policy formulation and policy implementation, with the latter receiving insufficient attention.

## Financing health

Although the MTEF describes projected revenue sources for 2009-2011, specific details about funding in the form of general budget, basket, or project-based support for the health sector are not provided. Even though health is considered a priority sector, funding for health is projected to remain around 11% of the total national budget.

Spending in the health sector is expected to steadily increase across all functional areas over time despite the fact that the sector ceiling is not expected to change. Funding earmarked for human resources is also projected to increase from K25 billion in 2009 to 45 billion in 2011 in an effort to address the shortage of essential health workers. While funding for public health, including activities related to the MDGs, and for buying medicines is expected to improve, government spending on infrastructure development is projected to decrease. Thus, it seems that achieving the stated mid-term aim of greater infrastructure development will depend upon securing project-based donor funds that are not contained in the budget.

## Mid-term Review of the NHSP IV (2006-2010)

The Mid-term Review of the NHSP IV (2006-2010), completed in late 2008, provides an update on the implementation of the Plan, including progress in strengthening service delivery, support systems, governance, and the attainment of targets. The review was conducted by an independent team based on terms of reference agreed upon by the Ministry of Health and donors. MPs were not involved in commissioning the report, nor were MPs invited to participate in the stakeholder workshop where the report findings were first discussed.

The review's main recommendations centre on policy, management, and operational decisions. It recommends revising the National Health Service Act to reduce the proliferation of inadequately implemented policies. The review also stresses the importance of gender mainstreaming and finalizing the Health Care Financing Policy and the content of the Basic Health Care Package.

Recommendations also focus on better monitoring and evaluation within the Ministry of Health, including resolving technical problems with the implementation of the new health-management information system and Performance Assessment Tools. The slowness of re-structuring the ministry and implementing the expanded-retention scheme, the lack of a reliable database for human-resource planning, and the inadequate resources available for training institutions are all cited as factors contributing to the ongoing human-resource crisis. The weakness of the procurement systems also limits the ministry's ability to deliver needed drugs and equipment to health facilities.

The review cited timely reporting and use of funds at the district level as an area of concern. Specifically, the review found that the short implementation period of the budget cycle led to fund-absorption problems, and the double-accounting system used at the district level hampered efficient reporting.

The review also critiques the status of the donor-government dialogue, noting that although the 2006 health Memorandum of Understanding promotes a well-coordinated health sector budget-support system, the preferred project-based aid modality of many donors, especially the global health initiatives, undermines the system. This type of aid limits government ownership of health programmes by reducing the Ministry of Health's ability to decide upon and implement its own priorities. It also affects the available human resource base, increases transactional costs on the side of government, and introduces parallel planning, financing, implementation, accounting and reporting structures. In addition, because project-based funding does not generally go through the exchequer, parliament's ability to provide oversight over allocations to the health sector is hampered.

### The role of parliament in the health-sector budget

During the budget-approval process, the parliament's Committee on Health, Community Development and Social Welfare analyzes the health-sector budget and prepares a report with recommendations to be read in the National Assembly. However, the committee has no legal authority to change or provide input into the establishment of the health-sector ceiling and no power to follow up on whether or not the Ministry of Health accepts their budgetary recommendations. The eight-month budget implementation period also poses considerable fund-absorption and coordination problems. The health-sector basket is often used to cover funding shortfalls during the period between the end of the previous fiscal year and the implementation of the new budget.

There is an urgent need for improved transparency in the use and reporting of health-sector funds, particularly at the district level. Parliament can monitor and evaluate the use of funds for the health sector only by reviewing the auditor general's annual financial report. This report has revealed highly illegal reallocations among the health-sector budget lines. However, MPs are only able to report any misuse of funds; they are not authorized to follow up on whether the government takes action against those accused of misappropriation.

## **The 2009 health-sector budget: accessibility and links to planning**

The capacity of the Committee on Health, Community Development and Social Welfare to adequately assess the health-sector budget depends upon the budget literacy of Committee members and staff, the ability of the Committee to consult with civil society organizations, and the transparency and accessibility of the information on health included in the budget itself.

The 2009 health sector budget is mainly organized into a central budget and separate provincial budgets. Although the budget is detailed and includes MDG and NHSP IV priorities, it lacks an overall summary, including easy-to-interpret tables. This summary could include a discussion of how or if the findings of the Mid-term Review of the NHSP IV influenced 2009 budgetary decisions. In other words, the relationship between the budget and results or performance is not evident, nor is the health sector ceiling readily apparent.

The central budget is divided into five main content/activity areas: human resource and administration; directorate of planning and development; public health services; clinical care and diagnostic services; and technical support. Within each of these content areas are four summary entries covering funds allocated in the 2008 budget, supplementary estimate or savings/additions, total authorized expenditure for 2008, and the 2009 budget estimate. There is no table comparing the total amount allocated to each content area, and it is difficult to find a breakdown of recurrent expenses and capital investments.

Provincial-level budgets are organized into two main sections: district health management and hospital-specific budgets. A resource-allocation formula, based on census data for equity purposes, is applied to the district level but not to the hospital budgets.

Expenditures related to the health MDGs can be tracked, but only by adding figures across the provincial and central budgets. All activities tied to the MDGs are footnoted in both the provincial and central budgets to indicate funding source, most of which are the health sector basket or the Global Fund to Fight AIDS, Tuberculosis, and Malaria. Because gender, HIV/AIDS, and food and nutrition are considered cross-sectoral issues, determining the total disbursement of money to these activities requires investigation of other ministry budgets. Getting a complete overview of money allocated to health-related activities also requires looking at the Ministry of Energy and Water budget to determine funding flows to water and sanitation projects. These examples show how difficult it is for parliament to determine the total public expenditures allocated to health in the 2009 budget.

In sum, the health-sector budget, while comprehensive, could be improved by adding summary tables, including a presentation of major capital investments, sector ceilings, and perhaps some notes

on where additional resources for cross-sectoral and health-related issues are listed in other ministry budgets.

## **Funding for health: ownership, mutual accountability, and information flows**

Financing for the health sector that appears in the national budget makes up only a fraction of the total funding for health. According to the Mid-term Review of the NHSP IV, only 20% of all financial resources targeted to the health sector were described in the 2007 budget, representing US\$ 48.6 million out of a total of US\$ 246.5 million. Most of the financial resources outside the control of the Ministry of Health and the national budget process is earmarked support to vertical HIV/AIDS and malaria projects, mostly from the global health initiatives, such as the Global Alliance for Vaccines and Immunizations; the Global Fund to Fight AIDS, Tuberculosis, and Malaria; programmes originating in the United States, including the President's Emergency Plan for AIDS relief, the President's Malaria Initiative, and the Clinton Foundation; and from various UN agencies. Parliament is not officially involved in negotiations with donors about loans or grants, nor is information shared directly with parliament about such awards. Although separation of roles and responsibilities must be upheld, parliament is essentially left to review the websites of many of the global health initiatives to determine the amount of aid allocated to Zambia for direct project funding.

### **Dialogue structure, division of labour, funding modalities and predictability**

Although implementation of the Sector-wide Approach has created an enabling environment for dialogue, the Mid-term Review of the NHSP IV highlighted the need for improved coordination between the Ministry of Health and the National AIDS Council, which is responsible for implementing most preventive HIV/AIDS services, global health-initiative partners, and civil society organizations. The review also stated that the harmonization and alignment agenda is not moving forward because of some donors' reluctance to increase funding for systems support and to shift from earmarking funds to providing general budget and sector-basket support.

The International Health Partnership (IHP) Road Map, launched in November 2007, aims to build on the Memorandum of Understanding between the government and donors and on the JASZ to foster improvements in donor behaviour so that there is greater adherence to the Paris Declaration principles. A new agreement is scheduled to be signed in 2009. However, some donors say that the IHP introduces considerable administrative changes with little gain, because neither the global health initiatives nor USAID can sign the compact.

In accordance with the JASZ, coordination between the government and donors is led by a troika of agencies – the UK's DFID, WHO and the Swedish International Development Cooperation Agency (Sida). One agency serves as the lead on a rotational basis and interacts directly with the Ministry of Health as the representative of all agencies active in health. The rotational process is linked to the capacity of the three agencies in the sector. The Ministry of Health is also the lead ministry for HIV/AIDS. The troika that leads the HIV/AIDS sector overlaps with the health sector troika and includes the UN system, DFID and the United States.

The Memorandum of Understanding on health outlines donors' and government's responsibilities with the objective of enhancing cooperation to reduce transaction costs on the government side, strengthening governance, aligning donor activities with government priorities, and ensuring that all

financial support to the health sector basket is included on the budget. Joint activities include conducting performance reviews, developing the annual budget, reporting for audits, and monitoring and evaluation. Bi-annual Sector Advisor Group meetings are held, attended by government representatives, donors and other stakeholders. An annual consultative meeting between the Ministry of Health and donor heads-of-mission is held in November to draft the annual action plan and budget for the upcoming fiscal year. Joint quarterly meetings are also held to review progress in implementing the annual health plan. MPs are not invited to attend any of these numerous consultations, and are not provided with the reports that emerge from them.

Although the Memorandum of Understanding is intended to increase donor use of national systems, the global health initiatives and some donors continue to use parallel procedures. For example, although Global Fund monies appear on the budget, the Global Fund has its own complex reporting and auditing system. Funding from GAVI, RBM, and the Malaria Booster Programme is also not apparent on the 2009 health-sector basket account. The underlying reasons for donor reluctance to contribute to general budget or basket support include lack of confidence in the public financial-management system and in parliament's ability to hold the government to account. There might also be some reluctance on the part of the Ministry of Health to relinquish direct project funding.

## **Interaction between donors and parliament**

Most of the donors active in the health sector indicated that they have no direct interaction with parliament, but all agreed that parliament is involved very late in the budget-approval process. These donors also agreed that inviting MPs or chairs of specific committees to attend the joint annual and health-sector basket reviews, and providing parliament with regular updates about donor activities and the results of the consultations between donors and the government are important steps toward improving the ability of parliament to exercise its oversight function, and promoting domestic accountability.

Some of the UN agencies engage directly with parliament on health issues; these activities should be expanded. UNFPA, for example, has created a forum in parliament to discuss reproductive health and population issues. This forum, separate from the Women's Caucus, meets on an ad hoc basis but has a secretariat to provide updated information on population and reproductive health issues. UNICEF has provided expert consultants to parliament to help establish a Children's Caucus. WHO has also provided technical support to parliament, and validated the costing of the NHSP IV. WHO found major financing gaps for the Millennium Development Goals of reducing child mortality and improving maternal health, and highlighted the need for more resources targeted at infrastructure development and human resources for health.

## **Civil society organizations**

The health sector is pluralistic and includes a range of service providers that includes government, the private sector, faith-based organizations, and national and international NGOs. All stakeholders work with the executive at a technical level, but only those groups that have a coordinating body, such as Churches health Association for Zambia (CHAZ), consult with the executive at the policy level. There is no formal platform for coordination between the Ministry of Health and the private sector. Indeed, Zambia's NGOs are fairly weak as a sector, as illustrated by the near passage, in 2008,

of an act that would have placed NGOs under government jurisdiction. Donors have commissioned a study to review government's and parliament's perceptions about NGOs.

### CHAZ

CHAZ, established in the early 1970s, is a member-led umbrella organization that represents all faith-based organizations in Zambia. CHAZ has formal and informal relations with donors and is recognized as a key collaborating partner of the Ministry of Health. CHAZ is mainly privately financed and is a principal recipient of the Global Fund. While CHAZ owns and runs its facilities, the Ministry of Health provides financial and human-resource support for daily operations.

CHAZ is aiming to expand its advocacy role by developing a strategy for more effective engagement with parliament, including on budgetary matters. Like parliament, CHAZ is only able to react to budget decisions. Government services are typically given first priority, and the amount of resources allocated to CHAZ often depends upon the lobbying capability and personality of individual CHAZ leaders. Project-based funding from donors has been unpredictable, making budget planning and management difficult.

CHAZ and other civil society organizations working in the health sector could benefit from capacity-building activities to strengthen their ability to lobby for specific health issues and sensitize parliament about the needs of the people, advocate for their own organizations as a means of improving health service delivery, assist parliament in assessing the health-sector budget, and help the Committee on Health, Community Development and Social Services review bills introduced by the Ministry of Health and propose new legislation. In turn, these improved capacities could help increase the visibility and support available for civil society organizations and improve parliament's ability to oversee the health-sector budget and implementation of the health-policy framework.

## **Opportunities for parliament**

The Zambian National Assembly has several portfolio committees that focus on areas central to the achievement of the health MDGs. The Committee on Legal Affairs, Governance, Human Rights and Gender Matters oversees and makes recommendations to the Minister of Gender and Women in Development. The Committee on Health, Community Development and Social Welfare oversees the Ministry of Health and the Ministry of Community Development and Social Services, while the Committees on Education, Science and Technology and on Sports, Youth and Child Affairs oversee government ministries, agencies, and departments in these respective policy areas. The National Assembly also has a Women's Caucus, a Children's Caucus, and a forum for discussing population and reproductive-health issues.

These parliamentary bodies play a critical role in reviewing proposed legislation related to health, and ensuring that health and population issues are tabled. Members of these committees and committee staff need to be given opportunities to enhance their capacity to research and assess health-related bills presented by government during the 14-day window between the first and second reading of the bill. This may involve improving the National Assembly's library and holding more consultations with civil society organizations, which can raise awareness among MPs about how particular health problems are affecting local communities. Training sessions on specific health issues and on how to influence legislative action could enable MPs to introduce private-member bills that address major gaps in the health sector. The recently introduced constituency offices can also facilitate the exchange

of health-related information between MPs and the public. MPs can inform their constituencies about what they are doing in the health field, and the people can report to the constituency offices on health issues and this information can be used by MPs to inform the district-level planning process.

# TANZANIA

The United Republic of Tanzania is a union of two sovereign states, Tanganyika and Zanzibar. Tanganyika became a sovereign State in December 1961 after a period of British rule and became a Republic the following year. Zanzibar gained its independence two years later and the People's Republic of Zanzibar was established after a revolution in January 1964. The two republics formed the United Republic of Tanzania in April 1964.

Tanzania is the third largest gold producer in Africa. While the bulk of the population works in the agriculture sector, Tanzania has growing mining, tourism, wildlife and fisheries industries. GDP grew by 6.2% in 2006-2007 and by 7.1% in 2008.

The country's political capital is Dodoma, located some 300km west of Dar es Salaam, the commercial centre. Most government and donor offices are in Dar es Salaam, while parliament is based in Dodoma, with a smaller office in Dar es Salaam.

The population of more than 40 million is composed of numerous ethnic groups, and the country also hosts a substantial refugee population. Despite recent economic gains and poverty-reduction reforms, Tanzania is a poor country. Some 88% of the population lives below the international poverty line of US\$ 1.25 per day; some 12.7 million people live in extreme poverty. Tanzania is ranked 162 out of 179 countries on the UNDP Human Development Index.

There are more than 100 languages spoken in the country, but Kiswahili and English are the official languages and Kiswahili is the national language. While Kiswahili is the medium of instruction at the primary school level, English is taught at higher educational levels.

Tanzania is characterized by national unity and political stability. It has a somewhat favoured status among donor countries and has benefitted from substantial aid flows over several decades. At the same time, Tanzania has become one of the most aid-dependent countries in Africa. The UNDP office estimates that in 2009 Tanzania received about US\$ 2 billion in ODA from around 40 donors, representing approximately 40% of the national budget. While support is increasingly channelled through the general budget, most aid is targeted to direct project support. Nearly 80% of Tanzania's development budget and more than 30% of its recurrent budget is funded from external sources.

## GOVERNMENT

The Government of the United Republic of Tanzania consists of the Union Government and the Zanzibar Revolutionary Government. The multi-party system now in effect was introduced 1991.

## Legislative branch

Tanzania's parliament, known as the Bunge, is unicameral. Of its 323 members, 232 are elected by direct popular vote from single-member constituencies, 75 are reserved for women representing their political parties on the basis of proportional representation, five are elected by the Zanzibar House of Representatives, and up to 10 members may be appointed by the President. One seat is reserved for the Attorney General. Members serve for five-year terms. In recent elections, some 50% of MPs lost their seats.

Zanzibar has its own House of Representatives, composed of 50 members elected by universal suffrage for five-year terms.

In 2009, Tanzania's opposition parties held only 44 seats in the combined legislatures. Women held 98 seats, including the 75 seats reserved for them. Seventeen others were elected by their constituencies and six were appointed by the President.

The Steering Committee develops the agenda for parliament and is chaired by the Speaker. The Speaker appoints MPs to the Standing Committees, which are convened for the duration of each five-year parliamentary term and consist of 17 accounting and sectoral committees. The Sectoral Committees match government departments, or clusters of departments and ministries, to enhance parliamentary oversight. These Committees are responsible for reviewing progress in the implementation of plans and programmes. Budget matters are coordinated by the Finance and Economic Sector Committee.

The Bunge has gained considerable strength and independence over the past few years following its crucial role in raising awareness about and investigating major corruption scandals. Its role was supported by an increasingly active and engaged media and an interested public.

### **Parliamentary reform**

The Bunge has implemented several reform measures to improve its independence and its performance. These include: revisions to the standing orders that allow MPs to introduce legislation through private member bills, increase MPs' ability to amend draft legislation, allow the Speaker to appoint select committees to investigate public controversies, and require that the Public Accounts Committee's reports be debated by the Bunge; the introduction of Prime Ministers' Questions, which improves the legislature's oversight role; the establishment of new Accounting Committees and ad hoc select committees to investigate recent scandals; peer reviews with other African parliaments; and the establishment of the National Assembly Fund in 2007. The Fund is a budget line ear-marked for parliament in the national estimates and is evidence of the government's acceptance of parliament's independence. Before the Fund was created, parliament received funding through the Treasury and Ministry of Finance and MPs were treated as civil servants.

Importantly, the Fund allows parliament to receive external funding directly giving it greater flexibility in using the money for such capacity-building activities as hiring researchers and improving the library. The Deepening Democracy Program, led by UNDP and supported by several donors, includes funds to improve the technical capacity of parliament and the National Audit Office. Donors participating in the program are channelling their ongoing financial support for strengthening and reforming parliament primarily through the Fund.

Complementing the National Assembly Fund is the Bunge Foundation, which aims to facilitate consultations among parliament, donors and civil society representatives. Ideally, the three parties would exchange information and review government spending, thus strengthening parliament's ability to perform its oversight function.

A five-year corporate work plan for parliament is being developed, inspired by a template developed under the Commonwealth Programme for Parliaments. The plan, which enjoys donor support, could include a programme for training MPs and parliamentary staff, a legislative programme to increase parliament's independence, and a legislative calendar to strengthen parliament's ability to introduce legislation or changes to existing legislation. The World Bank has indicated that it is ready to offer substantial financial support for implementation once the plan is finalized.

Thus, there is significant momentum in the country: a more assertive, outspoken parliament, a supportive donor community with an interest in strengthening parliament to become more effective, and a long-term plan under preparation for achieving this objective.

## Executive branch

The executive comprises the president, the vice president, the president of Zanzibar, the prime minister and cabinet ministers. The president is elected by direct popular vote for a five-year term. He/She selects his/her cabinet from among the MPs. The constitution allows the president to nominate 10 unelected MPs who are eligible to become cabinet members.

The vice president is the principal assistant to the president, while the prime minister has authority over the control, supervision and execution of the government's daily work.

The cabinet, including the prime minister, is appointed by the president from among members of the National Assembly. The government executes its functions through 20 ministries led by cabinet ministers. Each ministry is charged with a sector portfolio.

The Ministry of Finance and Economic Affairs has the main responsibility for the budget process and for interaction and dialogue with donors. Its External Finance Department coordinates donor aid. The line ministries play a significant role in their respective sectors in relation to projects, programmes and sector and basket funding arrangements, through which several donors provide resources to a common fund that uses uniform financial procedures.

### Regional and district administration

Tanzania is divided into 26 [regions](#) (*mkoa*), 21 on the mainland and five in [Zanzibar](#) (three on [Unguja](#), two on [Pemba](#)).

Ninety-eight [districts](#) (*wilaya*), each with at least one council, were established to increase local authority. The district councils are also known as local government authorities. Local authorities have important responsibilities related to health (health centres and district hospitals), education (primary and secondary schools), agriculture, environment, roads, and forest management. There are some 114 councils operating in 98 districts.

#### *Public sector reform and decentralization efforts*

There are a number of efforts under way to reform the public sector in Tanzania. These include devolution or decentralization activities, public financial management reform, and the auditor

general's development programme. Progress in these reforms is monitored by a governance group composed of government and donor representatives. The chairman of the public accounts committee (PAC) is represented in this group.

#### *Planning and budgeting at the district level*

Most of the development funding used to go directly from donors to districts. Now, much of this funding is provided as budget support or basket funds channelled into the Local Government Development Fund. A few donors, mainly those who provide off-budget project support such as the Global Fund to fight HIV/AIDS, Tuberculosis and Malaria, still provide funds directly to specific projects in the districts for education, health and water activities. The connection between district and national planning is said to be stronger in certain sectors such as education, agriculture and water.

Recurrent resources are provided to local authorities through an allocation formula that factors in poverty, remoteness, population size and other determinants. Salaries for education and health are still paid from central coffers, but as of 2010, payment of salaries for primary and secondary education will be decentralized. Health centres and district hospitals are included in local authority budgets. Implementation of the activities funded through local budgets is assessed annually by the relevant ministries.

#### *Challenges at service-delivery level*

Service delivery in remote districts suffers because of staff shortages. The late release of funds and implementation of the budget is also a severe bottleneck to service delivery and reduces community morale. Teachers' pay often arrives late, for example, and in some cases construction to build local dispensaries has been delayed because funds did not arrive on schedule.

## **Room for improvement**

### **Corporate work plan**

Parliamentarians interviewed emphasized the need to advance on the corporate work plan for Parliament. A handful of donors support implementation of such a plan, but interviewees said that progress is slow. The World Bank has indicated they are ready to provide substantial financial support once the plan is finalized.

### **Transparency**

Representatives of civil society organizations expressed their concern about the limited time MPs have to discuss and analyze proposed legislation and about MPs' tendency not to invite civil society organizations to participate in those discussions. However, these representatives also stressed that there has been progress in improving transparency in government in recent years. They mentioned that MPs from all parties are much more vocal in their criticisms of proposed legislation and are taking a more active role in reviewing the legislative framework. This change has been complemented by increased media coverage of parliamentary activities and recent corruption scandals.

### **Capacity-building**

The MPs interviewed noted that: the Bunge lacks resources to carry out its functions; the parliamentary staff lacks the skills necessary to support committees, conduct requested research, and analyze legislation and budget and audit documents; committee rooms need more equipment to accommodate civil society representation at public hearings; and there is a shortage of offices for staff and MPs both at the Bunge and in the constituencies. MPs also need training in the concept of “value for money” and in evaluating resource allocations according to their effectiveness and usefulness in attaining broader development goals as spelled out in the country’s national development plan.

Proposed bills and gazetted legislation are usually only available in English, even though Kiswahili is the country’s national and official language. Publishing bills in both languages would require additional resources.

### **Gender representation**

While the number of women in parliament has increased over the last three elections, women MPs interviewed noted that the single-member constituency framework is a major obstacle to women entering politics, as it usually results in women competing against better-financed male candidates for the one available post. The Women’s Caucus in parliament, although well attended, lacks both resources and capacity. MPs interviewed also noted the need for capacity-building about gender budgeting, particularly at the grassroots level.

### **Constitutional and legal reform**

Over the last 20 years, 14 amendments to the constitution have been introduced. Parliament can only amend the budget or legislative processes through a constitutional change requiring a two-thirds majority. The constitution also prohibits parliament from overriding the decrees of the president. MPs interviewed spoke of the need to reform the electoral system to address the issue of party power, to lift the ban on independent MPs, to allow more free votes and limit the whip system, and to institute reforms that would encourage more competitive selection of party candidates.

### **Corruption and Accountability**

The Accra Agenda for Action cites the need for improved accountability, but MPs regard domestic accountability as weak. “Donors can put people in jail, but we don’t have that possibility,” one MP said. Parliament’s role in two well-publicized corruption cases is an encouraging sign of recent improvement in parliament’s watch-dog capacity.

One case involved the Bank of Tanzania, through which illegal payments in the range of US\$ 120 million were made to a number of small firms, many of which were fictitious and linked to prominent government officials. Opposition leaders were largely responsible for bringing the allegations to parliament. As a result of parliament’s involvement, and coverage by the national press, there was a second external audit of the Bank. Ultimately, in January 2008, the central bank governor resigned and a deadline was set for repaying the stolen funds.

The other case centred on the purchase of power generators using an irregular bidding and contracting process. According to the findings of that case, the contract cost Tanzania's taxpayers US\$ 140,000 a day in payments remitted to the Texas-based Richmond Development Company, a company that had no valid registration in the US or in Tanzania when the contract was signed in 2006. The scandal led to the resignation of the prime minister and several other cabinet ministers in

January 2008. The debates in parliament surrounding these affairs were transmitted on radio and attracted wide attention. Both ruling-party members and opposition members were outspoken in their criticism of those found responsible. The Speaker and several other MPs from the ruling party played an important role in raising awareness about these scandals, including by creating a select committee to investigate the matters. The committee was led by a member of the ruling party.

CSO members and some representatives from the donor community interviewed see the involvement of both opposition and ruling party members in holding the government to account for these two scandals as an indication that members of parliament can speak without fear of major repercussions and put national interests ahead of party interests.

## **THE NATIONAL PLANNING AND BUDGET PROCESS**

### **Vision 2025**

Tanzania's Vision 2025 is a long-term plan that calls for high and shared growth, high-quality livelihood, peace, stability and unity, good governance, high-quality education and international competitiveness. It addresses such issues as the country's dependence on donors, its low capacity for economic management, failures in governance and organization for development, and ineffective implementation of programmes.

### **The National Strategy for Growth and Reduction of Poverty (NSGRP) – MKUKUTA-MKUKUZA**

The NSGRP, or MKUKUTA, covers the period 2004-2010 and places poverty reduction high on the development agenda. It is informed by Vision 2025 and incorporates the targets articulated in the Millennium Development Goals for reducing poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women by 2015. It encourages participation by civil society, private sector development and partnerships at local, regional and international levels for social and economic development.

Consultations resulting in the National Strategy involved MPs, government bodies and donors. Deliberations were carried out through Public Expenditure Reviews, cross-sector meetings and government-donor and government-civil society consultations. Parliamentarians participated in the task force for MKUKUTA, and the plan was adopted with parliamentary consent.

The current MUKUTA expires in 2010, but efforts to develop a second plan have only reached the concept-paper stage. As time is getting short, one option is to extend the length of the MUKUTA for another year to give time to develop a new strategy. But a second plan should be based on an evaluation of the first plan's implementation, and there is little time to produce such an analysis. The release of the preliminary findings from the 2007 Household Budget Survey showed little progress in poverty reduction, and has generated significant debate in the country. While the percentage of

people living in poverty declined slightly, the absolute number of people living below the national poverty line increased (this difference is related to Tanzania's continued high population growth).

Given the importance of the MUKUTA as a framework for national planning and budgeting, Parliament should be included in discussions about its contents. According to representatives of the donor community interviewed, the dialogue to date on the next MKUKUTA has primarily been between donors and government.

MKUKUTA and government reform programmes are usually assessed jointly by the Government and donors. The country's monitoring and evaluation process has been improved in recent years as its statistical systems have been strengthened. A census is now conducted every ten years and household surveys are conducted every five years.

Some donors and NGOs have expressed concern that MKUKUTA sets somewhat unrealistic goals and lacks serious prioritization.

## **The Medium-term Expenditure Framework (MTEF) and the Public Expenditure Review (PER)**

The MTEF is prepared in conjunction with the annual budget, articulates the annual work plan, and is finalized by the Ministry of Finance and Economic Affairs in consultation with stakeholders in April-May. The MTEF contains an overview of macroeconomic performance and projections, three-year expenditure ceilings, and procedures and forms for preparing and submitting the draft budget to the Ministry of Finance and Economic Affairs. The document is prepared by a committee that includes representatives from the Ministry of Finance, the Planning Commission, the prime minister's office, the civil service department, regional administration and local government. The budget guidelines are shared with parliament's Estimates Committee at an early stage, but they are not part of the formal budget document nor are they subject to parliament's approval.

Donors submit their three-year MTEF funding projections to the ministry before the budget guidelines are developed, and confirm the disbursement schedule in Feb-March. According to donors and government officials interviewed, the three-year funding projections included in the MTEF are fairly accurate for the first year and less accurate for the second and third years. Parliament is not directly involved in finalizing the MTEF and annual budget, but is, according to the prime minister's office, included in discussions of the budget guidelines proposed in September-October and can comment on the budget brief, prepared and presented by the government, in February. The finalized budget is presented to parliament for review and approval during the June-August budget session. MPs are also ex-officio members of the local councils in their respective constituencies and can thus play a role in the annual budget-development process at the district level.

Some donors indicated that the link between the MTEF and the MKUKUTA is weakened by the too-aspirational nature of the MUKUTA compared to the more realistic MTEF ceilings.

## Annual budget

The annual budget proposal is presented as a bill and is ultimately enacted as the budget law for the financial year in question. The budget-approval process is guided by the constitution and regulations in the standing orders that define procedures for legislation in financial matters.

According to Article 99 of the constitution, parliament may not address matters related to: levying or altering taxes or other charges, except for reduced taxes; payments and withdrawals from the General Fund and other funds; or the composition or remission of any debt due or payable to the country, unless the president has made a proposal, submitted by a minister, to allow parliament to participate in those discussions.

This Article has obvious implications for the annual bill of estimates, which must be supported by the president and a minister. In addition, parliament cannot call for an increase in revenues or add or withdraw expenditures except when these actions are proposed in motions by ministers or deputy ministers. The standing orders indicate that it is the responsibility of the attorney general to certify that these rules are followed.

In interviews, parliamentarians noted that while there are some informal consultations between government and parliament during the early stages of the process, such as in the budget seminar, those consultations are held less regularly when the mid-term expenditure framework is discussed, i.e., when the budget ceilings are set. They said, however, that there is intense debate in parliament after the ministers present their sector budgets. MPs can express their dissatisfaction with the estimates or performance of ministries by symbolically removing a penny from the budget. MPs also said that the structure and analytical content of the budget and the annual accounts is poor. The budget speech, statement of finances, and ministers' speeches are published late and are not included in the budget document itself.

## Supplementary budget

Budget adjustments are frequently made and are authorized by the Treasury. Parliament ratify annually through its decision on the supplementary estimates.

## Public debt

In its Monthly Economic Review of January 2009, the Bank of Tanzania reported that total government debt was US\$ 3.96 billion, or around 19% of Tanzania's GDP. Some 80% of the debt is external, and some 6% of the budget is used for debt servicing. While the budget document contains information about the government's commitment to borrowing, parliament is not involved in the negotiations with the World Bank or the International Monetary Fund.

## Audits and the Public Accounts Committee

The National Audit Office (NAO) is responsible for auditing all ministries, departments and agencies, public enterprises and local authorities. The NAO's annual audit reports to parliament used

to be two years late, but are now presented on time. However, parliament's PAC has yet to clear the backlog of audits from earlier years. Audit reports are primarily financial, but there have been some attempts to audit performance as well. In general, the executive's response to audit queries is weak and often years late. Parliament recently passed a new external audit law that renders the NAO more independent and underscores the executive branch's responsibility to respond to audit findings and queries.

All donor funds provided as general budget support are deposited into the government's consolidated fund, are managed by the government, and are presented to parliament and the public in the appropriations bill. Such funding is then subject to normal government audit and PAC scrutiny. Off-budget flows can formally be audited by the NAO. In practice, however, this is not the case and NAO doesn't have access to the financial information.

PAC members said that there should not be two parallel lines of accountability, one for domestic and one for external funding. They said that they hold the government accountable for the use of external funding, and that other sector committees assist them in doing so.

MPs did not like the fact that parliament must depend on the CAG research and on research experts to analyze expenditure patterns, and that all expertise rests with the auditor general. They also said that the audit reports can be highly technical and thus difficult to understand.

## Reforming the budget process

MPs acknowledge that there have been improvements in the budget process but they also assert that more changes are needed, particularly in the budget calendar, in the content and presentation of budget documents, and in parliament's inclusion in discussions about budget plans and implementation. The Open Budget Initiative (ODI) produces an annual Open Budget Index. The ratings of the Index indicate whether the budget information provided is "extensive, significant, some, minimal, scant or none". Tanzania's score on the Index shows that the government provides the public with "minimal information" on the central government's budget and financial activities during the course of the budget year. This makes it difficult for citizens to hold the government accountable managing the public's money.

### **Budget content and structure**

Both donors and MPs complain that it is impossible to get an overview of the budget and the allocations. The budget documentation must be clearer and less technical. In addition, as the budget process moves from district level to national level, priorities are decided and items are removed from the budget, often without any clear rationale. MPs interviewed said they needed to study the process of prioritizing, and suggested it would be useful to discuss needed reforms with donors during the budget process. This approach might threaten the executive branch, however. Another option might be to discuss proposed reforms with permanent secretaries, the CAG and a few donors. The budget speech, the statement of finances and the sector ministers' speeches are published late and are not included in the budget document itself.

### **Budget analysis**

According to those interviewed, many parliamentarians do not have the technical expertise to adequately assess the budget documents or to carry out needed research on budget related issues, and

the PAC's ability to examine the technical audit report is weak. While the budget process begins at the district level, most people are ill-informed about how to develop a budget to reflect local priorities, and many MPs are not well-versed in all the target indicators of the Millennium Development Goals.

The Ministry of Finance prepares budget handbooks and distributes them to MPs. The Ministry also holds seminars for parliamentarians on the budget just prior to the start of the budget process. Cooperation among the government, NGOs, parliamentarians and donors during these seminars has proved useful in encouraging parliamentarians to give their views.

### **Time frame**

The relevant parliamentary committees need enough time to analyze budget proposals before approving them. The Organization for Economic Co-operation and Development (OECD) recommends that governments provide detailed budget proposals to parliament at least three months before the beginning of the fiscal year. In Tanzania, the budget is normally submitted to parliament in June, leaving only around 14 days for parliament to debate the proposal before the start of the fiscal year. Over the past few years, the budget has been approved before the end of August. The process begins too late – and ends three months into the budget year. The appropriations bill is now signed in October. Thus, Tanzania doesn't have an effective budget. Budget discussions that include parliamentarians should begin before the start of the fiscal year.

Planning committees sit for only 1.5 days, not long enough to go into any detail. Meanwhile, the window for public submissions to committee work is limited to one or two days.

### **Budget monitoring and implementation**

A mid-year budget review takes place in November-December each year. While donors have asked the Government to report to them every three months through the Public Finance Management Assessment, this information is not disseminated to Parliament. Public Expenditure Reviews are conducted annually for each of the three budget clusters: growth and economic development, improvement of quality of life and social well-being, and governance and accountability. All parliamentary committee chairpersons attend these meetings.

Because the budget is decided late in the fiscal year, only 50% of the budget was used in 2008 and so far in 2009 even less has been disbursed. Funds often remain unused. The crisis in human resources also affects implementation of the budget

### **Donor funding on-budget and off-budget**

Donor funding that is provided as budget support or recorded in the budget is scrutinized by parliament. However, substantial amounts of external project funds are provided outside the budget. This is especially the case in the health sector where donors, such as the Global Fund to fight AIDS, Tuberculosis and Malaria, GAVI, USAID, US President's Emergency Plan for AIDS Relief (PEPFAR) and some other US-backed initiatives often contribute very substantial amounts to 'off-budget' project based aid. Direct project funds bypass the national budget process, and create parallel structures that undermine government systems and reduce project sustainability. The direct-project aid modality also tends to be less predictable, creating problems with project implementation.

### Commitments in the budget

MPs said that the cash budget doesn't take gross commitments from the previous year into account when the budget is being prepared. This problem could be remedied through the application of international accounting standards.

## DONORS AND EXTERNAL ASSISTANCE

Tanzania is a major recipient of development aid and supported by a large and devoted group of donors, including bilateral donors, the UN and other multilateral bodies, such as the World Bank and IMF, major NGOs and funds such as the Global Fund to fight AIDS, Tuberculosis and Malaria. While the dialogue structure is still under negotiation, the work of the major donors is currently structured and coordinated according to a framework set out in the Joint Assistance Strategy for Tanzania (JAST, see below). At the central level, donors are coordinated through the Development Partners Group, which is permanently chaired by the UN Resident Coordinator/UNDP Resident Representative and co-chaired, on a rotating basis, from among the bilateral donors. At the global level, the chair and co-chairs work with the Ministry of Finance and Economic Affairs. The Development Partners Group includes the heads of the various donor missions. The group meets every month. At the cluster/sector level, donors coordinate through groups. The chairs of those groups then engage with government cluster/sector working groups.

The World Bank, the UK's DFID and the United States are the three largest donors to Tanzania, according to a 2008 OECD-DAC survey. The EU and the African Development Bank rank fourth and fifth. The survey concluded that 84% of aid was reported in the 2007 budget document, less than the 90% that was reported in the previous year's budget. It is estimated that 60%-70% of external support to the health sector is off budget.

The table below shows that while there has been an increase in general budget support between 2002/3 and 2009/10, project funds still make up more than half of total aid.

Aid Composition as percentage of total overseas aid recorded in the national budget							
Year	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
GBS	30%	38%	34%	38%	42%	38%	36%
Basket Funds	16%	18%	21%	20%	16%	12%	18%
Project Funds	54%	44%	45%	42%	41%	51%	46%
Total	100%	100%	100%	100%	100%	100%	100%

Source: Government Budget Books, various years, Ministry of Finance and Economic Affairs

### General budget support (GBS)

General budget support is intended to increase national ownership and strengthen domestic accountability systems. All major actors in Tanzania express a preference for GBS as a funding modality. While the above table shows a steady increase in GBS, the slight decrease in 2007/8 may be a reflection of donor concerns over the corruption scandals and doubt about progress of national accountability systems.

The government and donors developed a harmonized framework for budget support in November 2002. This is known as Poverty Reduction Budget Support and is the framework on which the Joint Assistance Strategy for Tanzania is based (see below).

## Sector support

Sector support is made available both as general sector support, where the government's budget and systems are used, and as pooled or basket funds. In pooled funding, several donors agree on funding arrangements and modes of disbursement. Normally, the World Bank procurement rules are applied. Pooled funds are provided for agriculture, water, health, infrastructure and local government. The pooled fund for health is recorded in the budget document and, as such, can be scrutinized by parliament. However, it is completely ear-marked, so parliament would have difficulties in changing allocations. Ministry officials and parliamentarians said that there is a problem with accountability for basket funding. Since those funds are sometimes distributed directly to projects, it is difficult to determine if they are well used—or misused. Sector performance reviews are conducted annually and lead to cluster reviews.

## Project support

As illustrated in the table above, project funding is the largest mode of support. While project funds are increasingly appearing in development budget estimates, and hence subject to parliamentary scrutiny, such resources mainly bypass the national budget process. The high proportion of project aid is due, in part, to the substantial vertical funding (e.g., earmarked for specific issues/diseases such as HIV or malaria) provided by donors, especially those active in the health sector. The government has made clear its preference for general budget support because it is consistent with the government legal framework, promotes a coordinated planning process, enables parliament to exercise its oversight function, and enhances domestic accountability as well as the national budget process. The government regards basket support as an intermediate step towards general budget support as it reduces its transaction costs and enables development partners to retain some ability to earmark where their funds are directed while still presenting their contribution in the national budget document. The drawback to sector basket support is that it creates parallel structures for certain procedures, restricts government ownership over resource allocation across and within sectors, and does not eliminate the problem of duplication of activities.

## The Performance Assessment Framework

Government and donors have agreed on a Performance Assessment Framework (PAF) for poverty reduction and general budget support. The matrix corresponds to indicators and goals formulated in the MKUKUTA. However, the reviews are not shared with parliament.

The performance assessment for 2008 concluded that Tanzania made good progress in achieving its education and health targets, although there is room for improvement in the quality of education and health services. Progress on agriculture, energy, infrastructure, the investment climate, and some core reforms were found to be insufficient, and the 2007 Household Budget Survey clearly indicated that

there has not been a significant reduction in poverty over the past six years. More urgent reforms were recommended for the business sector, including agriculture. Donors were also concerned about a lack of progress on public finance-management reform. In response, the government launched the next phase of its public finance management reform programme.

## **Joint Assistance Strategy for Tanzania (JAST)**

The Joint Assistance Strategy for Tanzania was published in December 2006 and builds on experiences from the Tanzania Assistance Strategy (TAS) of 2002. JAST is a national, medium-term framework for managing development cooperation in keeping with the Paris declaration. It defines the roles and responsibilities of the actors involved.

In short, the donor architecture based on the JAST principles includes a main group of donors at the highest level that deal with central processes, three main clusters, and a donor group that oversees the cross-cutting issue of the environment.

The JAST aims for reduced transaction costs by encouraging a more streamlined division of labour, appointing lead partners in each sector and thematic area, and insisting on “silent periods”, usually April to September, during which no external mission disturbs the government’s operations.

The strategy affirms that general budget support is the preferred aid modality, even as it recognizes that basket funds and project funds exist, and offers some criteria and rules for such assistance. The aim is to align such support with government plans and priorities and to include such funding in the budget document and financial reporting.

The government has sought to reduce the number of donors involved in each sector and determine which development partners should be active in each sector. However, donors argue that reducing the number of partners in large sectors, such as health, will not result in any appreciable gains, as contacts with the government are already channelled through a lead donor.

Global health initiatives, such as The Global Fund to fight AIDS, Tuberculosis and Malaria and the Gates Foundation, and emerging donors, such as China, are not parties to the JAST agreement. Donors have said that this is a problem because of the magnitude of the support they provide.

## **Challenges**

The 2008 OECD-DAC Survey on progress towards the Paris Declaration pointed out some setbacks. In 2005-06, some 90% of official development assistance was integrated into the national budget, but this proportion dropped to 84% in 2007-08. Aid predictability was down to 60% from 70% over the same period, and use of execution procedures dropped from 76% to 69% during that time.

Officials from the prime minister’s office welcomed growing recognition among donors of the importance of providing general budget support and accelerated implementation of the JAST. Prior to 2002, there was little national ownership of development projects and they often collapsed when external funding ended. Since most resources went directly to specific projects, there was a large

degree of fragmentation, and each donor applied its own procedures. Transaction costs on the side of government were high. Today, general budget support is becoming the preferred modality. GBS allows for alignment with the budget and the legal framework and opens the way for parliamentary oversight. Still, donors are providing funds through all modes simultaneously. “It is up to government to demonstrate our commitment to public finance management reform so that donors can trust our systems,” said one representative of the prime minister’s office.

Donors agree that the government can manage its development process and are considering greater support. However, some countries, such as Canada, are required by their governments to be able to trace how their contributions are used. Given the delays and difficulties in using general budget funds, these governments are reluctant to allocate funding to Tanzania’s general budget.

Despite parliament’s laudable actions in raising awareness about and investigating allegations of corruption, the two recent corruption cases undermined some donors’ confidence in Tanzania’s national systems. These donors threatened to withhold payments in the wake of the case, claiming that they could not release funds when there was a serious fiduciary risk attached. Clearly, mutual trust and confidence need to be restored. It is important to note, however, that other donors viewed the role of parliament in bringing the scandals to the surface as an encouraging sign of growing transparency.

### **Interaction with parliament**

Parliament is not involved in meetings concerning general budget support/poverty reduction budget support nor in the performance reviews of the same. In interviews, donor representatives said that the reviews should be shared with parliament. However, some emphasized that donor coordination is a government-to-government process, while agreeing that national systems to ensure accountability should be strengthened.

Many MPs said that government is more accountable to donors because donors are able to sanction the government for misuse of funds by reducing future aid. This fact, they say, weakens the reporting to and interactions with parliament.

## **THE HEALTH SECTOR**

Suffering from a high infectious disease burden linked to the country’s high levels of entrenched poverty and inadequate funding for water and sanitation programmes, Tanzania has a national life expectancy of only 52. Only 55% of the total population has access to safe drinking water while 33% use improved sanitation facilities. Tanzania is highly endemic for malaria with 75% of the population living in high-intensity transmission areas and 21% in areas of low-intensity transmission. Malaria causes 23% of child deaths and is a major cause of adult morbidity and mortality. The estimated adult HIV prevalence rate is 6.2%, worse than in the late 1990s.

The country has a young and growing population with children under five constituting approximately 17% of the total population. The Total Fertility Rate (TFR) is high at 5.2, and the average annual rate of reduction in the TFR between 1990 and 2007 was only 0.9%. Adolescent fertility is also high at 124 births per 1,000 woman aged 15-19 years (2006 estimate). Although use of modern contraceptive methods has increased over time, the contraceptive prevalence rate is low at 26% and efforts to

promote family planning are insufficient. There has been little progress in reducing maternal mortality. The adjusted maternal mortality ratio is categorized as “very high” at 950 per 100,000 live births, and the lifetime risk of maternal death is 1 in 24 (2005 estimates).

There have, however, been important gains in child survival in recent years. According to the latest Tanzania Demographic Health Survey, the under-five mortality rate fell 24% from 146 per 1,000 live births in 1999 to 112 per 1,000 live births in 2004. This achievement has been largely attributed to the scale-up of Integrated Management of Childhood Illnesses programmes, the implementation of bi-annual Child Health Days since 2001 and quarterly village health days. Tanzania also introduced a national integrated measles campaign in 2008, and has increased coverage of key preventive and treatment services for HIV/AIDS and malaria. In addition, reduction in the prevalence of child malnutrition has contributed to Tanzania’s child survival gains. The prevalence of stunting fell from 44% to 38%, and the prevalence of underweight dropped from 29% to 22% between 1999 and 2004-05.

Tanzania has introduced a number of policy frameworks aligned with the health MDGs. A national integrated maternal, newborn, and child health strategy has been launched, aimed at integrating nutrition, the Expanded Programme of Immunizations, prevention of mother-to-child transmission/Pediatric AIDS programmes, and community-based approaches. To address the issue of child malnutrition, the country introduced its National Strategy on Infant and Young Child Feeding and Nutrition in 2005, and the “Revitalizing the National Fortification Alliance” has joined with the private sector to advance food fortification strategies. A high profile advocacy document developed with World Bank support, entitled “Investing in Nutrition in Tanzania” has also been launched. In addition, the Ministries of Water and Health and Social Welfare have renewed their commitment and funding to increase access to safe water and sanitation.

The Health Sector Strategic Plan III (2007-2010) includes a focus on maternal and newborn care, and incorporates specific aspects of family planning and nutrition. The National Road Map Strategic Plan to Accelerate the Reduction of Maternal and Newborn Deaths (2008-2015) has also been introduced. The five-year National Malaria Mid-term Strategic Plan was introduced in 2007 and the provision of free insecticide-treated bed nets for young children and pregnant women is now part of the National Malaria Control Strategy. To address the HIV/AIDS epidemic, the Tanzania Commission on AIDS was set up in 2001, and the National Multi-sectoral Strategic Framework on HIV/AIDS (2008-2012) and a costed National Plan of Action to Support Orphans and Vulnerable Children (2006 to 2010) have been finalized.

## **Bottlenecks to service delivery**

Chronic underfunding of the health sector and a crisis in human resources are blocking implementation of Tanzania’s comprehensive health plans and policies. There is only one doctor for every 25,000 people, and four nurses/midwives for every 10,000 people. In addition, the management, supervision, and retention of qualified staff are insufficient. To address these problems, the Ministry of Health and Social Welfare introduced the Primary Health Service Development Programme (2007-2017), whose main objective is to ensure that there is at least one community health worker attached to a dispensary in each village.

Tanzania has improved its monitoring capabilities and has developed its statistical systems so that a census is conducted every ten years and a household surveys is conducted every five years. The health-management information system, however, still needs to be substantially strengthened, and there are frequent shortages of drugs and a lack of essential medical equipment.

## Setting priorities and budgeting for health

Both the Vision 2025 and the National Strategy for Growth and Reduction of Poverty Strategy (MKUKUTA) prioritize health as a key factor in economic development. The overarching National Health Policy and recently finalized Health Sector Strategic Plan III (2007-2010) reflect MKUKUTA's commitment to "improve quality of life and social well-being". The goal of the Strategic Plan is the delivery of "health services of high quality, effective and accessible to all, delivered by a well-performing and sustainable health system". The programmes linked to the plan are closely tied to health-service needs and are primarily related to maternal and child health, and the control and treatment of infectious diseases.

A number of health-sector reforms are aimed at strengthening district health services and referral systems. Key reforms are the country's "Decentralization by Devolution" policy and sector-wide grants/basket funding, introduced in 1999, that allow for district-level responses to local problems.

## The Medium-term Expenditure Framework (MTEF) and the Public Expenditure Review (PER)

Hard ceilings for the health sector for recurrent and development expenses are not presented in the MTEF. The Health Equity Group claims that parliament and the public do not receive the MTEF in advance of the budget session. According to budget staff in the Ministry of Finance, hard ceilings were removed from the MTEF to focus attention on "goals". Information on the health sector is included under "goal 2". Donors active in the health sector stressed that the removal of a hard sector ceiling in the MTEF impedes the planning and budgeting process, and introduces the risk that these processes will result in "wish-lists".

A detailed break-down of planned expenditures (2007-2010), minus a hard ceiling for the health sector, are included in the social cluster group in the MTEF and is available on the Ministry of Health and Social Welfare website ([www.moh.gov.tz](http://www.moh.gov.tz)). This break-down includes tables on recurrent, capital and other development expenses, including information on source of funding for all activities. A summary worksheet is provided showing total funding for recurrent and development expenses, and parastatals and agencies.

The worksheet for development expenses contains a number of line items for "workshops" under the capacity -building heading. Large expenditures on workshops are perceived to be a strategy the ministry uses to deal with fund-absorption problems (Health Equity Group report, 2006 and correspondence from meeting, March 2009). These problems are apparently linked both to the human-resource crisis in health, and to the lack of accounting capacity and ability to disburse funds efficiently at the local level.

## Funding for health: ownership, mutual accountability, and information flows

The Public Expenditure Estimates for the 2008-09 health-sector budget include:

- Ministry of Health and Social Welfare budget: development budget totals for 2007-08 were Tsh 181,936,000,400 and Tsh 242,067,318,100 for 2008/9. The recurrent budget totals of approved estimates for 2007/8 were Tsh 187,627,787,000 and Tsh 198,157,615,000 for 2008/9. There are also substantial resources for the health sector provided in the Local Government budget allocations.
- The recurrent and development estimates are broken down into six major areas/departments with associated funding agencies listed.
- The country's AIDS programme has its own budget with sub-totals but no overall summary figure.

The main parliamentary committee that oversees the Ministry of Health and Social Welfare is the Committee on Social Services. The Ministry vote in the budget is divided into the main programmes of administration, curative services, preventive services, food and drug control, and health training. For each sub-vote in the recurrent budget, details are given about each cost item, such as salaries, training, and utilities. The development budget is broken down into projects.

Other parliamentary committees that may be directly involved in deliberations over budget allocations to health related issues include: the Committee on Social Welfare and Community Development, and the Committee on HIV/AIDS affairs. Other organizational budgets with health-related content would include the Ministry of Community Development, Gender and Children; the Commission for Human Rights and Good Governance; the Ministry of Labour, Employment, and Youth Development; the Tanzania Commission for AIDS; the Ministry of Agriculture, Food Security and Cooperatives; the Ministry of Education and Vocational Training; and the Local Government allocations.

### **On-budget and off-budget financing**

The MTEF and Public Expenditure Estimates only reflect funding that is recorded in the budget. However, a considerable portion of funding for the health sector is through off-budget, direct project support. According to the Health Equity Group and the Development Partners Group on health, up to 60-70% of total funding in the health sector is off-budget.

The Ministry of Health and Social Welfare and the Permanent Secretary of the Prime Minister's Office indicated that a major challenge in the health sector is the continued lack of harmonization of the Global Health Initiatives and other partners with the government's priorities. Specifically, the Permanent Secretary noted that significant project-based funds that do not go through the exchequer, particularly funds from the Global Fund to Fight Aids, Tuberculosis, and Malaria and some US-backed initiatives, such as the US President's Emergency Plan for AIDS Relief (PEPFAR) prevent the government from taking effective ownership and leadership in managing its health programmes and reduces parliament's ability to oversee the health-sector budget.

In the Global Fund's eighth round of grants, Tanzania received US\$ 500 million for HIV/AIDS and US\$ 113 million malaria over five years. According to donors in the health sector, PEPFAR and the Global Fund account for 80% of the total HIV/AIDS budget. This raises questions about the

sustainability of Tanzania's HIV/AIDS programmes, and whether these programmes reflect donor or government priorities.

### **Dialogue structure, division of labour, funding modalities, and predictability**

The troika system is in place in the health sector and the lead, active, and delegating development partners in health meet monthly to discuss progress and bottlenecks in service implementation. According to the 2007 revised Code of Conduct, the health troika consists of an out-going chair, a present chair, and an incoming chair. The in-coming chair is elected annually from among the donor health group with each multilateral and country agency having one vote.

Tanzania has also instituted a health-basket fund, and 11 donors active in the health sector, including Irish Aid, the World Bank, Denmark and the Netherlands, are pooling funds into the basket. However, there are problems in harmonizing donor flows with Tanzania's July-to-June fiscal year; for example, the Global Fund budget cycle is different. Vertical programmes with substantial resources, particularly from the Global Health Initiatives (such as GFATM, GAVI, PEPFAR, and other USAID supported projects), also undermine the country's efforts to improve coordination.

The 2008 Paris Declaration survey found that while there is progress towards the Paris Principles, there are reversals in the trend toward general budget support and basket support, including in the health and HIV/AIDS sectors. These reversals are linked to the slow implementation of the JAST, donor lack of confidence in public finance management reform, donor concerns about fiscal management practices based on the two recent corruption scandals, preliminary results of the 2007 Household Budget Survey, which shows minimal decreases in the proportion of the population living in poverty, and the challenges imposed by the global financial crisis, including greater accountability requirements from country offices and reductions in the availability of development aid and in the predictability of disbursements. In the health sector, bottlenecks at the local government level that hinder timely allocation of funds and expenditure reporting have also made donors reluctant to pool funds in the sector basket or provide general budget support.

Donors and the government stress the need to finalize the Technical Assistance Policy in an effort to ensure that disbursements are effectively channelled and recorded and to improve donor confidence in the national public management system. The government is planning to launch sensitization exercises to increase donor awareness about how to use government systems and about the importance of reducing parallel mechanisms. The government and donors also agree on the need to accelerate the implementation of the Aid Management Platform, which will provide greater public access to aid information as a way of increasing the transparency of development aid and improving domestic accountability. The Permanent Secretary, the prime minister's office, and donors also noted the need for more education for sector ministries about general budget support. Ministries' preference for project-based funding, which does not involve the Ministry of Finance, stems from a long history of strong relationships between sector ministries and particular donors, and from the sector ministries' lack of capacity to develop, defend, and implement their budgets.

## **Opportunities for parliament**

Joint annual sector reviews and health-basket reviews are regularly conducted to analyze budget allocation and expenditure patterns. The Ministry of Health and Social Welfare also prepares annual and quarterly technical and financial reports that are shared with donors involved in the health sector.

According to the 2007 Code of Conduct, the Ministry of Health and Social Welfare is supposed to convene bi-annual Sector Wide Approach (SWAP) meetings. One of these meetings is the Joint Annual Health Sector Review (JAHSR). The technical committee of the SWAP is supposed to be provided with the information needed to develop a consensual report of progress in the health sector in advance of the JAHSR (donors are requested not to introduce additional monitoring requirements). This report is then reviewed during the JAHSR to determine whether activities supported the sector's overall Strategic Plan. The benchmarks agreed during the JAHSR are expected to influence the priorities used for planning and budgeting in the next fiscal year.

In addition, the Code of Conduct requires that donors regularly communicate information on inputs and commitments, including direct funding to NGOs, to the Ministry of Health and Social Welfare, the Prime Minister's Office for Regional Administration and Local Government and the Ministry of Finance so that financing gaps can be assessed. Development partners in the health sector that provide direct disbursements to NGOs and projects are supposed to use the "dummy voucher" system so that the government is fully informed about these aid flows. In return, the Ministry is required to share audit figures with the donor health group each year.

In 2004, based on OECD recommendations, a joint external evaluation of the health sector was conducted to supplement the joint annual reviews. The evaluation, carried out at the request of the Ministry of Health and Social Welfare, coincided with the development of the Health Sector Strategic Plan. The joint external review (1999-2006) was funded by six development partners, eight government agencies, and 20 development partners. Numerous NGOs and civil society organizations participated in preparing the review. Parliament was absent from the process.

As of this writing, parliament has not participated in the JAHSR, nor does it regularly receive joint annual reviews or any other reports prepared by donors or by the Ministry in adherence with the 2007 Code of Conduct and Sector Wide Approach. According to a representative of the main group of donors, all development partners agree upon a consensual annual review in each sector, but also prepare their own documents to meet the requirements of their respective governments. These reports might be shared with parliament.

While it is important to retain clear distinctions between the roles and responsibilities of the executive and legislative branches, improvements in the flow of information to parliament about donor activities in, and the performance of, the health sector are clearly warranted. Similarly, participation of MPs in the review and reporting process would improve parliament's capacity to oversee health-related funding, including funding to address the crisis in human resources.

## Civil society organizations

The health sector is highly pluralistic with a range of service providers that includes the government, faith-based organizations and private not-for-profit groups registered under religious organizations, international and national NGOs, and private for-profit providers. The Ministry of Health and Social Welfare website also lists a number of health care professional associations that can participate in designing and implementing specific health projects and can be consulted on health issues.

There are also a number of civil society organizations in the health and HIV/AIDS sectors that focus on health governance, health policy research, HIV/AIDS, disability and gender-based violence,

including the Health Equity Group, Ifakara Health Unit, AMREF, Rapid Funding Envelope, Comprehensive Community-based Rehabilitation in Tanzania, Mwangaza Women's Group, the Foundation for Civil Society, and Women in Law and Development in Africa.

Because civil society organizations are based in communities, linkages between them and parliamentarians can strengthen MPs' ability to represent their constituencies by: raising their awareness of the health needs of their constituencies and barriers to providing adequate services, including lack of facilities, transportation difficulties, stock-outs of drugs and equipment, and poor quality of services due to staffing shortages and under-trained providers; helping parliament analyze the health sector budget to be sure it reflects the service needs of the people and addresses the MDGs, particularly Goals 4 and 5; improving MPS' ability to advocate for the achievement of the health MDGs; and raising awareness among MPs, as members of district councils, of the need to ensure that the health care needs of their constituencies are reflected in district-level plans.

Civil society organizations can also assist parliamentarians in reviewing existing health policies and proposed legislation, developing private member bills, including gender-sensitive health policies, to address gaps in health legislation, and using the media as a tool for increasing political pressure for health issues, such as higher health-sector ceilings and a reduction in project-based funding.

The Health Equity Group is a consortium of NGOs that directly engages with parliament, using maternal and newborn health, in particular, as a platform for illustrating problems in the equitable delivery of health services at the community level. Members of the Group include Tanzania Gender Networking Programme, Youth Action Volunteers, Women's Dignity Project, and Care International. The Group is supported by Irish Aid and, as such, represents indirect communication between the health troika and parliament.

The Group works with parliament on scrutinizing the health care budget and auditor general reports to assess the relationship between allocations and expenditures, and on advocacy work to ensure that maternal and newborn health remain on the political agenda and health budget. According to the Group, the auditor general reports show aggregated figures for health, making it difficult for MPs to track where money was spent. The Group also noted that although the "One Plan" (the Norwegian-funded Deliver Now campaign) was launched only one year ago to raise high-level political awareness of maternal, newborn, and child health, and the National Road Map Strategic Plan to Accelerate the Reduction of Maternal and Newborn Deaths for 2008 to 2015 has been introduced, maternal health was not clearly reflected in the 2008-09 annual plan and budget. This indicates the continued need for advocacy work on MDG 5. According to staff at the Ministry of Health, maternal mortality is now considered a priority activity in the proposed health-sector budget.

# ZAMBIA AND TANZANIA

## Main observations, analyses and recommendations

In our two case studies, we have scrutinized the relationships between parliament, the executive branch, the donor community, and civil society; parliament's institutional capacity (organization, staff, reform processes) and current involvement in development assistance; the national budget and audit processes; and the quality of the budget and audit documents.

Table 1. summarizes our observations of the similarities and differences between the two countries:

**Table 1. Comparison between Zambia and Tanzania**

SIMILARITIES AND DIFFERENCES		
ASPECT	ZAMBIA	TANZANIA
<b>Basic facts</b>		
Population (IMF projection)	12.8 million (2009)	40.5 million (2009)
GDP (IMF projection)	US\$ 13.0 billion	US\$ 21.8 billion
GDP based on PPP (IMF projection)	\$18.3 billion Int'l \$	\$56.9 billion Int'l \$
GDP/capita (IMF projection)	US\$ 1,019	US\$ 538.7
GDP based on PPP/capita, (IMF projection)	\$ 1,435 Int'l\$	\$ 1,403 Int'l\$
Currency and exchange rate Feb 2009	1 US\$ = 5,548 Zambian Kwacha (ZMK)	1 US\$ = 1,323 Tanzanian Shillings (TZS)
<b>Government</b>		
Long-term plan	Vision 2030	Vision 2025
Five-year Development Plan	Fifth National Development Plan	MKUTATA/MKUTAZA
Costing of five-year plan	Detailed	Broad
Outcome indicators in the plan	Yes	Yes
Rolling Mid-term Expenditure Framework for three-year period	Yes, detailed	Yes, broad, in budget guidelines
Overall and sector budget ceilings	Yes	Yes
Government has a donor policy	Yes	Yes
Public finance management reform	PEMFA on-going	PFMRP on-going
Decentralization reform	Yes, in early stage	Yes, being implemented
Sector coordination	Sectorial Advisory Groups	Sectorial Working Groups
Budget guidelines and MTEF character	Detailed and strictly financial	Giving sector and outcome-related guidance as well as sector ceilings
Review of five-year plan	Annual reviews, mainly government and donors	Annual national poverty week; wide consultation
Presentation of budget to parliament	After start of budget year	Two weeks before budget year
Timing of parliament's budget decision	Three months into budget year	One to two months into budget year
Annual budget structure - overall	Capital and recurrent merged	Capital and recurrent budgets split
Annual budget structure - detailed	Partly activity-based presentation	Traditional sector vote, department sub-vote, cost item (salaries, etc) structure, development budget by sector vote and projects

<b>Parliament</b>		
Number of MPs	158	319
Number of ministers/deputy ministers who are MPs	62	?
Number (proportion) of women MPs	24 (15%)	98 (31%)
Is the national budget discussed in parliament's sector committees	No; mainly in the extended Estimates Committee	Yes
Parliament's budget – total US\$ in budget publication for 2009	US\$ 41.5 million (2009)	US\$ 43.4 million (2008-09)
Budget divided by number of MPs	US\$ 260,732	US\$ 134,000
Existence of Constituency Development Funds	Yes, US\$ 72,000 per constituency and year	No; under discussion
<b>Donor arrangements</b>		
Number of main donors in DAC survey	16	24
ODA as % of GDP (2008)	7% of GDP	10% of GDP
ODA as % of the national budget	around 20%	around 40%
% of ODA reported in the budget document	74%	84%
% of ODA as General Budget Support	32%	36%
Joint Assistance Strategy	JASZ	JAST
Sector lead, active and delegating partners defined	Yes	Yes
Silent periods introduced	Yes	Yes
Overall donor coordination	CPG - Cooperating Partners Group	DCF - Donor Co-ordination Forum
Comprehensive PAF for GBS	Yes	Yes
Aligned with development plan	Yes	Yes

As the table indicates, Zambia and Tanzania are highly dependent upon donor aid, making effective interaction between government, parliament, and donors crucial for both countries to achieve the Paris Principles. Joint Assistance Strategies (JASZ and JAST) are being implemented in both countries in an effort to improve donor coordination, harmonization, and alignment with government priorities. The JASZ and JAST arrangements have also streamlined the donor-government dialogue structure, reducing transaction costs on government's side. While project-based aid still constitutes a considerable portion of ODA – particularly in certain sectors, like health – donor willingness to contribute to basket funds/sector-wide approaches, general budget support, and to develop joint performance assessment frameworks are indications that both countries are making progress towards the goal of greater national ownership of the development agenda. For example:

- Both countries now regard general budget support as their preferred aid modality and, despite some setbacks in Tanzania, general budget support has reached substantial levels as a percentage of total ODA: 32 % in Zambia and 36 % in Tanzania.
- Even if the main portion of foreign support is provided in other modalities, the trend is towards greater general budget support, and more aid is recorded in budget documents and in budget-monitoring reports.
- Ambitious performance-assessment frameworks, aligned with national development plans and donor requirements, have been formulated, and progress is being monitored against those frameworks.
- Parliamentary reform processes have opened up parliament to the public and increased the ability of civil society organizations to assist parliament in reviewing budgetary documents, existing and proposed legislation, and ensuring that national priorities reflect the real needs on the ground.

This progress has created a conducive environment for more active involvement of parliament in the development process and for strengthening the capacity of parliament and other national institutions. However, challenges remain and a number of weaknesses in the planning, budgeting and monitoring processes were observed:

- Budget calendars do not allow enough time for relevant parliamentary committees to analyze budget proposals before approving them. Parliament is not able to follow up to determine whether their budget recommendations are taken into account.
- Despite improvements in the quality of budget and audit documents in the two countries in recent years, they are still not user-friendly; they provide little overview and analysis, making it difficult for parliament to assess the budget and oversee expenditures.
- Because national development plans are only renewed every five years, they can become outdated and no longer reflective of priorities on the ground and resource availability.
- Remaining problems with poor linkages between plans, mid-term projections and the annual budget and resource envelope means that national and sector plans are often wish-lists.
- Development budgets are underutilized for several reasons including lack of predictability in donor aid and fund-absorption problems linked to human resource and capacity constraints and the short timeframe for budget implementation. In both countries, the budgets are not approved until up to three months into the fiscal year, compressing the timeframe for budget implementation.
- Donors are asked to provide information about their intended support (pledges) in time for annual macroeconomic projections and setting of ceilings. While donors generally provide this information, it is fairly unreliable and may change before and during the budget year, thus undermining the credibility of the ceilings and the quality of the planning process.
- Parliament has limited support and capacity constraints to investigate budgetary issues.
- Parliamentarians expressed feeling marginalized from the national planning, budget and auditing processes, and contended that the budget-approval process including approval of supplemental estimates is often a rubber stamp procedure. While parliamentarians can participate in grassroots-level discussions about development plans through *ex officio* membership on local district councils, they are often absent from these meetings because of long distances and short notice.
- The continuation of substantial off-budget project-based aid that does not go through the exchequer undermines parliament's ability to hold the government to account.
- Sector basket funding is often used to pool resources and is considered an intermediary step between the provision of project based aid which does not utilize any national processes and the delivery of general budget support. The use of basket funds often involves burdensome reporting requirements and slow procurement processes, and detracts from the process of increasing national ownership of the development agenda.
- Sector/Line ministries sometimes prefer project-based aid as it allows them to secure funds directly from donors rather than compete for the allocation of resources from the Ministry of Finance.
- Donors providing general budget support (GBS) have agreed jointly with the government on one performance assessment framework (PAF) to assess progress against national development plans. GBS is provided through a fixed and variable tranche. There are normally conditions related to a variable tranche of GBS so that the variable tranche may be reduced or withheld if progress towards PAF indicators is too weak. Different donors use different parts of the PAF and sometimes other types of indicators such as process or outcome indicators to assess progress. Donors in both countries have sometimes raised new criteria, such as

corruption, to argue for reduced GBS. In sum, despite agreeing to a joint assessment framework, in practice donors are using a variety of approaches for determining when funds can be released, reducing the predictability of donor aid.

- Parliament's involvement in the donor-government dialogue is currently limited (see discussion below).

Overcoming these challenges, without resorting to constitutional amendments, will require work in three broad categories: communication processes, capacity-building and the budget documents, themselves.

## Communication processes

### Donor-government-parliament interactions

Donors in Tanzania and Zambia have worked with the government to formulate comprehensive Joint Assistance Strategies (the JAST and JASZ, respectively) to strengthen national ownership and enhance the effectiveness of ODA. Donors in both countries are, in general, making progress in integrating ODA into government systems and procedures, and are progressively shifting towards programme rather than project-based approaches. Another major achievement under the JAST and JASZ processes has been an agreement on a division of labour among donors, which improves the effectiveness of development coordination. Continued progress in this area hinges upon improved communication among all three actors:

*Parliament's involvement in the donor-government dialogue.* Any improvement in parliament's engagement in the donor-government dialogue must be balanced with the need to distinguish clear roles and responsibilities between the executive and legislative branches. Parliament should not, for example, participate in loan/grant negotiations between donors and government, as this might compromise its ability to hold the government to account. Donors also expressed reluctance to formalize relations with parliament because their official counterpart is government. They also noted that adding formal consultations with parliament could significantly increase their transaction costs. However, the communication mechanisms that have been institutionalized through the JAST and JASZ frameworks should be opened up to include greater participation of parliament in critical stages of the national planning and budget cycle:

- In preparing the long-term national visions and five-year national development plans

As of this writing, formulating the upcoming five-year national development plans in both countries is a donor-government process. Parliament should be included in the consultations during which these plans are developed to ensure that they reflect the needs of the people. Including representatives of relevant parliamentary committees in the development of sector-specific plans could also result in plans that better represent the priorities on the ground.

- In determining the mid-term expenditure framework and sector allocations

Parliament has no authority to be involved in discussions about ceilings (overall or sector), and is not informed about conditions that donors attach to ODA. Their participation in developing the mid-term expenditure framework would help ensure that sector allocations are in line with national priorities and are efficiently distributed.

- Through participation in annual reviews of expenditures and progress in achieving development goals

Invitations to attend joint annual reviews (overall and sector levels, including sector-basket reviews, such as in health) and Sector Advisory Group discussions should be extended to parliament. Evaluation reports prepared by donors, including documentation of direct project funds, and reports prepared by the government in preparation for the joint reviews, should also be shared with parliament. These changes could significantly improve parliament's ability to oversee the budget, identify any financing gaps, and better determine the linkage between development assistance and poverty reduction/results.

*Mutual trust and accountability.* The process of establishing mutual trust is ongoing and depends upon increased transparency on the part of both donors and government. Donors indicate that their reluctance to commit to providing general budget support and to reduce conditions to their pledges is linked with concerns about the strength of national institutions and corruption. To increase donor confidence in national institutions and parliament's ability to hold the government to account, the government should provide to donors more detailed implementation plans and information on the progress of reforms. Details on the parliamentary reform process could also be shared with donors not currently supporting these measures. Donors need to improve communication about disbursement schedules with government, and more uniformly use the same assessment framework or criteria for releasing funds to increase the reliability and predictability of aid. Timely access to aid information, for both parliament and the general public, would also improve confidence in donors' accountability.

*Acceleration of the implementation of the JASZ and JAST,* particularly the quality of the donor-government dialogue and division of labour process. This includes improving discussions of the MTEF and new five-year national plans so that there is a tighter linkage between resource availability, budgeting, and priority setting; further streamlining the consultation process and revising the donor architecture to reduce transaction costs on the sides of government and donors; determining how to include emerging donors and global health initiatives in the JASZ/JAST process; and negotiating how to bring greater portions of aid onto the budget.

- Jump-starting this implementation process will improve development coordination. Increases in aid included on the budget will result in improvements in parliament's ability to oversee development assistance and strengthen national systems.
- Donors in both countries are still providing a considerable amount of project-based aid and sector-basket support. Donors, including the global health initiatives such as the Global Fund to Fight AIDS, Tuberculosis, and Malaria, GAVI, PEPFAR, and PMI, need to be sensitized to the negative impact these aid modalities have on increasing national ownership of the development process, and to the importance of respecting the Tanzanian and Zambian governments' preference for general budget support.
- Government ministries accustomed to project-based funding may also need to be made more aware about the importance of general budget support for programme sustainability, and how project-based aid undermines the national ownership process.

### **Parliament-government-civil society organizations interactions**

*Parliamentary roles.* Members of civil society organizations interviewed indicated that the parliamentary reform processes under way in both countries have increased the ability of those organizations to

engage with parliament on issues pertaining to the budget and proposed legislation. In both countries, civil society organizations showed an interest in learning how to work better with parliament to provide technical assistance on specific topics, including the budget, and to inform MPs about issues/needs in their constituencies. Increasing the opportunities for civil society organizations to interact with parliament, and improving parliament's willingness to consult with those organizations, are important ways to enhance MPs' ability to represent their constituencies, and to ensure that the national planning and budgeting processes accord with the needs of the people.

*Mistrust of civil society organizations.* There appears to be a strongly held view in Tanzania and Zambia that civil society organizations represent donors rather than the country's citizens. This may be due to the fact that many civil society organizations receive direct funding from donors. This mistrust almost led to passage of legislation in both countries that would have given the government authority to determine the scope and domain of each civil society organization.

- A study examining perceptions of civil society organizations in parliament and in the government is being planned in Zambia as a first step towards improving relations among these three entities. While civil society organizations appear to be stronger in Tanzania, a similar study in Tanzania might also be beneficial.
- An assessment of the financial flows to civil society organizations from donors, including the reliability of such funding, could also be undertaken as a baseline measure for determining how to increase the independence and sustainability of these organizations.

### **Parliament-constituency relationships and public accessibility**

Changes that have been introduced to improve public accessibility to parliament, such as constituency offices, standing order changes that have led to increased media coverage, public announcements of committee meetings, and less stringent dress codes, are commendable and should be continued. However, parliamentarians themselves said that the public needs to be better informed about the scope of parliament's work and the purposes of constituency offices. Awareness-raising activities to this effect could improve the relationship between MPs and their constituencies, and help the general public understand what they should expect from their MPs.

## **Capacity building**

### **Members of Parliament and parliamentary staff**

#### *General recommendations*

- A benchmarking analysis of parliament's resource and capacity-building needs in the two countries could be carried out.
- Parliamentary exchanges with other partner and donor countries should continue to promote the sharing of best practices and experiences.
- Translating budget and audit documents, and proposed and existing legislation would enable greater participation of MPs and the public in debates about the budget and changes to the legal framework. Parliamentarians in both countries said that language barriers were a major obstacle to their full engagement in parliamentary work.
- Resources should be routinely allocated to maintain and update parliamentary websites to improve public accessibility to parliamentary activities. These websites could include databases of existing and proposed legislation, and transcripts of committee meetings and parliamentary sessions.

- Make use of IPU expertise and resources in needs assessments and formulation of capacity building programmes.
- The two Parliaments should continue their relationships with donor groups that focus on governance and democracy, and enlist their support for further reform and improvements.

#### *Legislative function*

- Recurrent training and other capacity-building exercises on the legislative process, including on how to introduce private member bills, evaluate proposed legislation and assess the existing policy framework, should be made available to MPs and parliamentary staff. Parliamentary committees charged with responsibilities related to health and social protection need encouragement to be more proactive in reviewing social welfare-related policies and in introducing legislation that supports the country's efforts to achieve its poverty-reduction goals and the MDGs.

#### *Research and advocacy*

- Within the framework of the ongoing parliamentary reform processes in both countries, parliament should have access to adequate research staff, and sufficient resources for conducting research. Since research staff members in both parliaments are attached to the institution, resources for research are often not made available to opposition MPs. This problem must be addressed.
- Secured funding is needed to enable parliament to commission independent studies by civil society organizations.
- Improvements in parliament's research capacity will enable MPs to advocate more effectively for their respective constituencies on specific issues, and be more informed about issues discussed during committee meetings and in the National Assembly.

#### *Budget competence*

- Recurrent training and other capacity-building activities on how to analyze budget documents and audit reports should be provided to MPs and parliamentary staff. Improvements in the ability of parliament to hold the government to account and play a stronger role in the budget-approval process, including by making informed recommendations during the budget review and approval session, could increase donors' confidence in national institutions and their willingness to provide general budget support. MPs also need to be made aware of their authority, as mandated by the constitution, to push for better alignment of the overall and sector budgets with the needs of the people they represent.
- MPs need to be encouraged to play a more active role as *ex officio* members of local councils to ensure that the priorities and needs of their constituencies are reflected in district-level plans and budgets.
- *Sharing of information.* Donors should consider sharing reports from joint annual reviews, sector reviews, and other documents with parliament either informally or formally.

## Quality of budget and audit documents

The quality of budget and audit documents has improved in recent years in both countries as a result of public management reform processes. However, we found that more work is needed:

*MTEF.* Improve the quality of the MTEF by including a more credible portion of external support. As an interim solution, the MTEF could be developed so that scenario budgeting or investment packages are included where external funds can be deployed.

*Annual budget document.* Improve the quality of the annual budget document by including analytical content and summaries, clear distinctions between recurrent costs and investments, and projected committed costs. Better tracking of off-budget resources from donors is also needed.

*Audit reports.* Improve the timeliness of the submission of audit reports to the president and National Assembly in order to reduce the time lag between actual expenditures and audits of expenditures.

*Transparency.* Improvements in the transparency and accessibility of the budget and audit documents will facilitate parliament's ability to exercise its oversight role and hold the government to account for any misuse of funds.

### **Recommendations that involve revising the constitution or standing orders**

Our assessment of the power of the executive branch in relation to parliament suggests that constitutional amendments, which require a two-thirds majority in both countries, may be required in order in particular the budget calendar in both countries needs to be revised to enable parliament to be involved earlier in the budget formulation and approval process. In Zambia, the budget is presented in parliament at the beginning of the fiscal year, and the approval process ends three months later. In Tanzania, the budget is presented in parliament two weeks prior to the beginning of the fiscal year and the budget-approval process concludes one or two months into the budget year. Although the situation is better in Tanzania, the budget's implementation period is compressed in both countries, resulting in problems with fund absorption and coordination.

#### *Representation and the electoral process*

The electoral process should be reviewed in order to consider ways of increasing the representation of women in both parliaments. The single-member constituency/first-past-the-post system in both countries makes it difficult for women to get elected because they are often competing against male candidates who are frequently better resourced and enjoy greater visibility.

#### *Selection processes for Speaker of the House and committee members*

These processes should be reviewed in order to ensure that parliament is not represented only by the ruling party or sitting cabinet. According to Zambia's constitution, all ministers and deputy ministers are selected from the parliament. In practice, this means that 70 out of the 158 total MPs are ministers and deputy ministers representing the ruling party, making it difficult for MPs to challenge the executive, including about issues raised in audit reports and deliberations of the accounting committees. Although the ruling party has the clear majority in Tanzania, the parliament there is becoming increasingly vibrant, partially because of the country's vocal press and the willingness of the current Speaker to exercise parliament's "challenge function".

#### *Three-line whip system and party loyalty*

Both parliaments are based on the Westminster model and include a three-line whip system that reinforces party loyalty and discourages dissent from the party line. Repercussions from voting against the party, particularly in Zambia, can be severe, including loss of party support in future elections. This system should be reviewed.

### *Constituency development funds*

The advantages and disadvantages of these funds, particularly how they interfere with decentralization processes and with parliament's oversight role, need further examination. These funds have been instituted in Zambia and are under consideration in Tanzania.

### *Sitting fees*

These should be reviewed, as they make donors reluctant to engage with MPs.

### *Autonomy of the national assembly and auditor general's office*

As was discussed in the chapter on Tanzania, the existence of a National Assembly Fund is critical to parliament's independence. The growing independence of the auditor general's office in both countries as part of the government reform processes is also critical to the ability of parliament to be able to hold the government to account for any identified misuse of funds. The continued implementation of these reform processes needs to be encouraged and supported by donors as an essential part of establishing trust in the strength of national institutions. For example, the fact that auditor general reports still need to pass through the president's office before reaching parliament compromises the independence of the auditor general's office and is a process that warrants review.

## **The health sector**

The in-depth analysis of the health sector provides a concrete illustration of the progress both countries are making towards instituting the Paris Declaration principles.

In both countries the health sector is characterized by a complex pattern of external support, dominated by off-budget flows. In Zambia, some 80% of support to the health sector is off-budget; in Tanzania, that proportion is 70%.

The health sector is a priority in the national development plans of both countries, features strongly in the PAF matrices, and is subject to the same joint assistance mechanisms for donor-government cooperation and coordination as other sectors. The Sector Wide Approach is being implemented in both countries, and transaction costs have been reduced through the use of pooled or basket funds, whereby several donors use the same financing arrangements for disbursement, accounting, and procurement. The basket fund in Tanzania is used by 11 of the 20 donors supporting the sector.

In both countries, some 11% of the total national budget is targeted at the health sector, well below the 15% target set at Abuja. Overall ODA to the sector has increased substantially for certain diseases such as HIV/AIDS and malaria, and largely remains outside the budget. Given this situation—increasing external funding for vertical programs and stable or decreasing domestic funding—there is a risk of aid dependency and lack of project sustainability.

The difference between health-sector support and support to other sectors seems to be the degree of off-budget support and the large amounts of support provided by specialized donors, such as the Global Fund, GAVI, and the Gates and Clinton Foundations. Since there are also some cross-sector health programmes, such as those to fight HIV/AIDS, which also involves support to education and other sectors, total resource flows to health-related conditions are difficult to track.

The health sector in Zambia and Tanzania is experiencing several major bottlenecks to service delivery including a human resource crisis with few skilled staff members available to implement policies and programs, problems with supply chain management and procurement systems, and poor health information systems and infrastructure. The project-based aid modality of the global health initiatives means that few resources are earmarked for health systems strengthening activities and are channelled instead to combat specific disease. Hence, donor flows are not responsive to the entire spectrum of national health priorities.

Parliament's role and involvement in planning, budgeting and monitoring for the health sector appears no greater than for any other sector, despite the fact that health care is a political priority.

## Recommendations

- The budget cycle needs to be improved so that parliament's health committees have time to review the health-sector budget before the start of the fiscal year.
- Information flows to parliament about joint donor- government activities in the health sector need to be improved. Reports from joint annual health sector and basket reviews should be made available to parliament.
- The chair of parliament's health committee should be invited to participate in annual health sector reviews. MPs should also be informed about discussions on donor conditions, and about direct project funding.
- Improved transparency and accessibility of the health-sector budget and auditor general reports will facilitate parliament's ability to exercise its oversight role and hold the government accountable for any misuse of funds.
- A legal framework needs to be put into place that empowers parliament to participate in the entire budget cycle, follow-up on whether or not their budget recommendations are accepted, and make sure the government takes appropriate action when parliament reports misuse of funds in the health sector. Such reform must be balanced with maintaining a clear delineation of the roles and responsibilities of the executive and legislative branches.
- The capacity of the executive and parliament need to be strengthened to improve the national budget process and increase donor willingness to pool funds in the health-sector basket or provide general budget support.
- Parliament's capacity to advocate for health, review existing policies and proposed legislation, and develop private member bills must be strengthened.
- Civil society organizations should be encouraged to engage with parliament to make sure MPs are aware of the health needs of the people, and to help MPs analyze the health-sector budget and propose health legislation.

- Global health initiatives and other partners that prefer the project-based aid modality need to be reminded of the Paris Principles and of how project-based funding undermines government ownership of health programmes.
- Parliament should be represented on the task force that formulates new national development plans, particularly to ensure that the next plan fully integrates the health MDGs and the needs of the people.
- The health sector budget needs to be more transparent to improve its accessibility to both parliament and the public.

## Conclusion

Our observations indicate that improving Tanzania's and Zambia's ability to adhere to the Paris Principles and increase the role of parliament in development assistance depends upon several processes, most of which do not require constitutional reform. Specifically, we recommend continued implementation of ongoing government and parliamentary reform efforts to strengthen the national budget and planning processes, including the quality of the budget and audit documents, and the capacity of parliament to play its budgetary, representative, and legislative functions. We have also highlighted specific ways that the communication processes between the government, parliament, the donor community, and civil society can be enhanced. These case studies represent the first step towards identifying mechanisms through which the parliaments in the two countries can play a larger role in overseeing ODA and in the national budget and planning processes. We hope that the recommendations listed here will stimulate further debate and lead to concrete steps that will result in greater national ownership of the development agenda in both countries.

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## ACRONYMS

**ACSD:** African Committee on Sustainable Development

**CAG:** Controller and Auditor General

**CHAZ:** Churches Health Association for Zambia

**CIDA:** Canadian International Development Agency

**CP:** Cooperating Partners

**CPG:** Cooperating Partner Group

**CSO:** Civil Society Organizations

**DAC:** Development Assistance Committee (OECD)

**DCF:** Development Cooperation Forum

**DFID:** UK Department for International Development

**DHS:** Demographic Health Surveys

**DP:** Developing Partners

**DPG:** Development Partners Group

**ECOSOC:** UN Economic and Social Council

**FNDP:** Fifth National Development Plan

**GAVI:** Global Alliance for Vaccines and Immunization

**GBS:** General Budget Support

**GFATM:** The Global Fund to Fight Aids, Tuberculosis and Malaria

**HMIS:** Health Management Information System

**IFAPER:** Integrated Fiduciary Assessment and Public Expenditure Review

**IFMIS:** Integrated Financial Management System

**IHP+:** International Health Partnership

**IMCI:** Integrated Management of Childhood Illnesses

**IMF:** International Monetary Fund

**IPU:** Inter-Parliamentary Union

**JAHSR:** Joint Annual Health Sector Review

**JAST:** Joint Assistance Strategy for Tanzania

**JASZ:** Joint Assistance Strategy for Zambia

**JICA:** Japan International Cooperation Agency

**MACEPA:** The Malaria Control and Evaluation Partnership in Africa

**MDA:** Ministries, Departments and Agencies

**MDG:** Millennium Development Goals

**MKUTATA:** The Tanzanian National Development Plan

**MKUTAZA:** The corresponding plan for Zanzibar

**MoF:** Ministry of Finance

**MoH:** Ministry of Health

**MOHSW:** Ministry of Health and Social Welfare

**MTEF:** Medium-term Expenditure Framework

**NHSP:** National Health Strategic Plan

**NP:** National Parliament

**OAG:** Office of the Auditor General

**ODA:** Official Development Assistance

**PAC:** Public Accounts Committee

**PAF:** Performance Assessment Framework

**PEE:** Public Expenditure Estimates

**PEMFA:** Public Expenditure Management and Financial Accountability

**PEPFAR:** US President's Emergency Plan for AIDS Relief

**PER:** Public Expenditure Review

**PETS:** Public Expenditure Tracking Survey

**PFMRP:** Public Financial Management Reform Programme

**PMI:** President's Malaria Initiative

**PPER:** Provincial Public Expenditure Review

**RBM:** Roll Back Malaria

**RBM:** Result-based Management

**SAG:** Sector Advisory Group

**Sida:** Swedish International Development Cooperation Agency

**SOWC:** State of the World's Children

**THE:** Total Health Expenditure

**TOR:** Terms of Reference

**WHO:** World Health Organization

**WHOSIS:** WHO Statistical Info System

**ZDHS:** Zambia Demographic and Health Survey

**ZHSPA:** Zambia HIV/AIDS Service Provision Assessment