

MUTUAL ACCOUNTABILITY FRAMEWORK FOR AID AND DEVELOPMENT EFFECTIVENESS IN ZAMBIA

BETWEEN THE GOVERNMENT OF THE REPUBLIC OF
ZAMBIA AND ITS COOPERATING PARTNERS

1. This Mutual Accountability Framework outlines the mutual understanding on the promotion of Aid and Development Effectiveness in Zambia between the Government of the Republic of Zambia (hereinafter referred to as “the Government”) on the one part and its Cooperating Partners, African Development Bank, Denmark, European Union, Finland, Federal Republic of Germany, Ireland, Japan, Norway, Sweden, United Kingdom, United Nations System, United States of America and the World Bank (hereinafter referred to as “CPs”) on the other part, and who together are referred to as the Signatories.

Whereas

2. The Government’s *Vision 2030 (2006)*, *Aid Policy and Strategy (2007)*, and *Sixth National Development Plan (SNDP) 2011-2015* provide the overarching framework for Zambia’s development policies, strategies and plans, as well as Official Development Assistance (ODA) to Zambia.

3. In response to Zambia’s national challenges and the Government’s priorities, CPs have developed a *second Joint Assistance Strategy for Zambia 2011-2015 (JASZ II)*, which describes how CPs intend to support the development outcomes of the SNDP.

4. The Signatories are committed to increasing the impact of development cooperation and the achievement of Zambia’s national development plans, guided by the five pillars of *the Paris Declaration on Aid Effectiveness (PD)* of 2005: ownership, alignment, harmonisation, management for development results, and mutual accountability. These principles are further informed by *the Accra Agenda for Action (AAA)* of 2008.

5. *The Global Partnership for Effective Development Co-operation (GP)* of 2011 has added to the Development Cooperation agenda, besides the five Aid Effectiveness principles, Development Effectiveness principles of inclusive partnership by means of South-South and triangular cooperation, and private sector engagement, using country-oriented modelling. In similar lines, the GP monitoring framework, unlike the PD, emphasizes that partner countries establish national-led monitoring frameworks to assess the progress of the aid and development effectiveness agendas at country level. Furthermore, Mutual Accountability has been selected as one of the ten indicators under the Global Monitoring for the GP.

6. According to the main findings from the PD Evaluation (2010) and the PD Survey (2011) in Zambia, the progress made of the PD implementation though significant, was slow given that Zambia met only three indicators out of fifteen: namely Operational Development Strategy; Reliable PFM System; and Strengthen Capacity by Coordinated Support. Zambia faced most challenges with Results-Oriented Frameworks and Mutual Accountability.

7. The introduction of a Mutual Accountability Framework is one of Zambia’s responses based on the evidence and lessons learnt from the PD implementation in the country, and is

one of the main initiatives for Zambia to commit herself to the implementation of the GP at the country level.

9. Aid Effectiveness is about efficiency of aid delivery and is defined as arrangements for the planning, management, and deployment of aid that is efficient, reduces transaction costs, and is targeted towards development outcomes.

10. Development Effectiveness is about process, capacities, and sustainability as well as outcomes, referring to the capability of the Government and other development actors to transform societies and the achievement of sustainable development results related to the national development goals that positively impact on people's lives and societies in a sustainable way. The Government has a responsibility to facilitate development effectiveness with support from CPs.

11. In this regard, the Signatories recognise that this Mutual Accountability Framework links the Government's SNDP and the JASZ II and establishes an overall framework for Government – CPs cooperation under the mutual trust and partnership around the shared agendas on aid and development effectiveness.

This Mutual Accountability Framework is intended to:

- a. encourage CPs to complete the unfinished business of the aid effectiveness agenda in Zambia, committed internationally in Paris (2005), Accra (2008) and Busan (2011);
- b. build on the priorities identified in the Government's SNDP and provide an operational foundation for the Government and CP investments to address Zambia's national development objectives; and
- c. affirm the Signatories' desire to work together for Zambia's longer-term transition away from ODA through support for the Government's capacity to mobilise, coordinate, and effectively and accountably manage its own resources to support sustainable and broad-based development.

12. The Mutual Accountability Framework is guided by principles of performance measurement, management, and accountability as a means to improve efficiency of aid delivery and deliver development results and value for money.

13. The Signatories intend to improve dialogue and information sharing between them and with middle-income countries, civil society, and the private sector.

Now, therefore the Signatories record their shared recognition as follows:

Part 1: Objective of Government – CPs Cooperation

14. The objective of Government – CPs cooperation is to enable broad-based and inclusive growth and poverty reduction, as described by the SNDP overarching development objectives:

- ♦ Promote employment and job creation and rural development, through targeted and strategic investments in sectors such as science and technology, agriculture and energy development;
- ♦ Human development by investing in the social sectors vis – a – vis health, education and water and sanitation; and
- ♦ Infrastructure development to enhance the growth potential of the economy

15. The CPs, through the JASZII, will aim to deliver development cooperation effectively and with mutual accountability to support the development results as described in the SNDP.

Part 2: Principles and Arrangements of Cooperation

16. The Signatories should work together to improve aid and development effectiveness in line with the key principles of Zambia's Aid Policy and Strategy as well as the Paris Declaration on Aid Effectiveness, the Accra Agenda for Action, and the Global Partnership for Effective Development Co-operation.

17. The Signatories' cooperation will be guided by the following operational principles on aid effectiveness:

a. Inclusive Ownership

The Government should exercise full responsibility for development priorities, resource allocations, and service delivery based on its own development vision and goals as described in the SNDP and the Vision 2030. CPs will respect Zambia's ownership and commitment to strengthening Government's capacity to exercise ownership and leadership, and desire to create an aid architecture that enhances an inclusive, well-informed, and effective dialogue between the Signatories as well as Parliament, civil society, South-South Cooperation, and the private sector.

The use and strengthening of country systems should be placed within the overall context of Zambia's capacity development for sustainable development outcomes.

The Signatories' intend that efforts to strengthen its country systems will be supported through approaches to manage rather than avoid risk, including the development of joint risk management frameworks between the Government and CPs;

b. Alignment

CPs will strive to use country systems as the default approach for development cooperation. The Government will also make greater efforts into building effective country systems and institutions for managing development cooperation and other resources which are transparent, accountable, and results-oriented.

To strengthen the national planning and budget process, CPs will strive to improve predictability through submitting ODA projections for the Medium-Term Expenditure Framework (MTEF) in April, and ODA commitments for the Budget in August, which enables the Government to promote aid on plan and budget through recording ODA to the MTEF and Budget;

c. Harmonisation

The Government will lead coordination efforts to manage diversity, while CPs have a responsibility to reduce fragmentation. The Signatories will strive to make greater use of country-led coordination arrangements, including division of labour, as well as programme-based approaches, joint programming and delegated cooperation. CPs will also make efforts toward the use of common arrangements for joint analytical work and joint missions;

d. Development Results Orientation

The Signatories intend that country-led results frameworks will be used as a common tool among all CPs to assess performance based on the development priorities and goals. CPs should minimize their use of additional frameworks, introducing parallel performance indicators, monitoring and evaluation reporting, and oversight reporting. The Signatories will strive to improve value for money spent by ensuring that policy and spending decisions are informed to the extent possible by national systems and frameworks;

e. Mutual and Domestic Accountability

This Mutual Accountability Framework will strengthen the Signatories' accountability to each other and to their respective taxpayers. Parliament and civil society organizations (CSOs) will play a more important role to reinforce domestic accountability, which leads to improving mutual accountability; and

f. South-South and Triangular Cooperation, Private Sector, and Climate Change Finance

The Government plans to promote South-South cooperation, while CPs should also seek to facilitate triangular cooperation. South-South and triangular cooperation have the potential to provide locally-owned solutions which are appropriate to the country context. The private sector's role is to create employment and wealth, advance innovation, and mobilize domestic resources. Development Cooperation should play a more catalytic role for promoting private sector development, trade, and taxation. While climate change finance is expected to increase substantially, the Signatories should ensure coherence, transparency and predictability for effective climate change finance.

Part 3: Implementing and Monitoring of the Mutual Accountability Framework

18. The Signatories should use the following tools to support implementation and monitoring of this Mutual Accountability Framework:

a. Mutual Accountability Monitoring Framework

A Mutual Accountability Monitoring Framework (Annex 1) is a national monitoring framework on mutual accountability in Zambia consisting of the 10 indicators decided by the Global Partnership for Effective Development Co-operation. The indicators are intended to act as an input to a broader dialogue on aid and development effectiveness.

b. Division of Labour

Country-led Division of Labour (DOL) (Annex 2) is one of the important strategies on harmonization to achieve the complementarity of development cooperation through reducing proliferation and fragmentation. Under strong ownership and leadership of the Government, CPs should streamline and coordinate their engagement within

identified sectors. While the Government will support the implementation of *the EU Code of Conduct on Complementary and Division of Labour (2007)* in the country, CPs will strive to limit sector participation to those sectors in which they have a comparative advantage in volume of ODA, technical expertise, or specialization. Line ministries will annually assess the DOL performance of CPs in the sectors. The DOL is a living document with the flexibility needed to adjust sector engagement of CPs over time.

19. Where a Signatory has concerns that the principles or the commitments set forth in this Mutual Accountability Framework have not been honoured, the Signatory should alert the remaining Signatories within the Mutual Accountability Group (MAG) level (see Part 4 below). The MAG will recommend an appropriate forum in which to discuss any concerns with a view to seeking a resolution.

Part 4: Dialogue Architecture

20. Open and constructive dialogue is vital for the effectiveness of this Mutual Accountability Framework and Signatories' mutual efforts to support Zambia's development objectives. The Mutual Accountability Framework will support a dialogue architecture that is built on the existing Government – CPs structures and processes guided by the National Economic Management Cycle (NEMC).

21. The Dialogue Architecture will guide the complementary fora where the Government, CPs, middle-income countries, civil society, and the private sector interact in dialogue to improve the effectiveness of development assistance in Zambia. There are two types of dialogues: policy review and policy dialogue. While the former is a review for the progress of the implementation of policy, strategy and plan at technical level, the latter is a cooperative negotiation over shared agendas based on the results of the policy review at the policy level. The Signatories intend to work together to support and strengthen these fora during the course of the partnership framework:

a. High Level Policy Dialogue:

The High-Level Policy Dialogue (HLPD) is a joint policy dialogue meeting at the Ministerial and Ambassadorial level, which is considered as the highest meeting in the hierarchy of the Dialogue Architecture. The meeting is held in accordance with the National Economic Management Cycle. The Government invites CPs, middle-income

countries, CSOs and the private sector. It examines Zambia's development challenges, aid effectiveness issues, and policy responses.

The Signatories intend to work to support a greater focus on aid and development effectiveness and cooperation within the HLPD structure;

b. Mutual Accountability Review:

The Mutual Accountability Review will be a new joint policy review meeting to review the progress of the implementation of the Mutual Accountability Framework as and when appropriate, through measuring the progress of indicators in the Mutual Accountability Monitoring Framework

c. ST-CPG Troika Policy Dialogue:

The Secretary to the Treasury (ST) and the CPG Troika will meet monthly to discuss aid and development effectiveness agendas at the policy level by mutual consent;

d. Sector Dialogue:

The Sector Advisory Groups (SAGs) are regular sector review/policy dialogue meetings for the purpose of discussing sector policy, planning and budgeting, and monitoring development results. The Joint Annual Sector Reviews are expected to be convened by the respective line ministry and should enhance sector coordination, alignment and transparency, as well as joint learning. Sector dialogue through the SAGs and sector reviews will feed their assessment of development effectiveness, progress and challenges into discussions at the HLPD. SNDP Annual Progress Reports will review and measure performance and development outcomes on an annual basis.

e. Thematic Dialogue:

The Signatories intend to support relevant thematic dialogue fora such as the Mutual Accountability Group (MAG), the Joint-Monitoring, Evaluation and Statistics (JMES) group, and the Public Finance Management (PFM) group.

22. The Government will ensure effective information sharing and engagement across various dialogue fora. Efforts will also be made to strengthen the role of the Parliament in the oversight of development processes.

Part 5: Validity of the Mutual Accountability Framework

23. This Mutual Accountability Framework replaces the Memorandum of Understanding “Co-ordination and Harmonisation of GRZ/Donor Practices for Aid Effectiveness in Zambia” signed by Zambia, Denmark, Finland, Ireland, Norway, Kingdom of the Netherlands, Sweden, United Kingdom, the UN System and the World Bank on 1 April 2004, and by Japan in June 2004, which linked the first CP Joint Assistance Strategy with the Government’s Fifth National Development Plan. The Signatories have reached the present shared recognition set out in this Mutual Accountability Framework and intend to operate within its spirit of cooperation.

24. While the Signatories declare their readiness to jointly work together in accordance with these principles, this Mutual Accountability Framework, including the Annexes, does not constitute a legally binding agreement or legally binding commitment by any Signatory, and does not create any rights or obligations under international law. To the extent that this Mutual Accountability Framework may be inconsistent with Signatories’ laws, or with the provisions of bilateral agreements or arrangements between the Government and a CP, the provisions of such laws, bilateral agreements or arrangements will prevail over the provisions of this Mutual Accountability Framework.

25. This Mutual Accountability Framework may be modified, discontinued or suspended by written consent of the Signatories. Any signatory may discontinue its participation in this Mutual Accountability Framework, but should endeavour to provide six months’ written notice to the other Signatories.

26. We, the undersigned, hereby confirm our commitment to jointly work in accordance with the principles, processes and procedures set forth in this document in order to contribute to enhanced aid and development effectiveness in Zambia

Signed in _____ on _____

For the Government of the Republic of Zambia:  _____ Fredson Yamba Secretary to the Treasury
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For the African Development Bank:  _____ Freddie Kwesiga Resident Representative	For the Government of Denmark¹:  _____ Peter Jul Larsen Chargé d'Affaires E.P.
For the European Union:  _____ Gilles Hervio Head of EU Delegation	For the Government of Finland:  MINISTRY FOR FOREIGN AFFAIRS OF FINLAND _____ Pertti Anttinen Ambassador
For the Government of the Federal Republic of Germany:  _____ Bernd Finke Ambassador	For the Government of Ireland:  Government of Ireland Rialtas na hÉireann _____ Finbar O'Brien Ambassador
For the Government of Japan:  _____ Akio Egawa Ambassador	For the Government of Norway:  NORWEGIAN MINISTRY OF FOREIGN AFFAIRS _____ Arve Ofstad Ambassador

¹ Denmark has already informed GRZ that their bilateral development assistance to Zambia will end during 2013.

For the Government of Sweden:  _____ Lena Nordström Ambassador	For the Government of the United Kingdom:  _____ Kevin Quinlan Head of DFID
For the United Nations System:  _____ Kanni Wignaraja Resident Coordinator	For the Embassy of the United States of America:  _____ Dr. Susan K. Brems. Mission Director
For the World Bank:  _____ Kundhavi Kadiresan Country director	

Signed in Lusaka December 2013

Annex 1: Mutual Accountability Monitoring Framework

INDICATORS	TARGETS FOR 2015*
1. Development co-operation is focused on results that meet developing countries' priorities	
Extent of use of country results frameworks by co-operation providers	<i>All providers</i> of development co-operation use country results frameworks
2. Civil society operates within an environment which maximises its engagement in and contribution to development	
A subset of measures from the Enabling Environment Index	<i>Continued progress over time</i>
3. Engagement and contribution of the private sector to development	
Measure of the quality of public-private dialogue	<i>Continued progress over time</i>
4. Transparency: information on development co-operation is publicly available	
Measure of state of implementation of the common standard by co-operation providers	<i>Implement the common standard</i> – All development co-operation providers are on track to implement a common, open standard for electronic publication of timely, comprehensive and forward-looking information on development co-operation
5. Development co-operation is more predictable	
(a) annual: proportion of development cooperation funding disbursed within the fiscal year within which it was scheduled by co-operation providers; and (b) medium-term: proportion of development cooperation funding covered by indicative forward spending plans provided at country level	<i>Halve the gap</i> – halve the proportion of aid not disbursed within the fiscal year for which it was scheduled (Baseline year 2010) <i>Halve the gap</i> – halve the proportion of development cooperation funding not covered by indicative forward spending plans provided at country level
6. Aid is on budgets which are subject to parliamentary scrutiny	
% of development cooperation funding scheduled for disbursement that is recorded in the annual budgets approved by the legislatures of developing countries	<i>Halve the gap</i> – halve the proportion of development cooperation flows to the government sector not reported on government's budget(s) (with at least 85% reported on budget) (Baseline year 2010)
7. Mutual accountability among development co-operation actors is strengthened through inclusive reviews	
% of countries that undertake inclusive mutual assessments of progress in implementing agreed commitments	<i>All developing countries</i> have inclusive mutual assessment reviews in place (Baseline year 2010)
8. Gender equality and women's empowerment	
% of countries with systems that track and make public allocations for gender equality and women's empowerment	<i>All developing countries</i> have systems that track and make public resource allocations for gender equality and women's empowerment
9. Effective institutions: developing countries' systems are strengthened and used	
(a) Quality of developing country PFM systems; and (b) Use of country PFM and procurement systems	<i>Half of developing countries move up at least one measure</i> (i.e. 0.5 points) on the PFM/CPIA scale of performance (Baseline year 2010) <i>Reduce the gap</i> . [use the same logic as in Paris – close the gap by two-thirds where CPIA score is ≥ 5 ; or by one-third where between 3.5 and 4.5]

	(Baseline year 2010)
10. Aid is untied	
% of aid that is fully untied	<i>Continued progress over time</i> (Baseline year 2010)

* Zambia specific targets to be discussed

Annex 2: Division of Labour 2012-2015

(JASZ II Signatories)

SNDP Cluster		Lead Ministry	AfDB	EU	UN System	World Bank	Denmark	Finland	Germany	Ireland	Japan	Norway	Sweden	UK	USA	Total lead/active
Infrastructure	Energy	MEWD	A	A	B	L					L	B/N	L			3L/2A
	Transport	MWS/MCT	L	L		A	A/P		A/P		A			B		2L/4A
Human Development	Education & Skills Development	MOE/MSTVT	A		L	A	P		B	L	A			A	A	2L/5A
	Health	MOH/MCDMCH		L	L	A					B		A	L	L	4L/2A
	HIV & AIDS	MOH		B	L	A	A/P		B	B	A/P		B/P	A	L	2L/4A
	Water & Sanitation	MEWD/MLGH	L	B	A	L	A/P		L		A			B	A	3L/4A
Growth	Agriculture, Livestock & Fisheries	MAL	L	L	A	A		L		A	A	A	A		A	3L/7A
	Manufacturing, Commerce & Trade (PSD)	Cabinet Office	A	B	A	A		L			A		B	L	A	2L/5A
	Tourism	MFA	B			L										1L/0A
Support	Environment & Natural Resources	MLNREP	A	B	L	L	A/P	L				A			A	3L/3A
	Governance	MOJ	A	A	L	A	A/P	B	A	A		A	B	L	L	3L/7A
	Local Government & Decentralisation	MLGH		B	A	B			L	A	A/P					1L/3A
	Science, Technology & Innovation	MSTVT	A		B			A	B							0L/2A
Crosscutting	Gender	MGCD		B	L			B	B	L		A	A	L	A	3L/3A
	Housing	MLGH/MOL			B											0L/0A
	Macroeconomics	MOF	A	L	A	L		A	L	B		A	B	L	A	4L/5A
	Social Protection	MCDMCH			L			A		A				L		2L/2A
Total Lead Responsibilities			3	3	7	6	-	3	2	3	1	-	1	6	2	
LEGEND: DOL MAIN CLASS: L – Lead, A - Active, B – Background/Silent. SUB-CLASS: N – New Entrant, P – Phasing Out																

*The EU will revise participation in sector groups following confirmation of its strategy for 2014-2020.