

INTERNATIONAL MONETARY FUND AND THE INTERNATIONAL
DEVELOPMENT ASSOCIATION

ZAMBIA

Assessment of Poverty Reduction Strategy Paper Preparation Status Report

Prepared by the Staffs of the International Monetary Fund and the International Development Association

Approved by José Fajgenbaum and Mark Allen (IMF) and
Callisto Madavo and Gobind Nankani (IDA)

October 22, 2001

1. Zambia's interim Poverty Reduction Strategy Paper was finalized and presented to the Boards of the IMF and IDA at the end of July 2000. A provisional first draft of the full PRSP was completed in September 2001 and was presented to a national stakeholder summit workshop in mid-October 2001. Since the final version, incorporating the results of this workshop and other outstanding activities detailed below, cannot be produced in time for the forthcoming IMF Executive Board, the authorities have prepared this PRSP Preparation Status Report.
2. The PRSP Preparation Status Report sets out the main activities undertaken to date, including participatory processes and development of the substantive components of the document. Further work is outlined regarding the refinement of monitoring processes, the integration of the costings with the budget, and incorporation of feedback from the national stakeholder summit into the document. The report indicates that delays were incurred due to: the time taken by the working groups to complete their work; increased preparatory work prior to the provincial consultations; the need to carry along stakeholders and build ownership; and the time pressures on senior government officials, including those arising from hosting the OAU summit in Lusaka and the forthcoming elections. The staffs consider that these delays were warranted. Technical assistance requirements are indicated in the Status Report, and the Government is currently preparing requests for this support.
3. The staffs agree that the areas indicated for further work are the right ones, especially since two of them (monitoring and costings) were areas of concern in the Joint Staff Assessment of the interim PRSP. The PRSP working groups have made substantial progress in developing the key policy components of the PRSP, including strategy for growth and attention to HIV/AIDS. Although the Report does not mention progress in implementing the structural reform agenda, Zambia has continued to make steady advancement in this area. Also, a key component yet to be completed will be a financing plan that is consistent with the budget and is linked to policy and program priorities and costings. Zambia does not yet have an MTEF that would help such financial planning by linking policy objectives to budget

envelopes. In the absence of such an instrument, high-level coordination between the Ministry of Finance and Sector Ministries will be necessary to agree the financing plan, which may take time. There is also considerable uncertainty about external resource availability as major donors are still in the process of formulating their plans. In addition, the staffs consider that more time should be allowed for fine-tuning the PRSP document in order to improve its quality, especially with regard to policy and program prioritization.

4. The revised PRSP timeline given in the PRSP Preparation Status Report indicates that the final PRSP is expected to be completed by December. The staffs consider that this schedule is ambitious in view of the forthcoming presidential and parliamentary elections, as well as the need for further work (as noted above) in order to allow the strategy to be better specified both in terms of public actions and monitoring systems, and to be more clearly linked to the Government's expenditure program. However, considerable effort has gone into the production of the first draft and extensive consultations have taken place. Therefore, the staffs of the World Bank and IMF consider that progress on the development of the full PRSP, as evidenced by the PRSP Preparation Status Report, is satisfactory and provides a sound basis for continued access to Fund concessional assistance and IDA adjustment lending. The staffs recommend that the respective Executive Directors of the World Bank and the IMF reach the same conclusion.