

Walter Eberlei

Donor politics in Zambia:

Promoting poverty reduction or fuelling neopatrimonialism?\*

40 years after independence, the developmental record of Zambia and many other African countries is extremely weak. The number of poor people – to mention just one indicator – has never been higher; and this despite four decades of development cooperation including massive aid flows. What is the impact of aid on Zambia's development? There are three possibilities to answer this question. The first, development cooperation has shown no impact at all. The second, international aid helped to avoid an even worse collapse. The third, the donors contributed to Zambia's downfall.

Taking Zambia as an example, my paper intends to contribute to the debate on whether or not the PRS approach has introduced relations of new quality between Zambia and its donors and, if yes whether this new quality makes any differences favouring the poor in reality?

Introduction: New aid quality?		
	Traditional aid approach	PRS as new approach
Stakeholder perspective	Focus on elites, top-down	Broad based, bottom-up
Operational basis	Donor-driven strategies	Country-driven strategy
Aid modalities	No coordination, project focus	Harmonisation

Joint Research Project University of Zambia /  
University of Duisburg-Essen / Germany

Lusaka 9 -11 March 2005

According to the academic literature on neopatrimonialism in Africa (see authors like Nicolas van de Walle, Richard Joseph or Lise Rakner), aid mechanisms and failed conditionalities on the one hand, combined with rent seeking and corrupt political establishments on the other hand have had disastrous consequences for development efforts in Africa. The

authors identified various basic mistakes of traditional international aid. They can be summarised in three categories.

---

\* This presentation was prepared for the conference on "The Political Dimensions of Poverty Reduction – the Case of Zambia", organised by the University of Zambia (UNZA), Department of Development Studies, in cooperation with the University of Duisburg-Essen (Germany), in Lusaka 9-11 March 2005. The long version of the paper will be published in a book shortly. Dr Walter Eberlei is research fellow at the University of Duisburg-Essen, Institute Development and Peace. Web: [www.inef.de](http://www.inef.de) - Email: [walter.eberlei@uni-duisburg.de](mailto:walter.eberlei@uni-duisburg.de)

1. **Focus on elites:** Since independence, “donors aided governments, not their populations”.<sup>1</sup> This elite-orientation of development aid perceived the poor as recipients or target groups of joint government-donor interventions only.
2. **Donor-driven operational basis:** Cooperation was based on policy blueprints imposed by the donors, especially regarding macroeconomic frameworks and structural economic issues (see Prof. Seshamani’s contribution to the conference).
3. **Traditional aid modalities:** Finally, a number of deficits and shortcomings within traditional aid modalities are frequently mentioned, among them weak coordination among donors, if at all; small and isolated bilateral projects or programmes; rapid proliferation of aid agencies, creating plenty of coordination problems and lots of administrative burden, weakening the states capacities.

Does the PRS approach offer a chance for a meaningful departure from past donor mistakes in order to enable successful poverty reduction politics? In theory, yes. Let us look on three aspects of the new approach very briefly (you’ll find more details in my paper).

- Firstly, the new PRS approach requires the participation of various societal stakeholders, especially within civil society. Even the empowerment of the poor themselves is now frequently mentioned in donor documents.
- Secondly, according to the PRS theory donors should no longer define their own strategies themselves, but “build on partner country development frameworks”.<sup>2</sup> Even more, it aims at developing a joint donor strategy aligned with the country-driven development plan.
- Thirdly, following the rationale of the new approach, the development assistance of single donors is harmonised with the work of all other donors to

---

<sup>1</sup> Walle, Nicolas van de (2001): African Economies and the Politics of Permanent Crisis, 1979-1999. Cambridge, p. 196

<sup>2</sup> OECD (2001): The DAC Guidelines on Poverty Reduction. Paris, p.23

support the implementation of the PRS jointly. To serve this purpose, donors' strategies, procedures and practices are to be reformed, e.g. by strong coordination, more flexibility, harmonisation of all donor procedures, joint strategies and joint financing instruments (like budget support, sector-wide approaches and others).

To put it in a nutshell, I would state that the theoretical positions of the international donor community reflect indeed a new approach to development cooperation. The Zambian case study shall give more light on whether donors practice what they preach.

<p>Zambia: New principles &amp; practice (I)</p> <p><b>Stakeholder perspective</b></p> <ul style="list-style-type: none"> <li>• New partnership rhetoric</li> <li>• Practical experience – mixed picture           <ul style="list-style-type: none"> <li>– Positive: Stronger support for civil society</li> <li>– But: Quality and extent show shortcomings</li> <li>– Key problem: inclusion of 'the poor'</li> <li>– Parliament as institution is not involved</li> <li>– In general: crucial elements of participatory partnerships are not considered sufficiently</li> </ul> </li> </ul> <p style="font-size: small;">Joint Research Project University of Zambia / University of Duisburg-Essen / Germany</p> <p style="text-align: right; font-size: small;">Lusaka 9 -11 March 2005</p>
---

Regarding the new stakeholder perspective one finds a lot of new partnership rhetoric in donor papers related to Zambia, take for example the IMF / World Bank *Joint Staff Assessments (JSA)* or new donor agency strategies like the World Bank *Country Assistance Strategy* or the DFID *Country Assistance Plan*. The participation of a broad range of

stakeholders is mentioned in these documents as a very important element of the PRS approach itself and the donor support to PRS. There is no doubt, that the new extended stakeholder perspective has been accurately woven into the strategy documents of Zambia's donors.

Looking at the practical experience, the picture is mixed. On the one hand, positive real support for extended partnerships can be identified, especially with regard to civil society. Donors like the German GTZ and UK DFID give strong support for organised civil society. Equally important, the dialogue between donors and civil society representatives has been intensified. One can frequently observe meetings between both sides, e.g. in early March 2005 organised by the network *Civil Society for Poverty Reduction (CSPR)*, the World Bank and DFID on new poverty assessments.

But the quality and extent of partnerships with civil society show a number of shortcomings. Civil society representatives are complaining for example that talks between them and donors still take place in an ad hoc manner, often on short notice, based on limited information flows in advance of meetings. Donors concentrate on the organised NGOs in Lusaka; civil society groups from outside the capital are very rarely involved in dialogues. No mechanisms have been developed so far to include community-based self-help groups or other institutions representing the poor themselves. Though World Bank and other donors conducted some *Participatory Poverty Assessments* in the past this has not been systematically integrated in their own decision-making processes.

The non-involvement of the legislature in aid relationships is another major weakness. Though some individual members of parliament were invited to workshops, and although some capacity building programmes for MPs are now underway, so far the Parliament as an institution has not been involved in the PRS process or in other fundamental debates, e.g. on the design of a PRS monitoring framework, the *Public Expenditure Management and Financial Accountability (PEMFA)* process or the harmonisation exercises. Even those donors who are very strong in spreading participatory fundamentals, like DFID, are bypassing the parliament when it comes to their bilateral strategies.

In general, there is no institutionalisation of participatory partnerships between donors and societal stakeholders representing especially the poor. Crucial elements of meaningful participation are not taken into consideration sufficiently.

Zambia: New principles & practice (II)

### Operational basis

- Aspects: ownership, conditionalities, alignment of donor strategies ...
- Alignment: mixed picture, minor changes
  - IMF PRGF: poverty rhetoric, same old proposals
  - World Bank CAS: nice wording, same substance
  - DFID CAP: aligned with PRS, but own priorities
  - German PAS: few elements aligned with PRS
  - USAID: entirely unaffected by PRS
- Result: Development policies in Zambia are still defined by the international community.

Joint Research Project University of Zambia /  
University of Duisburg-Essen / Germany

Lusaka 9 -11 March 2005

The issue of a new operational basis in the relationship between Zambia and its donors raises several issues, but I'd like to concentrate on the question if the donors align their own strategies with the PRSP? The picture is again very mixed as the following examples show.

In the case of the **IMF**, the procedures to develop an agreement between Zambia and the Fund have not changed. The

new *Poverty Reduction and Growth Facility (PRGF)* is, like its predecessor, the *Enhanced Structural Adjustment Facility (ESAF)*, negotiated between the Fund and a small circle within Government – behind closed doors.

In contrast to the IMF, the **World Bank** has deduced its new *Country Assistance Strategy (CAS)* explicitly from the PRS and has undertaken some effort to include stakeholder perspectives during their strategy development process. Priority areas in the CAS and outcome indicators to measure progress are clearly linked to PRSP goals. But looking behind the nice and politically correct World Bank wording the picture has to be modified. In substance, there has been no change between the World Bank CAS 1999 and the new CAS 2004. The three priority areas, presented as PRS-related in 2004, can be found already in the 1999 paper. Even more revealing is that the Zambian PRS process does obviously not inspire a stronger World Bank support for the country. On the contrary, the CAS 2004 reflects a quite pessimistic mood.

Some bilateral donors, among them the **UK** and **Sweden**, link their country strategies explicitly to the PRS. This has to be seen as positive development, although some elements, approaches and wordings still reflect the old perspective of knowing better and setting own priorities.

Not all bilateral donors have aligned their country strategies systematically to the PRSP. **Germany**, for example, has three *Priority Area Strategies (PAS)*. One of those strategies, focussing on *Governance, State and Civil Society*, does reflect priorities and aspects of the PRS widely, the two others only to a limited extent, if at all. Therefore, the PAS are, first and foremost, German business operational plans, hardly known within or outside Government. Very few donors are entirely unaffected from the PRS approach, among them **USAID**. In the preparation of the recently finalised new country strategy, the PRS paper didn't play any role at all.

To sum it up with regards to the operational basis between Zambia and the international donor community, it can be confirmed that poverty reduction as an overarching aim is deeply rooted in most donor strategies, papers and statements nowadays. The structural features of donor – recipient relationships, however, seem to persist. Developmental policies in Zambia are still defined by

the international community, not by the Government, let alone the Zambian society.

<p>Zambia: New principles &amp; practice (III)</p> <p><b>Aid modalities</b></p> <ul style="list-style-type: none"> <li>• Harmonisation – Zambia pilot country</li> <li>• Positive developments: <ul style="list-style-type: none"> <li>– MoU (2004), focus on PRS process</li> <li>– Stronger exchange of information</li> <li>– A few practical steps (e.g. mission calendar)</li> </ul> </li> <li>• But: Big gap between rhetoric and reality <ul style="list-style-type: none"> <li>– Joint donor assistance strategy</li> <li>– Programme based budget aid vs. projects</li> </ul> </li> </ul> <p><small>Joint Research Project University of Zambia / University of Duisburg-Essen / Germany</small></p> <p style="text-align: right;"><small>Lusaka 9 -11 March 2005</small></p>
--

The third aspect of the new approach refers to redesigning of aid modalities, the aid instruments and procedures of donors and – crucially – their harmonisation. Zambia is one of the pilot countries of the donor harmonisation initiative based on the "Rome Declaration on Harmonization", which was approved by most of the donors in 2003. More

details on what individual donors are doing in the field of harmonisation in Zambia are described in my paper. Due to time constraints, I will reduce my presentation to a general overview.

After two years of negotiation – mainly between the donors themselves - a *Memorandum of Understanding (MoU)* was signed last year between the Government of Zambia and most of the important donors, except USAID, the EU and the IMF. This MoU is clearly focused on the harmonised support for PRS implementation and includes a number of proposals for the future harmonisation of donors.

Since the signing of the MoU, more than 20 donor–government working groups are trying to translate good ideas into more practical steps. Some small improvements – like a joint mission calendar, the intensified exchange of information between donors or a few other new activities – are mentioned as examples of success.

However, comparing these “reforms” of donor behaviour with the dramatic reform agenda, a poor country like Zambia has to struggle with for many years already, one wonders if these small and long overdue changes in donor practices should really be applauded. And it remains to be seen if the few really challenging and meaningful new ideas – like a *Joint Donor Assistance Strategy* and a substantive

move away from project aid towards programme based budget aid – get a chance to take off.

Let me give only one example: From today's point of view it seems highly unlikely that the World Bank, the IMF, DFID or Germany could accept a joint donor strategy replacing their CAS, PRGF, CAP or PAS in the near future. The general picture, therefore, contradicts heavily those views that "the recent progress as regards donor harmonisation must be seen as positive", as it was stated in a new DFID sponsored study.<sup>3</sup> The first internal review of the harmonisation process in Zambia seems to be somewhat more realistic. It concludes politely, "that progress on implementation of various actions was less than satisfactory".<sup>4</sup>

### Conclusions

- Twofold implementation gap
  - Govt: no / little implementation of PRS
  - Donors: no / little implementation of aid principles
- Operational basis, aid modalities
  - many activities at donor-driven surface
  - many deficits
- Stakeholder perspective - key hypothesis:
  - Supporting poverty reduction requires consequent empowerment of the poor and their representatives in order to dis-empower neopatrimonial elites – the Zambian case doesn't demonstrate that this has been understood sufficiently so far.

Joint Research Project University of Zambia /  
University of Duisburg-Essen / Germany

Lusaka 9 -11 March 2005

To conclude, the PRS approach has introduced a new quality of interactions between national and international actors in the area of poverty reduction. In the light of the Zambian case, there seems to be, however, a twofold implementation problem. The donor community is not implementing the new principles sufficiently, and the Zambian

Government reveals dramatic weaknesses in the implementation of the Poverty Reduction Strategy. This twofold implementation problem results in persisting poverty levels and stabilised neopatrimonial behaviour.

As long as the donors do not follow their new aid principles, business as usual leads to high short-term influence at the donor-driven surface, but without any medium-term relevance in terms of real changes in the lives of the poor. My analysis shows some progress with regard to a new stakeholder perspective, a new operational basis, and redesigned aid modalities. But in terms of quality and depth, these developments are somehow lurching between the traditional aid

<sup>3</sup> Folscher, Alta (2004): The design, process and achievements of Zambia's Poverty Reduction Strategy Paper. Report prepared for DIFD Zambia. Oxford, p. iv

<sup>4</sup> Government of Zambia / Ministry of Finance and National Planning (2005): Review and Road Map for Implementing the Harmonisation and Coordination Memorandum of Understanding. Lusaka, February 2005 (unpublished document), p.3

system and the new theoretical approach. The operational basis of many donors is still driven by own interests and policy agendas, not by the Zambian PRS. The harmonisation of aid modalities is – almost six years after the introduction of the PRS approach – still in its infancy. These two areas need much more commitment and reform speed.

However, the key to a renewed aid relationship aiming at meaningful poverty reduction is to take the new stakeholder perspective more seriously and to strengthen the empowerment of reform forces within the country who are able to free the state from the influence of those parts of the political elite following their personal interests mainly.

Do donor politics matter in terms of poverty reduction? They might. But there is little evidence that they do as long as donor support to the empowerment of the poor and their representatives in parliaments and civil societies is treated as a matter of marginal importance. Even worse: As long as donors are fuelling and thereby stabilising neopatrimonial systems, genuine developments towards democratic societies ruled by elites in the interests of the poor majorities will hardly occur. The conclusion for donors is as follows: Supporting poverty reduction requires the consequent empowerment of the poor and their representatives in order to dis-empower neopatrimonial elites. The Zambian case does not demonstrate that this fundamental requirement has been understood sufficiently so far.