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REPUBLIC OF ZAMBIA

PUBLIC SECTOR MANAGEMENT REVIEW

VOLUME II

TECHNICAL ANNEXES

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Country Operations Division  
Southern Africa Department  
Africa Region

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**REPUBLIC OF ZAMBIA**  
**PUBLIC SECTOR MANAGEMENT REVIEW**

**CURRENCY EQUIVALENTS**

	<u>Kwacha (k)</u>	<u>US \$</u>
1980	1.3	1
1985	2.7	1
1990	27.5	1
August 9, 1991	64.7	1

**ABBREVIATIONS and ACRONYMS**

AG	Auditor General (Zambia)
BOZ	Bank of Zambia
CDEs	Classified Daily Employees (Zambia)
CG	Consultative Group (Organization of Government and Donors)
CSO	Central Statistics Office
CY	Current Year
DETC	Department of Economic and Technical Cooperation (NCDP/Zambia)
DPE	Total Expenditure Net of Interest Payments
DPingU	District Planning Unit (Zambia)
DPU	Data Processing Unit (MoF, Zambia)
ECOM	Economic Cooperation and Debt Management Department (NCDP/Zambia)
ECU	Economic Cooperation Unit (NCDP, Zambia)
ER	Establishment Register (Zambia)
ERC	Economic Recovery Credit (World Bank)
ERP	Economic Reform Program (Zambia)
FINNIDA	Finnish International Development Agency (Finland)
FMDP	Fourth National Development Plan (1989-1993; Zambia)
F.R.G	Federal Republic of Germany
FY	Fiscal Year
GDP	Gross Domestic Product
GRZ	Government of The Republic of Zambia
HIID	Harvard Institute for International Development
IBRD	International Bank for Reconstruction and Development ( <i>i.e.</i> , World Bank)
IDC	Industrial Development Corporation (Zambia)
IMF	International Monetary Fund
IPR	Investment Planning and Research Department (NCDP, Zambia)
k	Kwacha (Zambian currency)
LAS	Local Administration Service (Zambia)
LGER	Local Government Establishment Register (Zambia)
LIU	Loans and Investment Unit (NCDP, Zambia)
MCC	Member of Central Committee, UNIP (Zambia)
MoA	Ministry of Agriculture (Zambia)
MoF	Ministry of Finance (Zambia)
MoPTC	Ministry of Power, Transport, and Communication (Zambia)
NCDP	National Commission for Development Planning (Zambia)
NEMIC	National Economic Monitoring and Implementation Committee (Zambia)
NGO	Non-Governmental Organization
NIPA	National Institute of Public Administration (Zambia)
NJCEs	National Joint Council Employees (Zambia)
NORAD	Norwegian Agency for Development
ODA	Overseas Development Agency (The United Kingdom)
OM	Operations and Maintenance
PD	Planning Division (MoA, Zambia)
PER	Public Expenditure Review
PFP	Policy Framework Paper
PIP	Public Investment Program
PMO	Prime Minister's Office (Zambia)
PPEU	Project Preparation and Evaluation Unit (NCDP, Zambia)
PPS	Provincial Permanent Secretary (Zambia)
PPU	Provincial Planning Unit (Zambia)
PSM	Public Sector Management
PSRP	Public Service Reform Program (Zambia)
PU	Planning Unit (MoPTC, Zambia)
RDCs	Recurrent Departmental Charges (Zambia)
RIU	Revenue Inspection Unit (MoF, Zambia)
SIDA	Swedish International Development Agency
SITET	Special Investigation Team on Economics and Trade (SITET, Zambia)
SPD	Sectoral Planning Department (NCDP, Zambia)
UNDP	United Nations Development Programme
UNFPA	United Nations Family Planning Association
UNIDO	United Nations Industrial Development Organization
UNIP	United National Independence Party (Zambia)
USAID	United States Agency for International Development
ZCCM	Zambia Consolidated Copper Mines Corporation, Ltd.
ZIMCO	Zambia Industrial and Mining Corporation, Ltd.

**REPUBLIC OF ZAMBIA**  
**PUBLIC SECTOR MANAGEMENT REVIEW**

**VOLUME II**

**ANNEXES**

**I. PLANNING SYSTEM**

**Purpose**

**Institutional Environment and Organizational Structure**

National Commission for Development Planning  
(NCDP)

Ministry of Finance (MoF)

Provincial Administrations

District Councils

Non-Governmental Organizations

**Functions and Organization**

Strategic Macro-Indicative Planning

Sectoral Program Planning

Project Investment Planning

**Capacity**

Responsibility

Budget

Staffing

Facilities

Communication

Sectoral Planning Capacity

Technical Assistance and Training

**Issues Summary**

Differentiation

Assignment of Functions

**II. FINANCE: INSTITUTIONAL ENVIRONMENT AND ORGANIZATIONAL STRUCTURE**

**National Economic Monitoring and Implementation**

Committee (NEMIC)

Ministry of Finance (MoF)

Cabinet

Sectoral Ministries

Broader Society

This Report was drafted by Jerry Silverman (AFTIM) and Chang-Po Yang (AF6CO) based on the findings of two Public Sector Management (PSM) Review missions which visited Zambia during September 29-October 19, 1990 and February 16-March 1, 1991. The first mission was composed of Messrs. Jerry Silverman (World Bank, AFTIM, Mission Leader), Chang-Po Yang (World Bank, AF6CO, Country Economist), Jean-Claude Bosse (World Bank, AFTIM, PSM Specialist), Thomas Bertone (consultant, budget and financial management systems) and Sayed Zaki (consultant, planning systems); the second mission consisted of Messrs. Silverman and Yang. In addition to those two main missions, Chang-Po Yang held additional discussions concerning the content of this report with Zambian Government officials during two other missions focussed primarily on other concerns during May 15 - June 5, 1991 and June 18 - July 2, 1991.

The work of these Missions was vastly improved by the direct participation of Mrs. Dorothy Chambwe (Deputy Director, Manpower Development Unit, NCDP) and Messrs. Gideon Lintini (Economist, Sectoral Planning Unit, NCDP); J. Muweza (Economist, Investment Planning and Research Unit, NCDP); Herbert Mhango (Principal Economist, Budget Office, MoF); M. E. Lungwe (Director of Decentralized Planning, Decentralization Division); and Kaunda Mpoma (Senior Local Government Auditor, Decentralization Division).

**III. FINANCIAL PLANNING AND POLICY FORMULATION****IV. RESOURCE MOBILIZATION****Estimates**

**Domestic Revenue Estimate**  
**Debt Estimate**  
**Foreign Aid Estimate**  
**Domestic Revenue**  
**Debt**

**V. EXPENDITURE BUDGETING****Budget Process****Financial Management****VI. LINKING PLANNING, BUDGETING, AND FINANCIAL MANAGEMENT FUNCTIONS****Current System****Current Performance**

**Insufficient Resources**  
**Inadequate Focus**  
**Procedural Inadequacies**

**VII. LIST OF ALLOWANCES****VIII. PUBLIC SERVICE LABOR UNION CONTRACTS: July 1, 1990 - June 30, 1992****MISCELLANEOUS TABLES**

- A. 1 Government Expenditure on Wages, 1975 - 1990
- A. 2 Government Employment, 1983 - 90
- A. 3 Government Salaries: General Superscales and Administrative Scales
- A. 4 Government Salaries in 1975 Prices - Superscales and Administrative Scales
- A. 5 Indices of Real Government Salaries and Administrative Scales
- A. 6 Housing Benefits for Government Employees, 1975 - 90
- A. 7 Government Housing Benefits as a Percentage of Basic Salary: 1975 - 1990
- A. 8 Total Compensation for Government Employees: Real Basic Gross Salary Plus Housing Benefits in 1975 Prices: 1975 - 1990
- A. 9 Wage Structure in The Government, Parastatal and Private Sectors, 1970 - 1990
- A.10 Trends in Real Wages and Salaries, 1970 - 1990
- A.11 Trends in Real Salaries for Government Workers After Various Adjustments
- A. 12 Current Salary Scales: Minimum Salary by Grade

## **PLANNING SYSTEM**

### **A. Purpose**

1. Both macroeconomic and investment planning are clearly essential for efficient and effective performance of the financing function. It is through the planning function that decisions are made concerning what goods and services will be provided by the public sector and the quantity and quality of those goods and services. Thus, the purpose of planning is the allocation of scarce resources for achievement of national development goals. That, in turn, requires: (i) a favorable macroeconomic and institutional environment; (ii) adoption of appropriate policies; (iii) establishment of priorities; and (iv) effective performance by organizations of planning functions.

2. Zambia's macroeconomic environment and policy context has been discussed in Volume II, Chapter III. The discussion in this Annex addresses policies directly related to the objectives of the planning system and the organization, functions, and capacity of the system to achieve those objectives.

### **B. Institutional Environment and Organizational Structure**

3. A recognition of the need for planning does not, *ipso facto*, result in the establishment of appropriate institutions and procedures for the performance of the macroeconomic function. In the case of Zambia, the current institutional framework for economic policy formulation and planning for the public sector is excessively complex. A very large number of political and Government organizations at various levels participate in the planning process. The most prominent governmental organizations are: (i) The Presidency; (ii) Parliament; (iii) Cabinet Office; (iv) the Ministry of Finance (MoF); (v) the National Commission for Development Planning (NCDP); (vi) the Bank of Zambia (BoZ); (vii) a multiplicity of sectoral ministries; (viii) nine provincial administrations; (ix) 55 district councils; (x) specialized institutions, such as universities and research organizations; and (xi) parastatals, especially ZIMCO and ZCCM. Many of these organizations perform parallel planning functions; many of which are either redundant or are carried-out in an uncoordinated fashion. Thus, key elements of the planning system are often not performed at all or, if performed, are not linked in a mutually reinforcing manner. While complexity of an appropriate kind might be desirable in a decentralized planning system, in Zambia's case, such complexity was, until recently, a characteristic of a central planning system.

4. At least three factors, either individually or in combination, influenced the decision to establish centralized planning functions: (i) the belief that economic development was a technical problem based on a known science; (ii) a limited number of skilled persons available to perform technically "correct" planning activities and, thus, the need to concentrate such people in a central office; and (iii) the belief that the public sector would need to be the primary engine for economic development and, thus, the need for a public sector equivalent of corporate strategies and plans.

5. However, in practice, four interrelated problems affecting the impact of centralized macroeconomic planning on economic growth can be identified:

- (a) The planning function at the national level addressed economic issues in such detail that it resulted in attempts by Government to control economic behavior too tightly so as to conform to plan "blueprints;"

- (b) Such "blueprint" plans led, in turn, to (i) dominance by the public sector in the productive and service sectors of the economy in order to maintain control and (ii) establishment of rigid and too detailed regulations in an attempt to "manage" private sector economic behavior (i.e., attempts to administratively control the market and, thus, creation of distortions in the operation of market mechanisms);
- (c) The planning function was too far removed from the information necessary to make informed judgments about the relative cost effectiveness of alternative priorities within sectors or the practical feasibility of implementing detailed plans for investment and operations; and,
- (d) At the operational level, comprehensive national development plans were essentially ignored as a basis for making specific financial and allocation decisions and, thus, the budgetary function remains largely independent of the planning function.

6. Government has initiated steps to transform the national planning function from a centralized producer of blueprint plans to the preparation of intersectoral objectives and priorities and provision of guidelines for sectoral planning and/or budget formulation. Implicit in such a transformation is a reliance on decentralized planning for specific financial and allocative decisions within the boundaries of broad national guidelines.

7. The current organizational structure of the planning system at the national level is depicted in Figure A/I.1. Formally, the key Government institutions are: (i) NCDP; (ii) the MoF; (iii) the provincial administrations; and (iv) district councils.

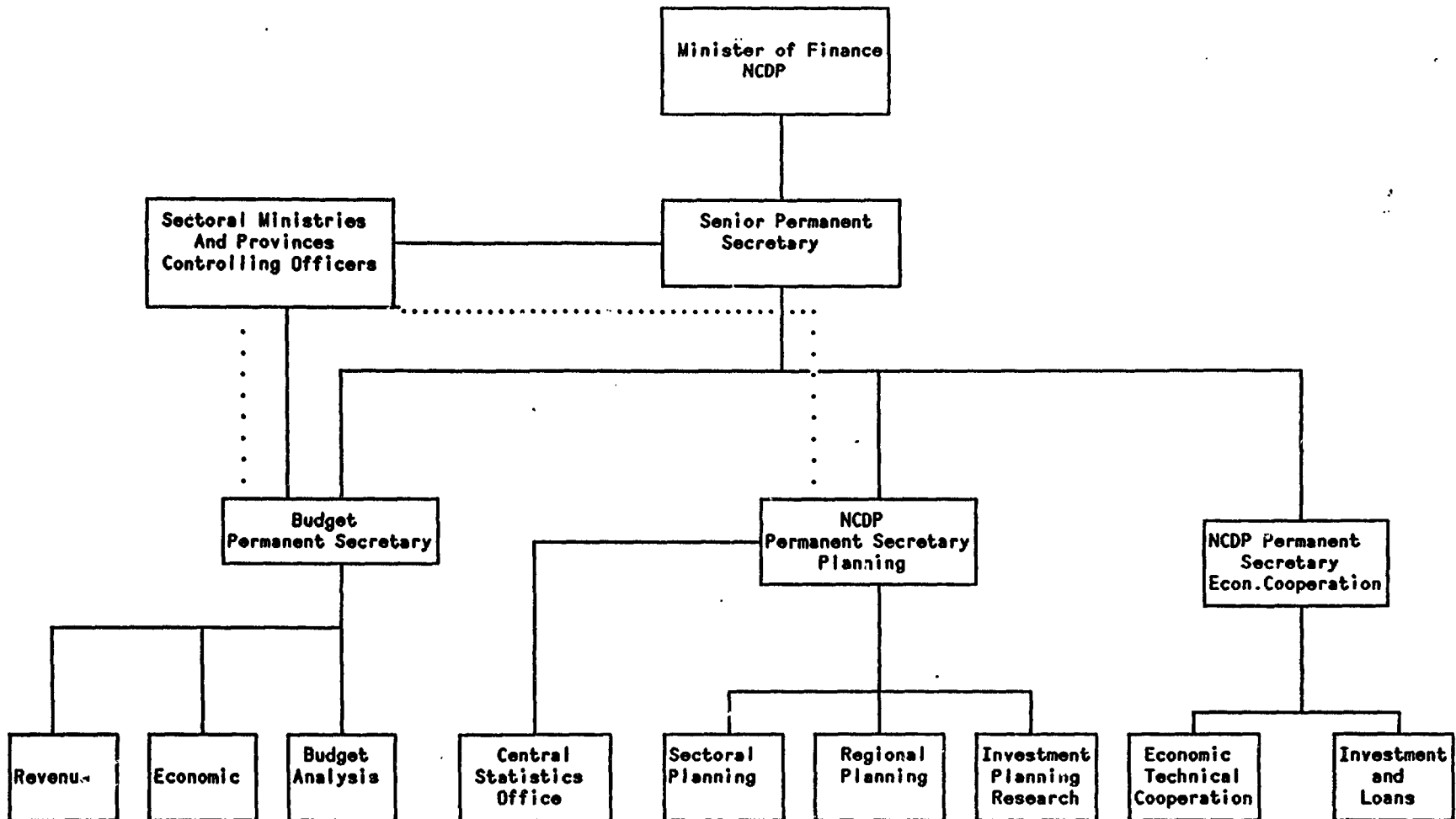
#### **National Commission for Development Planning (NCDP)**

8. Prior to 1977, planning was the responsibility of a Department within a Ministry of Development Planning and National Guidance. However, due to the belief that as a Department, planning had too little emphasis, the planning function was upgraded in 1977 to a full fledged Ministry under chairmanship of the Prime Minister. Two years later, in 1979, the planning function was reassigned once again; this time to a newly created National Commission for Development Planning (NCDP) within the Office of The President, in order to separate policy formulation and monitoring from implementation.

9. Five years later (1983), NCDP was transferred to the Chairmanship of the Minister of Finance and NCDP, presumably to integrate the planning and budgeting functions. Since that time, NCDP has undergone several reorganizations at the departmental and unit levels; with various functions transferred at different times in one direction or another between MoF and NCDP. Thus, the planning function has been reorganized almost continuously during the last 12 years. NCDP is currently composed of two wings, in addition to the semi-autonomous Central Statistics Office (CSO): (i) Economic Planning and (ii) Economic Cooperation, both reporting to a Senior Permanent Secretary.

10. Planning system structures and procedures were reviewed in the Fourth National Development Plan (FNDP; 1989 - 1993). That review indicated dissatisfaction concerning the capacity of NCDP and planning capacity in ministries, parastatals and districts. Thus, the FNDP outlined a strategy and established objectives to revitalize and streamline the planning function. Key elements of that strategy were the elaboration of a detailed planning structure from NCDP to sectoral ministries and provincial, district, and village planning units or committees. Furthermore, it was suggested that a National Development Act should be enacted to provide legal status to the constituent organizations within the planning system. However, to date, no such Act has been legislated.

**Figure A/I.1: NATIONAL PLANNING AND BUDGETING SYSTEM**



- Note:**
1. Chart includes department with budgetary inputs or so represent.
  2. Dotted lines indicates interaction during budget preparation.

### Ministry of Finance (MoF)

11. Several of the functions performed by the Budgeting Department within MoF are directly related to the planning function. The most important of these functions is assisting NCDP to establish budget ceilings and draft annual budget circulars for sectoral ministries and provinces (a task originally assigned exclusively to NCDP).

### Provincial Administrations

12. The primary planning functions performed by provincial administrations are: (i) reviewing proposals for investment and annual recurrent financing by provincial level technical departments and (ii) preparing regional development plans. Provincial Planning Units (PPUs) have been established within each of the Provinces. These PPU's are staffed by personnel seconded from NCDP; yet they are responsible to the Provincial Secretary. This system has only recently been established, the PPUs are thinly staffed, and their roles are still largely ambiguous. These issues are discussed more fully in Volume II, Chapter VI.

### District Councils

13. The 1980 Local Government Act established district councils as legal entities with the authority to enter into legally enforceable contracts, own and operate commercial enterprises, and borrow from lending institutions. Thus, they are important economic institutions which can have direct and substantial impact on economic policies; as well as budgeting and investment behavior within the public sector. The role of district councils as an important public sector economic actor is also more fully discussed in Volume II, Chapter VI.

### Non-Governmental Organizations

14. Other, non-governmental, organizations also intervene directly in the planning process or have significant impact on it. Among the most important non-governmental organizations having a direct impact on planning are: (i) the United Independence Party (UNIP), until 1990 the only legal political party; (ii) labor unions; and (iii) bi-lateral and multi-lateral international donor agencies. Among those having a more sporadic, but increasing, impact are: (i) the newer, more recently organized and legalized political parties; (ii) labor unions; (iii) a wide variety of non-governmental institutions at local, regional, and national levels which, while operating outside the institutionalized channels of the formal planning system, sometimes bring substantial pressure to bear on planning decisions; and (iv) international donor agencies. It is too early to assess the role of the new political parties, while the participation of the multiplicity of other dispersed NGOs is beyond the scope of this report. Thus, the summaries which follow are limited to the roles of: (i) UNIP; (ii) labor unions; and (iii) international donors.

15. UNIP. Because of the decision to move toward a multi-party political system, consideration is currently being given to separating UNIP and the Government at provincial and district levels again; thus returning to the institutional framework PREVIOUSLY in place, and ending the practice of national budgetary subvention of partial UNIP staff and operating costs. However, such actions have not been taken (or officially announced) as of the date of this report. Therefore, the system currently in place is that described above.

16. Labor Unions. Labor unions participate both directly and indirectly in economic policy formulation and planning decisions. A recent example is the success of the four public sector labor unions in influencing Government to substantially increase and expand the coverage of the housing allowance across the board; thus providing a significant benefit to their mostly lower level members. Also, on a number of previous occasions, labor unions have successfully influenced Government to revoke policies and return to those previously in place; in effect, creating conditions which were worse than prevailed previously.



17. **International Donors.** Donor organizations and international institutions such as the IMF and World Bank also contribute to policy formulation through their studies and research as well as in the course of exchanging views and negotiating loans, credits, and grants with the Government. Donors' technical assistance utilized for conducting studies and analyzing data in support of economic policy decision-making is of particular relevance.

### C. Functions and Organization

18. A major problem affecting efficient and effective performance of Zambia's planning functions has been the absence of explicit distinctions among three types of planning: (i) strategic macro-indicative planning; (ii) sectoral program planning; and (iii) project investment planning. That problem was the result, at least partially, of a centralized planning approach which, until recently, concentrated primary responsibility for all types of planning in NCDP and MoF (and, in effect, UNIP).

19. Making distinctions among those three types of planning is essential if particular activities are to be appropriately assigned within Zambia's current decentralized system. Further, it is also important to consider various other activities required for the performance of each of those three types of planning: (i) data collection; (ii) data dissemination; (iii) determination of financial resources available; (iv) allocation and budgeting of such resources in accordance with priorities; (v) preparation and dissemination of planning and budgeting guidelines to implementing agencies; and (vi) monitoring and evaluation of the extent to which macroeconomic policies have been achieved and the extent to which adherence to guidelines has occurred.

#### Strategic Macro-Indicative Planning

20. **Objectives.** Without systematic planning at the macro level, inter-sectoral priorities cannot be established to guide financing and allocation decisions. Under such circumstances, performance of the public sector is unlikely to transcend the unintended sum of disaggregated decision-making by a wide variety of public sector organizations.

21. Thus, the purpose of strategic macro-indicative planning is determining: (i) broad economic policies and strategies to achieve them (e.g., diversification of the economy, liberalization of markets, and establishment of macroeconomic targets); (ii) intersectoral priorities; and (iii) the appropriate roles of the public and private sectors in achieving the overall strategy.

22. **Responsibilities.** Under current arrangements, the primary responsibility for this function within Government is assigned to NCDP. <sup>1/</sup> More specifically, this responsibility is assigned to the Department of Investment Planning and Research (IPR) within NCDP with a mandate to coordinate capital budgeting at national level and provide recommendations regarding resolution of macro-economic issues (such as inflation, capital accumulation, balance of payments, wage rates and unemployment rates, and population growth and level of consumption). In addition, IPR is responsible for preparing projects for investment. To meet those requirements, IPR is divided into three units: (i) Project Preparation and Evaluation; (ii) Macroeconomic Analysis; and (iii) Research. In theory, the Macroeconomic Analysis Unit is directly responsible for strategic macro-indicative planning.

23. **Strategic Planning Documents.** Several different documents have been used to set forth the Government's strategic planning framework. Some of these documents have succeeded each other; others have been used in combination with each other. Among these are, or have been: (i) five-year National Development Plans; (ii) Annual Economic Reports; (iii) Policy Framework Papers (PFPs); (iv) Public Investment Program papers (PIPs); (v) Recurrent Expenditure Reports (PERs); and (vi) the annual Budget Speech. The latter

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<sup>1/</sup> UNIP also plays a primary role in establishing such policies.

document is primarily a budgetary instrument and, therefore, is discussed in elsewhere. The other five documents are briefly discussed immediately below.

24. Fourth National Development Plan (1989 - 1993). The FNDP is the latest of the Five-Year Plans produced by the Government as part of the more central planning approach popular within Zambia until very recently. Various elements of the document are discussed in appropriate sections of this report. Suffice it to say here that such Five-Year Plans represented attempts to establish comprehensive macroeconomic indicators and prescribe detailed investment targets during their respective periods. As might be expected from comparative experience elsewhere, such plans were largely ignored when operating units confronted the changing pace of reality over such an extended period of time.

25. Annual Economic Report. The Annual Economic Report, produced by NCDP, is supposed to provide commentary and statistics on the global economic situation, the economic situation in Africa, and economic conditions in Zambia by sector in terms of production, income, and so forth. However, a review of the Report for the three years 1987 - 1989 indicates that its utility as a planning document is suboptimal because it does not address important economic development issues in terms of any specific theoretical model which could assist in establishing causal relationships between such economic factors. At the time of this writing, it was expected that the utility of the Report will be improved because of Technical Assistance provided by the UNDP.

26. Policy Framework Paper (PFP). PFPs have been established, for all practical purposes, as alternatives to Five-Year Plans. These successive Papers, which are negotiated with the IMF and the World Bank, set forth: (i) the current strategic policy framework; (ii) areas for policy and institutional reform; and (iii) priority areas for both investment and recurrent operations. Once established, Annual Action Plans are formulated and necessary adjustments to the PFP are made. Zambia's most recent PFP was prepared in 1990 and an Annual Action Plan for 1991 is in effect.

27. Public Investment Program Papers (PIPs). The purpose of PIPs is to establish priorities for Government investment. After falling into disuse following suspension of the earlier ERP in May 1987, a new PIP was prepared for the 1991 budget. The emphasis in that PIP is placed on: (i) completion of on-going projects; (ii) rehabilitation and maintenance of existing infrastructure and assets; and (iii) production for exports. In the social sectors, priority is given to: (i) projects to cushion the poor from potential negative transition effects of the ERP; (ii) provision of employment opportunities; and (iii) encouragement of small-scale private entrepreneurial activity.

28. Public Expenditure Reports (PERs). The purpose of PERs is to assess the pattern of recurrent public expenditure, the recurrent expenditure implications of the public investment program, and establishing priorities among recurrent expenditure requirements by sectors. The most recent PER conducted in Zambia was completed in 1986; another is scheduled for 1992.

29. Data Collection. Planning documents and other economic reports can only be as good as the data on which they are based. Therefore, data collection is an important planning (as well as financial management) function.

30. Primary responsibility for the collection of economic statistics is assigned to the Central Statistics Office (CSO); a semi-autonomous Department within NCDP. CSO has a large staff, totalling approximately 270 professionals and support personnel. The Department has branches in all major ministries, the staff of which are seconded from CSO and to which they are responsible on "professional" and "technical" matters.

31. Data is collected, and reports issued, over a wide range of topics; including national income statistics (including GDP by type of economic activity), consumer prices, population, unemployment, trade,

balance of payments, money supply, and social indicators (i.e., education and health). CSO is currently undertaking a full population census; as well as agricultural and housing censuses.

32. Statistical units are well established within the ministries of Agriculture, Education, and Health; but are less so within other ministries. With increasing reliance on sectoral ministries for program planning, more attention needs to be paid to upgrading the statistical capacity within Government as a whole.

33. CSO has a reputation for performing its functions satisfactorily. The Department issues Circulares on a recurring basis which contain well defined tasks for staff. Several publication series are supposed to be produced by CSO, but there are complaints that some of the series are either discontinuous and/or publication is delayed. CSO responds to such criticism by blaming its dependence on Government's Printing Office whose output is often delayed. Therefore, it has requested its own printing facility. In any event, CSO has demonstrated its willingness to provide raw and unpublished data for planning purposes.

34. Nevertheless, two problems can be identified concerning CSO's current operations. The first problem is that, as a constituent element of NCDP, its priorities are established almost solely by that agency. Thus, the appropriateness of its focus for data collection is only as good as the quality of NCDP's own focus. The second problem is that, in the absence of creative proactive thinking about what data series ought to be published, CSO's established series are primarily the result of inertia rooted in the priorities of an earlier time.

35. Monitoring and Post Evaluation. There is very little monitoring of economic performance at the macro-planning level; with the exception of data on National Accounts and the Consumer Price Index produced by CSO and on balance of payments produced by the Bank of Zambia (BOZ). Given the complexity and diversity of the issues and economic indicators required for effective macro-indicative economic planning, this is an area needing improvement.

### Sectoral Program Planning

36. Objectives. Although economic development assistance has been characterized by a rapid increase in concern for macroeconomic policy reform, sector-specific lending remains the predominant form of international development assistance. In the context of the ERP, planning for specific sector investments must fully consider the broader cross-sectoral investment priorities established at national level and investment expenditure policy and procedures. Thus, sectoral planners must be fully informed of Government's broader macroeconomic objectives and priorities among them which, in turn, requires that they are conversant with such documents as the PFP, PIPs, and PERs. Unfortunately, there is ample evidence that planners and other relevant officers within sectoral ministries are not sufficiently aware of the content of such documents. Indeed, they often profess ignorance of the existence of such documents.

37. The need for sectoral program planning as an intermediary between strategic macro and project investment planning requires that the concern of sectoral planners must go beyond consideration of internal economic and technical feasibility of individual projects. Thus, sectoral planners need to formulate integrated sectoral investment strategies; even if specific components are identified and provided by a multiplicity of organizations. Indeed, within the framework of Zambia's decentralized system, the broader sectoral policy and planning role should be the first priority of sectoral ministries at the national level.

38. Performance of the sectoral program planning function requires the: (i) establishment of sector priorities; (ii) specification of programs within those priorities; and (iii) identification of necessary policy and procedural links among organizations both within and outside the sector.

39. Guidelines. National planning guidelines become increasingly important when sectoral ministries are relied on for program planning. Without nationally applied planning guidelines, individual Government organizations establish their own priorities; use different formats or formulas in the formulation of their

respective investment priorities, economic, financial, and technical feasibility analyses, and revenue projections. Each organization is also forced, by default (and often in their own interests) to simply make assumptions about expected added value from the investments or activities of others. Thus, it is extremely difficult to aggregate data and conduct comparative analyses for macroeconomic planning purposes; planning functions which are most appropriately conducted at the national level.

40. Costs and benefits of sectoral programs and project investments need to be identified and presented in an itemized phased budget format with the participation of the beneficiary ministries and agencies. Consequently guidelines need to be issued from some central government source to give guidance concerning investment and operational priorities and the manner in which data and information should be presented for annual budgets purposes; as well as macroeconomic planning.

41. Currently, such guidelines are issued as an annual Circular by the Ministry of Finance. A review of past circulars issued in the past clearly shows that they are very general in character and do not address sector specific issues. Such guidelines do not appear to be very useful; except, perhaps, in establishing routine budget ceilings. Partly in response to that lack of guidance, the Planning Division of the Ministry of Agriculture (PD/MoA) developed, in 1984, a detailed format for preparing both recurrent and capital budgets; which have since been combined. Although perhaps too elaborate for reporting outside the ministry itself, such formats are a step in the right direction. Nevertheless, there does not appear to be any systematic attempt by NCDP to provide, nor by sectoral ministries to formulate for themselves, guidelines which address strategic sectoral planning priorities and associated issues. The current system essentially attempts to address such issues through the annual budgeting process; an unsatisfactory alternative.

42. **Organization of Function and Assignment of Responsibilities.** Currently the organization of the sectoral planning function and assignment of responsibilities for it are inconsistent. The Sectoral Planning Department (SPD) of NCDP has historically been assigned primary responsibility for such planning. A review of the recent work program of SDP reveals that it has been directly involved in many activities which would, at least under ideal conditions, have been more appropriately assigned to sector ministries. Thus, SPD has undertaken studies on such subjects as fertilizer requirements, use, and marketing; baking and brewing; and improved charcoal stoves. Yet, at the same time, there is no evidence that the Department has performed any significant functions related to broader oversight of sectoral planning activities undertaken primarily within, or sponsored by, the sectoral ministries.

43. Planning divisions or units have been established within several sectoral ministries as well. However, their locations within such ministries, their respective responsibilities, and their location within the structure of authority within ministries varies substantially. The responsibilities of these various units are, however, largely limited to project investment planning in the context of the annual project investment budget process. Little, if any, attention is given broader sectoral program planning objectives. Further, with the apparent exception of the Planning Division within the Ministry of Agriculture, whose organization and capacity is discussed further below, the capacity of these various units is weak.

### **Project Investment Planning**

44. There remains general agreement that, over the longer term, the primary instruments for achieving the ultimate goal of sustainable economic growth with equity are sector-specific investment projects. Nevertheless, the objectives of sector investment programs and projects have both a short-term and long-term dimension.

45. In the short-term, the efficient and effective implementation of a project's initial investment activities are themselves the primary objective. However, achievement of project implementation objectives in the short-term might or might not support the overall priorities within a sector nor result in longer term sustainability of benefits. It is increasingly recognized that such conformity with broader sectoral objectives

and sustainability of benefits should be the ultimate objective of sector investment projects in support of the goal of economic growth with equity. As currently practiced in Zambia, however, project investment planning is not conducted in the context of broader sectoral program planning.

46. Thus, as currently practiced, project investment planning in Zambia is limited to: (i) identifying priority projects on the basis of economic rates of return; (ii) determining appropriate content and specification of project components; (iii) establishing appropriate organizational and managerial mechanisms (including participation of the private sector) for implementation; and (iv) the proper phasing of implementation actions. Even in the context of this more limited scope, undue responsibility has been assigned to the Project Preparation and Evaluation Unit (PPEU) within NCDP's IPR Department. Leaving aside the weakness of the PPEU, assigning substantial responsibility for project investment planning to NCDP represents an inappropriate ambiguity in the respective roles of a central planning organization and sectoral ministries. NCDP, or its equivalent, should rather provide oversight of project investment plans prepared by sectoral organizations to ensure conformity with cross-sectoral priorities and, perhaps, provide technical appraisal of fully prepared investment proposals.

#### D. Capacity

47. Determining the adequacy of "capacity" and how such capacity can be transformed into adequate performance is a complex undertaking. Nevertheless, even a cursory review of current capacity for the performance of planning functions within the Zambian Government must conclude that it is clearly inadequate.

48. To some extent, lack of apparent capacity is due to the demoralization of staff performing planning functions. This is a problem throughout non-parastatal Government service and, therefore, is not unique to planning staff (motivation and incentive issues are discussed further in Volume II, Chapter IV). NCDP staff, in particular, are dissatisfied, not only with the value of personal emoluments, but also with the slow pace of promotions, recurrent changes in the nature of organizational responsibilities, and ambiguities concerning NCDP's legal status and relationship with MoF. Such concerns are also expressed by planning staff within the Provincial Planning Units (PPUs), who are not sure whether they are responsible to NCDP or to the provincial administrations to which they are assigned. All of this has contributed to a sense of uncertainty among NCDP staff about their future. One of the more significant recommendations provided below is that the role of NCDP, or subsequent organization, be clearly defined in the context of the three-fold classification of the planning system discussed above. It can be expected that the establishment of clear-cut and meaningful roles for NCDP and other units within the planning system would contribute to improved morale. Nevertheless, once established, such roles will need to be sustained so as to finally achieve continuity in the performance of planning functions.

49. Leaving aside the issue of staff motivation, performance of the planning function is severely constrained by: (i) inappropriate assignment of responsibilities; (ii) inadequate operating budget allocations; and (iii) inadequate staffing.

50. These issues are briefly summarized below with a focus on NCDP's current role as the key central government planning organization; following which the planning units within the sectoral ministries of Agriculture and Power, Transport, and Communications are assessed. This Section concludes with summaries of training issues and current technical assistance provided by donors in support of the planning function.

#### Responsibilities

51. A clear appreciation of the different types of planning and the comparative advantages of different organizations within Government for the performance of different planning functions has not existed to a sufficient degree in Zambia. That is manifested by the absence of terms of reference for NCDP and other planning units which clearly differentiate among their various tasks.

## Budget

52. It is not possible, given the manner in which Government budgets are presented, to determine what proportion of ministerial or provincial budgets are allocated specifically to planning tasks. In any event, with the exception of the donor financed effort in the Ministry of Agriculture, planning officers all complained of insufficient operating budgets. Nevertheless, at least with regard to NCDP, actual expenditures were less than the amounts budgeted for two of the four years between 1985 - 1988; indicating that the problem might stem as much from inefficient organization of work to meet programmed requirements than an absolute deficiency of financing.

## Staffing

53. Numbers. Excluding CSO, NCDP currently has only about 130 professional staff. Of those 130, several are on study leaves, secondments, or other types of leave. NCDP's deficiencies in staff numbers are better illustrated when the staffing of specific sub-units are considered.

54. For example, only seven of eighteen authorized positions are filled in the Sectoral Planning Department (SPD). Further, only seven of sixteen authorized posts in the Investment Planning and Research (IPR) Department are currently occupied (and one of those positions is occupied by a person who does not actually perform any tasks there). Of the six remaining staff, one serves as acting Director, one is a Senior Economist, and three of the remaining four staff are micro, rather than macro, economists. No professional is assigned to the Research Unit of the Department.

55. The Central Statistics Office (CSO), by contrast, is well staffed. However, it suffers severely from turnover. Such problems are compounded during periods when major episodic tasks are performed, such as the population census. At such times, specialized staff, such as enumerators, are not available for the performance of other data collection tasks and, thus, other elements of their work program suffer. Provincial Planning Units are severely understaffed. Most such units have only two planners assigned; and some of those positions are vacant.

56. Qualifications. As for the quality of the staff, only one of NCDP's purported professional staff has been trained to the doctoral level. Forty other staff have earned masters degrees (or their equivalent) and about 90 have earned only first degrees at university level. Aside from these numbers, however, the disciplines in which staff have been trained are often inappropriate for the positions that they occupy. Thus, for example, NCDP has computer systems specialists functioning as economists in the macroeconomic unit. Further compounding this problem is that the economics education curriculum provided at the University does not provide sufficient grounding in quantitative techniques nor are other opportunities for in-country training available.

## Sectoral Planning Capacity

57. In an attempt to assess current capacity for sectoral program planning within ministries, this report relies on evidence of performance by the Planning Division of the Ministry of Agriculture (PD/MoA) and the Planning Unit of the Ministry of Power, Transport and Communications (PU/MoPTC).

58. The Planning Division in the Ministry of Agriculture is organized in four units: (i) Agricultural Policy and Statistics; 2/ (ii) Budget Analysis and Technical Assistance; (iii) Production and Marketing; and

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2/ The Statistics Unit within the Planning Division of the Ministry of Agriculture, which consists of staff seconded from CSO, should serve as a model for other ministries. That unit collects data on agricultural production by crop, animal population, fisheries, exports, marketing, and prices.

(iv) Program Planning and Implementation. The Division is well staffed with a total number of about 80 professionals specialized in economics, agricultural economics, statistics, demography and sociology. In addition to Zambian staff, there are about 10 expatriates specialized in rural sociology, production, marketing, economics, economic evaluation, irrigation economics, project analysis, and early warning systems. The Division is also well equipped with computers, vehicles, and other equipment financed by several international donor agencies.

59. A cursory assessment suggests that PD/MoA is well organized and operates on the basis of a full fledged work plan which identifies tasks, prioritizes them, and allocates resources in terms of professional staff time and financial support. Furthermore, the Division publishes a complete bibliography of its work undertaken on an annual basis. The Division has strong links to the Ministry's staff at the provincial level. Thus, the PD/MoA appears to be well staffed and, because of special terms and conditions of service made possible by donor support, well motivated to perform its assigned tasks. As such, it should serve as a model for other sectoral planning units; even if it is on a larger scale than should be necessary for most ministries.

60. By contrast with the PD/MoA, the Planning Unit of the Ministry of Power, Transport and Communications (MoPTC) is weak. Its work force consists of five professional economists (three of whom are in the beginning of their career), plus four computer programmers. The Director is on an Acting assignment and is scheduled to be transferred soon, no replacement has been identified, and the remaining staff appear to be demoralized.

61. In any event, although the unit is supposed to address planning issues for the entire Ministry, it, in fact, deals only with transport issues. That might be a blessing in disguise, because the Unit has no real resources at its disposal. Further, there is no evidence of a work plan nor specifically assigned tasks for staff.

62. Therefore, the planning unit in MoPTC does not appear to have the necessary capacity to undertake either sectoral program or project investment planning tasks. Unfortunately, the situation in MoPTC appears to be more the norm than that in the MoA. A number of factors can be identified which contribute to the difference between these two sectoral planning units. Thus, by contrast with PU/MoPTC, the PD/MoA: (i) is well established with a clearly defined role within the Ministry; (ii) has benefitted from financial support for appropriate staff training; (iii) provides (or is believed by staff to provide) good prospects for promotion; (iv) provides supplementary income financed from donor assistance; and (v) is assisted by a large number of resident technical assistance personnel. To what degree such performance is sustainable once donor financing is no longer available is an issue that needs to be addressed.

### Technical Assistance and Training

63. Training. It is clear from the assessment of planning capacity that a significant need exists for training planning officers within the key economic and sectoral ministries, as well as at provincial and district levels (see also Volume II, Chapter VI). Nevertheless, it should also be noted that, by itself, a large comprehensive training program cannot be expected to have any significant impact on performance under current conditions. Thus, unless terms and conditions of service improve and systemic rationalization and support of the planning function is established, planning officers, however well trained, are unlikely to perform efficiently and effectively. With that qualification in mind, priority training issues were identified by the departing Senior Permanent Secretary of NCDP in 1989 as follows: (i) absence of a coherent training policy; (ii) ad hoc and opportunistic access to training; (iii) lack of systemized and routine information about training opportunities available to staff; and (iv) reliance on donor initiated foreign training.

64. Technical Assistance. As described above, technical assistance in support of the planning function is provided by various donors to NCDP, the Ministry of Agriculture, provincial administrations and five of the 55 district councils. NCDP is currently receiving assistance from: (i) USAID for manpower planning and development and agricultural sector planning; (ii) UNDP for macroeconomic planning, manpower

planning, technical assistance program planning and management, and external aid coordination; (iii) UNFPA for population planning; (iv) UNIDO for investment planning and research; and (v) NORAD for women in development. The Planning Division of the Ministry of Agriculture is receiving TA financed by IFAD, ODA, USAID, and UNDP, while various Provincial Planning Units are supported by IFAD, FINNIDA, Germany, the Netherlands, NORAD, ODA, and SIDA. FINNIDA also provides technical assistance to five districts in Luapula Province.

65. Such levels of technical assistance are significant. Nevertheless, with the exception of the effort in the Ministry of Agriculture, none of those efforts appear to have resulted in substantially improved performance of the planning function on a sustainable basis. Recent assessments by ODA of their technical assistance to Government strongly suggests that discrete projects directed at improving performance have not been successful because of an absence of clearly articulated, well understood, and comprehensive Government programs for reform of the public service generally and, with specific reference to the planning function, the absence such a program in the context of Government's decentralization efforts.

### E. Issues Summary

66. The most important problems concerning the performance of planning functions, identified during this PSM Review Mission, combine those identified by various analysts over the last decade and requirements stemming from the changes in the role of the public sector inherent in the macroeconomic model on which the Economic Recovery Program is based. In summary, the three most important of these problems, which should be addressed as priorities, are: (i) lack of clear distinctions among the different types of planning functions and between such functions and Budgeting; (ii) inappropriate assignment of responsibilities for such functions among NCDP, MoF, sectoral ministries, provincial administrations, and district councils; and (iii) inadequate capacity to perform any of the various types of planning within the public sector, among all organizations involved and at all levels of Government.

67. The three problems identified above represent serious inadequacies. Nevertheless, before summarizing each of these issues below, it should be noted that reform of the planning system should not be viewed as an immediate priority. Rather, in the short-term, priority should be placed on improving performance of the expenditure control function and reform of the public service.

68. It has been argued above that it is essential to distinguish among three types of planning: (i) strategic macro-economic indicative planning, (ii) sectoral (and, for provincial and district levels, regional) program planning, and (iii) project level investment and recurrent operational planning; as well as distinguishing these planning functions from budgeting. Without such an understanding, reform of public sector organization for the performance of planning functions cannot proceed in a rational manner. This is particularly important in the context of changes in the role of the public sector inherent in the Economic Recovery Program. However, this basic requirement has not been addressed systematically by Government. Thus, overlapping and ambiguous responsibilities for the performance of various planning and budgeting functions are assigned almost haphazardly to various organizations.

69. Examples of budgetary functions assigned to NCDP, rather than MoF, include: (i) responsibility for establishing annual budgetary ceilings for both recurrent and capital expenditures for each sectoral ministry and province (although the Budget Office of MOF also participates in that activity) and, through its Department of Economic and Technical Cooperation (DETC), (ii) determining the amount of donor provided foreign currency resources available for the annual capital budget. At the same time, Government is currently considering a proposal to transfer the Investment Planning and Research (IPR) Department of NCDP to the Budget Office in MoF. Further, NCDP has a Sectoral Planning Department which, in fact, does not perform the sectoral planning function, but which, by virtue of its mandate, confuses the obligation of sectoral ministries to assume responsibility for such planning. Such confusion over appropriate assignment of functions is



compounded by ambiguities concerning the relationship of Provincial Planning Units (PPUs) to NCDP and, in turn, the responsibility of PPUs to the district planning and budgeting process.

70. Government's past attempts to resolve such problems have focussed primarily on restructuring responsibilities. However, in the absence of a clear understanding of different types and purposes of planning, these various restructuring have not been effective. Rather, they have had just the opposite effect. Thus, frequent changes in organizational arrangements have: (i) disrupted careers and organizational loyalties as staff move from NCDP to MoF or among one restructured NCDP office to another; (ii) disoriented staff understanding of the purpose and objectives of the institutions to which they are assigned; and (iii) confused the nature of relationships among institutions concerning responsibilities for the various types of planning activities and the procedural and organizational links among them.

**FINANCE: INSTITUTIONAL ENVIRONMENT  
AND  
ORGANIZATIONAL STRUCTURE**

**A. National Economic Monitoring  
and  
Implementation Committee  
(NEMIC)**

1. NEMIC, which reports directly to the President, has been established to control execution of the ERP. NEMIC is chaired by the Minister of Finance and, in addition, consists of the Minister of Commerce and Industry, the Chief Executive of ZCCM, the Managing Director of the Industrial Development Corporation (IDC), the Managing Director at Zam Capitol, the Governors of the Bank of Zambia (BOZ), the Secretary of the Cabinet, and the President's Special Assistant for Economics. As of this writing, NEMIC does not have a full-time secretariat or any working committees. Support by part-time staff is provided from various Government agencies, (e.g., the Chief Economist from the Budget Office). In addition, a residential expatriate advisor from the Harvard Institute for International Development (HIID) is scheduled to begin an assignment to assist NEMIC shortly; in effect becoming the only person providing full-time staff support to NEMIC.

**B. Ministry of Finance (MoF)**

2. MoF is the designated agency responsible for formulating financial policy and plans and to direct and control their implementation. As such, it is the dominant agency in the financial management system and plays a major role in executing the ERP. The sectoral ministries and, increasingly, provincial councils, are the executing agencies of the financial system. District councils, being, at least legally, separate governments, play an indirect role (see Volume II, Chapter VI). The National Commission for Development Planning (NCDP), chaired by the Minister of Finance, is the national government agency most closely related to MoF and the financial management system (see Annex I). NCDP is supposed to work closely with the MoF Budget Office for: (i) preparing the capitol budget; (ii) producing revenue estimates; and (iii) analyzing the national economic situation.

3. As the major financial management agency, MOF operates within constraints imposed by three groups of actors: (i) the Cabinet and UNIP; (ii) sectoral ministries and other significant Government entities; and (iii) other groups within the broader society.

**C. Cabinet**

4. Within Cabinet, the Minister of Finance is ostensibly responsible for financial issues. In practice, however, s/he is only one among many. For example, the salary adjustment and benefits program announced in January 1990, only two weeks after the beginning of that fiscal year, suggest that s/he can be, and often is, out-voted or by-passed on financial matters. <sup>1/</sup> In such an environment, agreements reached by the Minister, either as the head of MoF or Chairman of NEMIC, only survive if his/her authority to commit the cabinet on financial matters is more widely accepted and shared cabinet responsibility becomes the norm.

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<sup>1/</sup> In the specific case of the January 1990 adjustment of salaries, wages, and benefits, the decision was made administratively by Cabinet Office without consultation with MoF.

#### **D. Sectoral Ministries**

5. Sectoral ministries take their cues from Cabinet; respecting the position of MoF less than should be the case. Annual financial results, as evidenced by recurring annual over-expenditure and supplementals, indicate that line ministries view the financial system as a mechanism to supply them with whatever resources they "need;" rather than as a management tool to optimize the use of limited resources. Until this view is changed, MoF is likely to stand alone in promoting the four purposes of financial management identified above and will, almost certainly, continue to be overwhelmed by demands from, and actions by, spending authorities.

#### **E. Broader Society**

6. Finally, the Government operates within Zambian society, itself composed of various groups pressing for economic, social and political benefits. These groups do not appear to be aware of and/or accepting of the ERP. Labor union pressure leading to the new wage program serves as a case in point. Until such groups do support at least the broad principles of the ERP, they can be expected to lobby Government in counterproductive fashion and make adherence to the ERP difficult.

7. It is in the broader institutional framework summarized above that Government must strive to accomplish the four purposes of the financial management system.

## FINANCIAL PLANNING AND POLICY FORMULATION

1. The financial planning and policy formulation functions consists of: (i) long-term revenue estimating; (ii) long term expenditure estimating; (iii) determination of possible debt; and (iv) final balancing.
2. Two separate units now engage in aspects of financial planning: (i) the Budget Office in MoF (through the Chief Economist's Unit) and (ii) the Investment Planning and Research Department (IPR) in NCDP. The Chief Economist's unit: (i) produces the Macroeconomic Section of the Budget Speech; (ii) estimates annual revenue and expenditures and necessary balances for budget preparation; (iii) determines debt requirements; and (iv) provides staff support to NEMIC. IPR produces the Annual Economic Report and was responsible for producing Medium Term Financial Plans (MTFPs). However, that latter document is currently no longer being produced because the extensive data requirements required for rolling medium-term financial planning could not be met. In the event, Government has substituted a more modest Development Plan document to serve the purpose of medium-term financial plans. Therefore, in the absence of MTFPs, long-range, multi-year planning as a mechanism for producing an affordable, prioritized, and balanced development program has not been systematically, nor effectively, performed.
3. The same fate was met by attempts to implement the 1983 recommendation to produce Annual Plans. Thus, after 1987, Development Plans have also served the purpose of annual plan documents. However, the quality of Development Plans prepared by Government was not adequate for preparation of the 1991 Economic Recovery Credit (ERC) and, thus, the World Bank assumed a significant role during 1990 in assisting Government to produce a new priority listing of potential projects (i.e., the PIP). The World Bank is also scheduled to assist Government, in much the same manner, to conduct a Public Expenditure Review (PER) during 1991.
4. Government has partially implemented the 1983 recommendations that: (i) specific budget guidelines should be issued to sectoral ministries on an annual basis; (ii) such ministries should prepare constrained budget submissions; and, based on those guidelines, (iii) ministries should be allowed significant discretion in allocating specific expenditures within such guidelines. Thus, the MoF and NCDP do issue budget ceiling guidelines and sectoral ministries do submit budget estimates within those established ceilings. However, such ceilings have not been effectively established within the context of explicit plans; sectoral ministries do not prepare their estimates in the context of their own prioritized program plans; nor, in any event, are such budget ceilings adhered to when actual expenditures are made.

## RESOURCE MOBILIZATION

1. Resources include: (i) taxation; (ii) user's fees; (iii) debt; and (iv) foreign aid. The purpose of resource mobilization is to finance appropriate investments and recurrent expenditures as efficiently as possible. Thus, resource mobilization systems include those for: (i) estimating resources that will be needed in the budget and (ii) ensuring that estimated revenues as included in the budget are, in fact, produced.

### A. Estimates

#### Domestic Revenue Estimate

2. The system for estimating revenue from domestic sources (taxation and users' fees) involves both collecting agencies and the Budget Office of MoF. Revenue estimates developed by collecting agencies (such as the Departments of Taxes, and Customs and Excise) are based primarily upon straight line projections; modified by known events (e.g., rate increases). At the same time, the Budget Office produces its own estimates, also using straight line projections, modified by estimated inflation rates and judgments about the impact of Zambia's projected economic performance. The collecting agencies submit their estimates to the Budget Office where they are compared to its own. When major differences exist, the Budget Office attempts to determine the reason. Based on its own judgments, the Budget Office produces a final estimate. When differences are minor, one or the other of the estimates, or a compromise estimate, is used. Obviously, the current system for estimating revenue from domestic sources is quite crude.

#### Debt Estimates

3. The difference between estimated revenue and estimated expenditure is the debt estimate. The debt estimate is the result of a two-step process. First, the gap between estimated revenues and the emerging Budget Office recommendation for authorized expenditure is calculated. That estimated gap, along with analysis, is then submitted to the Minister of Finance and NCDP, who is responsible for establishing the debt target. That target is supposed to be based on the need to balance the priority elements of the ERP; the need to control unsustainable levels of debt; and the economic forecast. The Minister's judgement in that regard becomes the debt target included in the budget.

4. Debt can be accrued from either foreign and/or domestic public and/or private sources. Government has relied extensively on borrowing during recent years. Debt results in future repayment obligations. Foreign borrowing has been used primarily for investment, but a large part of domestic borrowing has been used to finance recurrent operations. Thus, domestic bank borrowing has financed almost the entire amount of overexpenditure; indeed, external finance was below estimates during 1986-89 by 50 percent. The overall pattern which emerges is that overspending for subsidies, RDCs, grants and payments, and national defense have been the main source of budget deficits and have been paid for at a cost to the rest of the economy in terms of reduced credit availability.

5. One possible offset of increased debt is foreign grant aid. However, Zambia's foreign borrowing has consistently exceeded the amount of foreign grant aid it has received during the period 1985 - 1990.

### Foreign Aid Estimate

6. The foreign aid estimate is the sum of international donor contributions to budgeted projects. More than one GRZ official has acknowledged that there is a prevailing inclination to obtain as much foreign aid as possible. Within that policy context, those projects in the PIP which are highly leveraged, *i.e.*, which require a small percentage or zero Government counterpart funds, are given priority as agencies prepare their capital budgets. The budget guidance for 1991 instructed agencies that their selection "should be done in your best judgment to set the best value for money." The Budget Office's review process attempts to identify and eliminate project proposals which have a low probability of actually spending annual investment authorizations. The Budget Office does not want to tie up scarce Government domestic resources in ministerial "hopes." Nevertheless, many such projects are budgeted.

### B. Revenue Generation

#### Domestic Revenue

7. The primary source of domestic revenue is currently customs and excise. Such revenues are supplemented by relatively minor collection activities by sectoral ministries and district councils. That places the primary burden for actual collection of revenue on MOF's Departments of Taxes, and Customs and Excise. The responsibilities of those two Departments include: (i) establishing tax roles (*i.e.*, who should pay?); (ii) establishing assessment levels (*i.e.*, how much should be paid by individuals based on what?); (iii) collection (*i.e.*, obtaining/receiving payments and properly accounting and administering such payments); and (iv) investigation (*i.e.*, pursuit of questionable or problem cases and ensuring that would-be tax evaders pay their estimated share).

8. The work of the Departments of Taxes, and Customs and Excise, is supported by several other Government entities; mostly also in MoF. Among the most important of these ancillary organizations include: (i) the Revenue Inspection Unit (RIU) in the Budget Office and (ii) the Office of MoF's Controller. The RIU is responsible for ensuring that the amount of revenue estimated in the budget is, in fact, collected. The Unit plays an interesting and unique role. In effect, it was created to help the Budget Office achieve collection levels estimated in the Budget. The Unit monitors collections, identifies problems, and tries to develop and implement solutions.

9. Accountants, seconded to collecting agencies by the MoF Controller, maintain records within those various organizations. Such accountants are supposed to be responsible to the Controller, who is, in turn, responsible for reviewing and controlling collections. The Controller reports annually to Government through a consolidated report.

10. Given day-to-day operational requirements, none of the organizations involved in the taxation system have the will, resources, or capacity to systematically undertake tax policy analysis. Thus, taxation policy issues continue to be addressed on an ad hoc basis, with no systematic attempt to assess the effectiveness of current tax structures. British ODA sponsored a comprehensive review of the Department of Customs and Excise in 1987 and the Department of Taxes in 1988. In spite of a rather strong report on the Department of Taxes, a significant effort toward improvement has only recently begun.

## Debt

11. The mechanism for domestic borrowing in support of budget deficits is simplicity itself; i.e., loans are provided automatically by the Bank of Zambia to cover operating deficits as required. When such lending reaches ceilings agreed with the IMF, BOZ so informs the MoF.

12. The Economic Cooperation Unit (ECU) in NCDP has recently been created, with its own Permanent Secretary, to coordinate foreign aid. Thus, ECU's responsibilities include the systematic preparation of the foreign aid estimate, which is included in the budget. Preparing that estimate is a complex undertaking. First, agreements with the multiplicity of donor agencies often stipulate conditions unique to each donor which must be satisfied before money is actually provided. Responsibility for meeting these particularistic conditions are assigned to those various Government organizations primarily responsible for implementing the relevant project; although other organizations might also be involved in specific cases. Secondly, for actual disbursements to keep pace with estimates, project implementation must also be on schedule; a condition which experience suggests is the exception and not the rule. The bottom-line is that, as a practical matter, actual receipts, as compared to estimates, depend on the dispersed activities of organizations throughout Government. The information system required to monitor all of those dispersed organizations through links to the ECU does not exist.

13. Accounting for debt planning purposes is the responsibility of the Loans and Investment Unit (LIU) of NCDP; which, in turn, also reports to MOF's Comptroller. However, it is apparent that no systematic long-term debt planning is carried-out. Rather, decisions to incur debt, including debt from foreign aid agencies, are essentially a derivative of the annual attempt to balance budgeted revenues and expenditures. Foreign aid agreements are sought in order to close the gap between domestic revenue and budgeted expenditure.

14. Although the resource mobilization system has mechanisms to estimate the resources that are needed and to collect revenues consistent with those estimates, actual performance has been inadequate. That is partly due to the low priority given to resource mobilization until very recently. Thus, such functions have been performed routinely, rather than on a creative and proactive basis.

## EXPENDITURE BUDGETING

1. The primary purpose of expenditure budgeting is, or should be, the allocation, and application, of scarce resources to the provision of priority public goods and services. To fulfill that purpose, it is necessary to establish: (i) an appropriate process; (ii) effective management; and (iii) effective expenditure control. Each of these elements will be briefly discussed below.

### A. Budget Process

2. Figure A/V.1 provides a flow chart depicting the budget preparation and approval process at national level. In summary, tentative annual expenditure budgets are prepared by sectoral ministries, district councils (through the Decentralization Division of the Prime Minister's Office [PMO]), provincial administrations, and other semi-autonomous organizations during the period prior to August of each year. In parallel, during the period June to August, the MoF Budget Office finalizes its revenue estimates and estimates of total resources available. Based on those estimates, MoF and NCDP establish integrated recurrent and capitol expenditure ceilings for spending organizations and, in August, they issue the Budget Guideline Circular. If established ceilings are less than required by the tentative expenditure budgets previously prepared by the spending agencies (which is almost always the case), they readjust those figures to conform with the ceilings in the Circular and submit their formal budget proposals to the MoF by September. The short response time of only one month creates a particular burden on those organizations which must submit their proposals for review by one or more intermediary organizations (e.g., district councils; see Volume II, Chapter VI) prior to submission to MoF. In any event, during the period September/October, hearings are conducted in which MoF's Budget Office, NCDP, and spending organizations participate. Those hearings are followed in November by the compilation of the aggregate budget proposal and preparation of the annual Budget Speech. Cabinet discusses the draft Budget Speech and Parliament is supposed to approve the version submitted by Cabinet by end December. Thus, by January, spending organizations are supposed to be notified as to the budget thus approved.

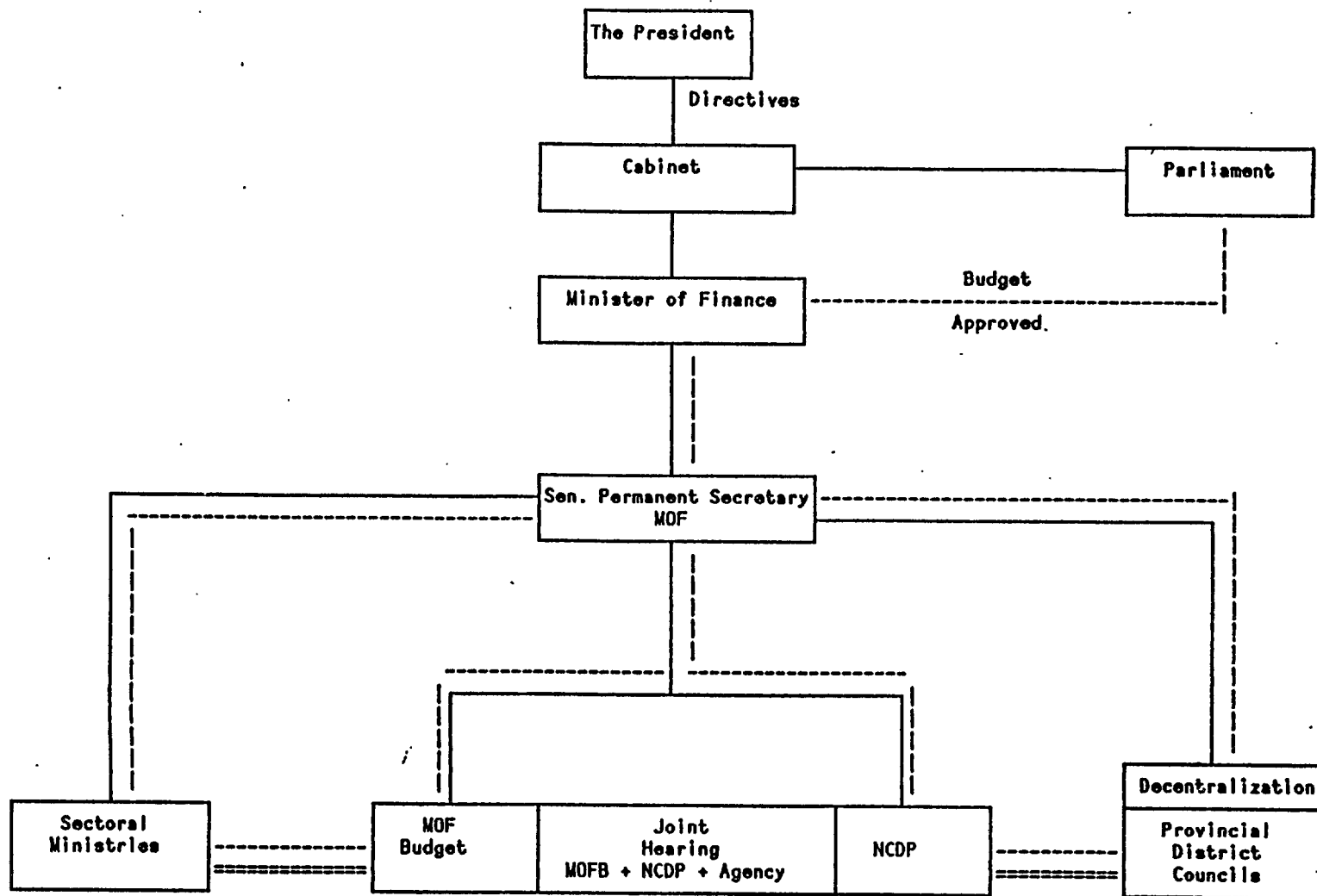
3. The schedule outlined above leaves little time for spending agencies to adapt their original budget proposals to decisions made by the MoF following the review process. Thus, budgetary decisions are seldom taken in a reflective manner. Rather, the complicated procedures required to process the multitude of detailed budget proposals through the system for ultimate decisions by MoF often results in most time being spent in preparing budgets and little time remaining for integrating and analyzing the broad strategic implications of budgetary proposals and decisions. The amount of time remaining to decision-makers during the annual budget preparation and approval cycle is so short that non-discriminatory across-the-board decisions are taken. Even then, approval of budgets is so often delayed that Government agencies operate at only minimal levels for much of each year. Spending organizations complain of routine delays in notification of approved budgets. One extreme case was reported by a District Council which claimed that notification of its approved budget was not received for the duration of a full fiscal year (which in Zambia is coincident with the Calendar Year). More normally, notification of approved budgets are delayed by three to four months (i.e., until March or April).

### B. Financial Management

4. A corollary purpose of budgeting is as a tool for effective financial management. For that latter purpose, it is essential that links between specific allocations, objectives, and actual expenditure actions are explicit and transparent. Thus, an appropriate format for the presentation of the budget is an important element for achieving efficient and effective financial management.



**Figure A/V.1: BUDGET SYSTEM AND PROCEDURE AT NATIONAL LEVEL**



**LEGEND**

1. ————— Solid line indicates directives, guidelines and circulars
2. ===== Double line indicates budget submissions.
3. - - - - - Dotted line indicates budget approval and authority for expenditure.

5. Therefore, as might be expected, all but one of the four suggestions regarding expenditure budgeting presented in the 1983 World Bank report, Zambia -- Planning and Budgeting Systems, focussed on the presentation format of the Budget document itself and associated accounting formats. Of those three recommendations, two have been implemented and remain in effect; the third has not been implemented. Thus, the suggestion that recurrent and capital budgets should be consolidated into a unified budget structure has been implemented, although the structure of the budget retains a category for "Capital Expenditure." However, contrary to popular interpretation, this does not constitute a capital budget or development budget. Rather, that category constitutes a series of accounts, under each organizational unit, for capital expenditure. In addition, new categories of expenditure which are based on economic criteria have been established.

6. By contrast, the broader recommendation that budget heads should be revised to reflect the major activities of each ministry has not been implemented. Unfortunately, that was, perhaps, the most important recommendation directly supporting the need to: (i) link planning and budgeting functions (see Annex VI); (ii) foster program budgeting; and (iii) promote the effectiveness of governmental expenditures by ensuring optimum allocation of resources among programs.

7. The recommendation that Government should establish a Program Planning and Budgeting System (PPBS) (i.e., the fourth 1983 recommendation) was attempted, but subsequently abandoned. The failure to sustain an integrated PPBS approach was due in large part to the decision not to implement the critical component identified above and the continuing weak performance of expenditure control.

## LINKING PLANNING, BUDGETING AND FINANCIAL MANAGEMENT FUNCTIONS

1. The primary focus of the most recent World Bank report on Zambia's planning and budgeting systems (1983) <sup>1/</sup> focussed almost exclusively on the importance of integrating those two systems. Government initiated a good faith effort to implement those recommendations. Nevertheless, many of the key elements of that program were subsequently abandoned. That failure was due, in large part, to the attempt to accomplish too much change in too short a time; priorities were not established nor actions appropriately phased. Thus, Zambia's planning and budgeting systems remain as essentially separate and discrete operations. Ultimately, integrating these systems is an objective which should be pursued.

2. Nevertheless, although such integration is desirable, it is not a high priority requirement in the short-term. Thus, various ad hoc mechanisms are currently being employed to meet short-term requirements (e.g., Policy Framework Papers [PFPs], Public Investment Program documents [PIPs], and Public Expenditure Reviews [PERs]). However, over the medium-term, management of Government's responsibilities for rational economic and financial decision-making will be enhanced by the establishment of an integrated system. Thus, the longer term requirement is to institutionalize a system which ensures that financial decisions are guided by established priorities, as reflected in carefully considered plans, which, in turn, are derived from politically supported economic policies.

### A. Current System

3. The current system consists of an amalgam of institutionalized and ad hoc procedures which combine features established in colonial times and, sometimes, inconsistent adaptations. Figure A/VI.1 illustrates the current formal system for linking planning to budget preparation. Although honored more often in the breach, the principal elements of that formal system are:

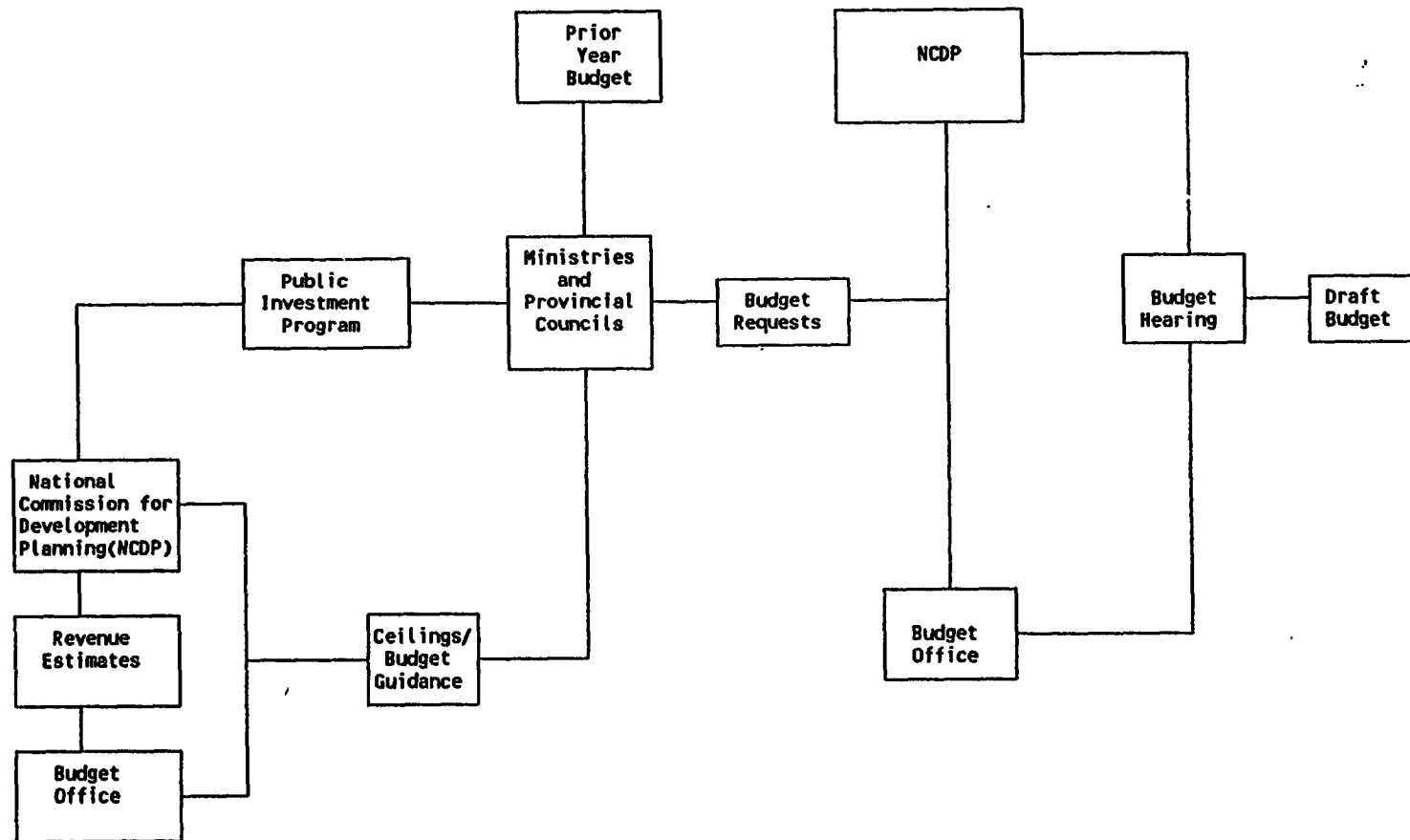
- (a) Five Year Development Plans, providing detailed targets and resource requirements for investment, have been prepared sequentially (the most recent of which is the FNDP [1989 - 1993]);
- (b) The Public Investment Program (PIP) is produced officially by NCDP and lists priority development programs and projects for three year periods;
- (c) Public Expenditure Reviews (PERs) are produced for the purpose of the projecting recurrent costs of operations by sector and prioritizing such operations in terms of financial resources likely to be available;
- (d) Budgetary ceilings are established jointly by the Budget Office (MoF) and NCDP for investment and operations financed from Government's own resources (i.e., excluding donor financing);
- (e) Budgetary guidelines are issued to each ministry and provincial administration annually which provide information on budget ceilings and priorities established for each sector;

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<sup>1/</sup> See the 1983 Bank report "Zambia: Budgeting and Planning."

Figure A/VI.1:

**LINKING PLANNING TO BUDGET PREPARATION - THE CURRENT SYSTEM**



- (f) Ministries and provincial administrations prepare budget proposals within the ceilings established by MoF and NCDP in line with the priorities established in the Guidelines (although such budget proposals include donor financed projects); and
- (g) Budget hearings are conducted jointly by NCDP and Budget Office staff with ministries and provincial administrations, each organizations' request is reviewed, and the Budget document and Budget Speech are finalized (NCDP staff are responsible for ensuring that the highest priority investments from the PIP are included in the budget, while Budget Office staff are responsible for ensuring that all such investments are ready for implementation, funding is available, and costs estimates are realistic).

4. If such a system was, in fact, well-established, it would provide for a sufficiently integrated mechanism for linking annual budgetary decisions to planned priorities at the macro level. However, that formally established system does not operate to any sufficient extent. Further, the system as currently designed does not provide for budgetary decisions based sufficiently on sectoral program and project planning. The current system does not provide sufficient opportunities for consideration of such sectoral initiatives during either the macro-indicative planning nor annual budgeting process. Both systems remain essentially top-down.

## **B. Current Performance**

5. Insufficient resources to motivate discretionary initiatives, inadequate focus, procedural inadequacies, and reliance on ad hoc PIP and PER exercises conducted, by and large, externally combine to inhibit serious attention to sector level planning and budgeting initiatives. The first three of these four factors are discussed further below.

### **Insufficient Resources**

6. Staffing. Staffing inadequacies with regard to planning, budgeting, and financial management, in terms of numbers, distribution, and skills, are discussed in Volume II. Thus, that discussion need not be repeated here. Suffice it to say that such deficiencies have a negative impact on Government's capacity to: (i) prepare investment projects; (ii) monitor program and project implementation; and (iii) calculate the recurrent cost implications of project investments and Grants and Other Payments. In addition, there appears to be a lack of quantitative technical skills at all levels of planning and budget preparation and understanding of how foreign aid impacts on the use of Government's own resources. Donor financed projects are repeatedly included in annual budgets prematurely; with the result that matching GRZ resources are not disbursed by the end of the fiscal year for which they were budgeted.

7. Finance. The shortage of facilities, equipment, vehicles, and so forth is well known. However, the fundamental constraint to effective planning and budgeting is the absence of any significant level of financial resources for discretionary decision-making. Serious attention to the substance of Government's system for ensuring the integration of planning and budgeting functions is subverted by the fact that there is essentially little finance available for new initiatives. The absolute scarcity of financial resources is compounded by: (i) the practice of setting aside all statutory and presidential expenditures prior to the allocation of remaining resources for other purposes; (ii) the fact that a substantial segment of local counterpart funding requirements for donor financed projects must be committed a priori; (iii) the fact that most foreign currency made available by donors is also committed for specified purposes and foreign currency earnings from other sources are, at least to some degree, rationed.

8. Thus, the staff of all spending agencies know that budget allocations are almost always the result of a simple eight to ten percent extrapolation from the previous year's budget and that such decisions will

not be affected to any great degree by budget proposals justified in any other terms. The cynicism bred by that reality is compounded by the fact that actual control of expenditures in terms of such approved budgets is almost nonexistent. Thus, little incentive exists for devoting significant staff time and energy to preparing prioritized plans, and budgets to reflect such plans.

### **Inadequate Focus**

9. As suggested in the preceding paragraph, GRZ planning has been comprehensive, formalistic, and ignored. The most recent five year Development Plan (i.e., FNDP) was clearly over-ambitious in terms of financial resource availability and implementation capacity. Items within the FNDP were not prioritized, appeared as a "shopping list" of projects, and were not justified in terms of a consistent and coherent investment program. More recently, the 1990 Policy Framework Paper (PFP) emphasizes prioritization of investment through end 1992. Nevertheless, the Budget Speech presented to Parliament has yet to justify proposed budgets in terms of priorities established in Government's planning documents.

### **Procedural Inadequacies**

10. Zambia's planning and budgeting system, as currently operating, is essentially top-down. Although a few sectoral ministries (e.g., Agriculture) initiate the preparation of budget proposals justified by an evolving determination of sectoral priorities, such initiatives (with the exception of those which are donor financed) are largely wasted. Budget decisions are made primarily by MoF on a routine, rather than programmatic, basis. The schedule for budget preparation and approval does not provide sufficient time for serious consideration of budget proposals from "below" justified in terms of planned priorities; even if such plans existed.

11. A more appropriate process linking planning, budgeting, and financial management would proceed as follows:

- (a) The specification of priority development objectives by legitimate political decision-makers (e.g., Parliament);
- (b) Preparation of macro-indicative plans specifying cross-sectoral priorities by core economic management agencies such as the proposed Policy Formulation and Monitoring Unit (PFMU);
- (c) Specification of sectoral priorities reflecting the macro plan as, in turn, reflected in sectoral program plans initiated and justified by sectoral ministries, other sectoral agencies, and district councils (to the extent they rely on central government financing);
- (d) Review and approval of sectoral plans, on a rolling basis, by the proposed PFMU or NCDP;
- (e) The preparation of project investment and annual recurrent budget proposals/plans by sectoral ministries, other sectoral agencies, and district councils which are explicitly justified in terms of sectoral priorities in the context of Program plans;
- (f) Review and approval of budget proposals by NCDP, with the concurrence of MoF, with respect to project investments involving a longer term commitment and by Budget Office, MoF with respect to annual recurrent budgets;
- (g) Exercise of control of actual expenditures in terms of approved budgets by Controller, MoF and appropriate financial management staff within the spending agencies in terms of the analysis and recommendations in Volume II, Chapter V; and

- (h) Analytical feedback to the planning system of actual financial management experience in terms of the established purposes for which budgetary resources have been allocated, including performance audit reports by the Auditor-General and other units for monitoring and evaluating the performance of sector organizations.

12. The process outlined above is essentially that of a program based planning and budgeting system. Nevertheless, such a system provides more than procedural improvements. It also requires that the Budget be presented in a manner that integrates information concerning financial support for planned and approved programs, rather than organizations. That only occurs now for capital items, not for "object related" activities. Thus, the aggregate allocation of finances for the implementation of a Program, which might require the performance of related activities by several organizations, cannot be identified in Government's Annual Budget. Financing for the capital items required will be identified under its own Program heading within the budget allocation of the Ministry assigned responsibility for overall management of the program. However, information concerning budgetary allocations for non-capital items in support of the program will be buried in various line items within the aggregated recurrent budgets of the various organizations involved. Thus, if a photocopy machine is purchased for the program, financing of that purchase will appear in the budget of the Ministry responsible; but expenditures on petrol in support of the Program will be accounted for in the aggregated line items for petrol in the budgets of all the organizations involved. Thus, the budget format does not assist program management and evaluation in terms of its planned purposes or implementation specifications.

## LIST OF ALLOWANCES

The Circular B12 of June 1990 has defined a list of allowances for CSs and CDEs, at government level as well as at District level. Most of these benefits are fixed in amounts per annum. However, it is impossible to give reliable estimates as these categories were fixed at mid-year. Any good estimates of these categories would have to come out of the 1990 Financial Report. For now, the new official list includes following benefits:

- Housing Allowance: (see main section this Annex and Volume II).
- Settling-in Allowance: covers travelling on first appointment and transfer. Fixed at 15 to 20% of the annual salary.
- Telephone: at residences, for Deputy Permanent Secretaries above Only.
- Fuel Allowance: for eligible officers.
- Meal (Lunch) Allowance: K250 per month paid to everybody.
- Special (Entertainment) Allowance: for specific categories of officers: holders of specific posts; Service Commissions and other Commissions; Permanent Secretaries; high-level Public Officers, Office of the Auditor General; Special Investigation Team for Economy and Trade; and Police and Prison Service. The range of this allowance is K2,148 (Auditor) to K15,084 (Special Assistant) per annum.
- Water and Electricity Allowance: for Deputy Permanent Secretaries and Heads of Departments or equivalent, respectively K4,944 and K9,888 per annum.
- Cycle Allowance: K100 per month allocated to employees using bicycle on official duty.
- Commuted Overtime Allowance: annual allowance, allocated to Nurses, Paramedicals (K6,000) and Police Force (K492).
- Initial and Upkeep Allowance: for nursing and paramedical staff, respectively K6,180 and K1,236 per annum.
- Furniture/Cooker/Refrigerator Loans: loans allocated to staff with repayment over 60 months.
- Non-Private Practice Allowance: allocated to medical doctors and officers, legal practitioners and some other professionals. Rates vary from K12,000 (Legal Practitioners) to K48,000 (Senior Doctors) per annum.
- Personal to Holder Motor Vehicles: holders of some senior medical posts are entitled to vehicles.
- Furniture Maintenance Allowance: for medical doctors occupying unfurnished housing, fixed at K24,000 per annum.
- On Call Allowance: for medical doctors, ranging from K500 to K1,000 per day.
- Local Supplementation Scheme: for some specific professionally qualified staff: Medical Doctor, Dental Surgeon, Veterinary Surgeon, Legal Practitioner, Engineer, Quantity Surveyor, Architect, Economist. K36,000 (Non-Superscale) and K48,000 (Superscale) per annum.
- Allowances for Primary School (PS) Level: per annum, for: Deputy Heads of Primary Schools (K960 to K1,560); Teacher-in-Charge of Ungraded PS (K888); Senior Teacher (K960); Teacher-in-Charge of Production Unit (K960); Sports Master (K888); and Double Session Allowance (K1,068).



- Allowances for Secondary School (SS) Level: per annum, for: Seconded PS Teacher (K11,236); Diploma Holders Teaching Senior Classes (K1,668); Teacher-in-Charge of Ungraded SS (K1,236); Heads of Departments (K960); Head of Production Unit (K960); House Master (K960); and Boarding Master (K960).
- Allowances for Special Education: for Special Education Teaching Classes and Boarding Master (K960 per annum);
- Allowances for Continuing Education: for: Head of Department (K960 per annum); Part-time Teachers (variable rates, according to the specialty: K15 to K30 per hour; or K120 to 240 per class/term; or K5 to K8 per script; or K50 to K100 per lesson).
- Allowances for Teacher Training College Level: K960 per annum, for: Head of Department; Head of Production Unit; Hostel Tutor, Sports Tutor; and Boarding Master.
- Allowances for Technical Colleges and Trades Training Institute Level: K960 per annum, for: Head of Production Unit; Sports Tutor, Hostel Tutor, Head of Department.
- Leave Travel Benefits: travel warrants (or equivalent cash) paid to officers who proceed on vacation for 30 days or more to his leave destination (home leave?). Amounts vary according to the destination.
- Domestic Fuel Allowance (Charcoal): provided to officers of the Zambia Police and Prison Service, at K60 per month.
- Cash in Lieu of Expendables: provided to officers of the Zambia Police and Prison Service, at K24 per month.
- Uniform Allowance: provided to officers of the Zambia Police and Prison Service, at K624 or K1,032 per annum (Subordinate and Superior Officers).
- Batman Allowance: provided to officers of the Zambia Police and Prison Service, at K60 per month.
- Trade, Training and Instructor Allowance: served to specific professions such as: Armourer; Coxwain; Wireless Operator; Motor Driver; Zambia Police Band, Police Experts and Training Inspectors, at rates varying from K3 to K155 per month.
- Occasional Leave: benefit in nature for Police and Paramilitary Officers, as additional leave of 14 days per annum.
- Training Allowances: for the Zambia Police Reserve, varying from K912 to K1,236 per annum, and from K3.09 to K4.94 per hour.
- Subsistence Allowance: served to staff on mission, according to the rank (Division I, II or III) and to single/marital status, at range varying from K750 to K1,200 per night.

**PUBLIC SERVICE LABOR UNION CONTRACTS:**  
July 1, 1990 - June 30, 1992



COLLECTIVE AGREEMENT ON SALARIES/WAGES AND CONDITIONS  
OF SERVICE BETWEEN MANAGEMENT AND THE FOUR UNIONS  
OPERATING IN THE PUBLIC SERVICE

Made this 14th day of June, 1990 between Management, representing the Government of the Republic of Zambia, of the one part, and the Four Unions, representing certain categories of officers and employees in the Public Service namely, the Civil Servants Union of Zambia (CSUZ), the National Union of Public Service Workers (NUPSW), the Zambia United Local Authorities Workers Union (ZULAWU) and the Zambia National Union of Teachers (ZNUT), of the other part.

1.0 DEFINITIONS

1.1 As used herein - unless the context otherwise requires:

"Management" shall mean representatives acting in the name and on behalf of the Government of the Republic of Zambia;

1.2 The "Four Unions" shall mean the Civil Servants Union of Zambia; the National Union of Public Service Workers;



2

the Zambia United Local Authorities

Workers Union; and the Zambia National  
Union of Teachers;

1.3 "Officers and employees" shall mean  
those officers and employees represented  
by the Four Unions;

1.4 "Agreement" shall mean the Agreement  
signed between the Management and the  
Four Unions;

1.5 "Basic salary/wage" shall mean the  
basic annual salary/wage;

1.6 "Annual" shall mean twelve calendar  
months;

2.0 SALARIES/WAGES

2.2 The salary/wage awards shall be  
eighty-five per cent increase on the  
salaries/wages in existence at the  
date of this Agreement.

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3

2.3 Salary/wage awards shall be effective  
From 1st July, 1990.

3.0 CONDITIONS OF SERVICE

3.1 the approved conditions of service are  
as contained in the Annexure to this  
Agreement.

3.2 The conditions of service shall be  
effective from 1st July, 1990.

3.3 Eligibility rules for conditions of  
service remain unchanged.

3.4 Other conditions of service not covered  
by the Agreement shall continue to  
apply as before.

*A as intended in the agreement which  
would have expired on 31st Oct. 1990.*

4.0 DURATION

*Since from the previous Agreements before mentioned the  
provisions of 2, 3 & 4 shall continue to apply*  
4.1 This Agreement shall come into force

on 1st July, 1990 and shall remain so  
until its expiry on 30th June, 1992;

with effect from 1st July, 1990, it  
shall replace the current Collective

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4

Agreement which would otherwise have expired on 31st October, 1990.

5.0 REVIEW

5.1 Either party shall be free at any time during the life of this Agreement to open negotiations aimed at reviewing the Agreement or part thereof should the economic situation so warrant.

6.0 DATE OF SIGNING

6.1 We, the Management and the Four Unions, hereby declare that we shall honour and uphold the contents of this Agreement from 1st July, 1990 to 30th June, 1992.

*[Handwritten signatures and initials]*



5

FOR AND ON BEHALF OF MANAGEMENT

Signed: \_\_\_\_\_

*C. C. Manyema*  
C. C. Manyema  
SECRETARY TO THE CABINET  
(LEADER OF DELEGATION)

Witness: \_\_\_\_\_

Witness: \_\_\_\_\_

Witness: \_\_\_\_\_

FOR AND ON BEHALF OF THE FOUR UNIONS

Signed: \_\_\_\_\_

*H. Bweupe*  
H. Bweupe  
NATIONAL CHAIRMAN, ZAMBIA UNITED LOCAL  
AUTHORITIES WORKERS UNION  
(LEADER OF DELEGATION)

Witness: \_\_\_\_\_

Witness: \_\_\_\_\_

Witness: \_\_\_\_\_

ANNEXURE

ALLOWANCES FOR TEACHING STAFF

The rates of allowances in the Teaching Service have been reviewed as indicated here below:-

A. Primary School Level

- (i) Allowances for Deputy Heads of Primary Schools be increased as follows:

Grade 1 - from K756 to K1,560 per annum  
Grade 2 - from K660 to K1,356 per annum  
Grade 3 - from K564 to K1,164 per annum  
Grade 4 - from K468 to K 960 per annum

- (ii) Allowance for Teacher-in-Charge of Ungraded Primary School

The rate of the allowance for Teacher-in-Charge of Ungraded Primary School be increased from K432.00 to K888 per annum

- (iii) Allowance for Senior Teacher

The rate of allowance for Senior Teacher be increased from K468 to K960 per annum.

- (iv) Double Session Allowance

The rate of double session allowance be increased from K516 to K1,068 per annum.

- (v) Allowance for Teacher-in-Charge of Production Unit

The rate of allowance for Teacher-in-Charge of Production Unit be increased from K468 to K960 per annum.

- (vi) Allowance for Sports Master/Mistress

An allowance for Sports Master/Mistress be introduced and paid at the rate of K888 per annum.

*AP*  
*M. J. ...*  
*...*  
*...*

B. Secondary School Level

(i) Allowance for Seconded Primary School Teacher

The rate of allowance for a Seconded Primary School Teacher teaching Grades 8/9 Classes be increased from K600 to K1,236 per annum.

(ii) Allowance for Diploma Holders Teaching Senior Classes

The rate of allowance for Diploma holders teaching senior classes be increased from K780 to K1,668 per annum.

(iii) Allowance for Teacher-in-Charge of Ungraded Secondary School.

An allowance for Teacher-in-Charge of Ungraded Secondary School be introduced and paid at the rate of K1,236 per annum.

(iv) Allowance for Heads of Departments (All Subjects)

The rate of allowance for Heads of Departments be increased from K463 to K960 per annum.

(v) Allowance for Head of Production Unit

The rate of allowance for Head of Production Unit be increased from K463 to K960 per annum.

(vi) Allowance for House Master/Mistress

The rate of allowance for House Master/Mistress be increased from K463 to K960 per annum.

(vii) Allowance for Sports Master/Mistress

An allowance for Sports Master/Mistress be introduced and paid at K960 per annum.

(viii) Allowance for Boarding Master/Mistress

The rate of allowance for Boarding Master/Mistress be increased from K463 to K960 per annum.

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C. Special Education

(i) Allowance for Special Education Teaching Classes

The rate of allowance of special education teaching classes be increased from K468 to K960 per annum.

(ii) Allowance for Boarding Master/Mistress

An allowance for Boarding Master/Mistress be introduced and paid at the rate of K960 per annum.

D. Continuing Education

(i) Allowance for Head of Department (Academic)

An allowance for Head of Department (Academic) be introduced and paid at the rate of K960 per annum.

(ii) Allowance for Head of Department (Practical Skills)

An allowance for Head of Department (Practical Skills) be introduced and paid at the rate of K960 per annum.

(iii) Rates of pay for Part-time Teachers be increased as follows:-

(a) Primary Classes

	Existing (Per hour)	Proposed (Per hour)
1. Teacher (Lower Primary)	K3.00	K15.00
ii. Teacher (Upper Primary)	K3.00	K15.00

(b) Secondary Classes

1. Untrained non-graduate Teacher	K3.50	K20.00
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ii.	Trained non-graduate Teacher	K4.50	K25.00)
iii.	Untrained graduate Teacher	K4.50	K25.00
iv.	Trained graduate Teacher	K5.00	K30.00
v.	Untrained non-graduate Teacher (Practical Skills)	K3.50	K20.00
vi.	Trained non-graduate Teacher (Practical Skills)	K4.50	K25.00
vii.	Trained graduate Teacher (Practical Skills)	K5.00	K30.00

(c) Supervisors of Evening Classes

	Per Class per term	Per Class per term
1. Primary Classes	K12.00	K120.00
ii. Secondary Classes	K24.00	K240.00

(d) Marking Correspondence Courses

	Per Script	Per Script
1. Junior Secondary Course	K0.50	K5.00
ii. Senior Secondary Course	K0.75	K6.00
iii. Commercial/ Business Course	K0.75	K6.00
iv. Professional Course	K1.00	K8.00

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(e) Writing Correspondence Courses

	Per Lesson	Per Lesson
i. Junior Secondary Course	K25.00	K50.00
ii. Senior Secondary Course	K40.00	K80.00
iii. Professional Course	K45.00	K100.00
iv. Other Courses	K30.00	K60.00

E. Teacher Training College Level

(i) Allowance for Head of Department.

The rate of allowance for Head of Department be increased from K468 to K960 per annum.

(ii) Allowance for Head of Production Unit.

The rate of allowance for Head of Production Unit be increased from K468 to K960 per annum.

(iii) Allowance for Hostel Tutor

The rate of allowance for Hostel Tutor be increased from K468 to K960 per annum.

(iv) Allowance for Sports Tutor

An allowance for Sports Tutor be introduced and paid at the rate of K960 per annum.

(v) Allowance for Boarding Master/Mistress

The rate of allowance for Boarding Master/Mistress be increased from K468 to K960 per annum

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F. Technical Colleges and Trades Training  
Institute Level

(i) Allowance for Head of Production Unit

The rate of allowance for Head of Production Unit be increased from K468 to K960 per annum.

(ii) Allowance for Sports Tutor

An allowance for Sports Tutor be introduced and paid at the rate of K960 per annum.

(iii) Allowance for Hostel Tutor

The rate of allowance for Hostel Tutor be increased from K468 to K960 per annum.

*RF*  
*MM* *John* *me* *RF* *RF*

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LOCAL SUPPLEMENTATION ALLOWANCE

A Local Supplementation allowance be introduced and paid to the following category of professional officers:-

- Medical Doctors
- Dental Surgeon
- Veterinary Surgeon
- Legal Practitioner
- Engineer (civil, electrical, water etc.)
- Quantity Surveyor
- Architect
- Accountant
- Economist

The rate of allowance payable to an officer holding a non-superscale post is K36,000 per annum.

FURNITURE/COOKER/REFRIGERATOR LOANS

The repayment period for furniture/cooker/refrigerator loans be extended from 48 to 60 months.

ON-CALL VEHICLES

Special vehicles be provided to ferry Doctors on call. Similarly, institutional vehicles be provided for shift workers.

SUBSISTENCE ALLOWANCE

The existing rates of subsistence allowance be reduced by 25%.

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UPSET ALLOWANCE

The present system of upset allowance be replaced by a settling in allowance, which should cover travelling on first appointment and transfers, as follows:

- (a) Married rate ..... 20% of annual salary
- (b) Single rate ..... 15% of annual salary

HOUSING ALLOWANCE

The own arrangement and owner occupier housing allowances be abolished and be replaced with a new form of housing allowance to be paid to Public Officers, irrespective of sex or marital status, as follows:

<u>Salary Bands</u>	<u>Housing Allowance</u> (Per Month)
(i) K48,720 - K61,955	K10,000
(ii) K35,112 - K48,719	K 7,500
(iii) K26,340 - K35,111	K 5,000
(iv) K19,764 - K26,339	K 3,000
(v) K19,763 and below	K 1,500

Officers presently in receipt of a higher housing allowance than the new allowance they would be entitled to, should continue to receive such housing allowance on a personal-to-holder basis.

MEAL (LUNCH) ALLOWANCE

Meal allowance be increased from K100 to K250.

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INITIAL AND ANNUAL UPKEEP ALLOWANCE

The rate of initial allowance for the Nursing and paramedical personnel be increased from K3,000 to K6,180.

Similarly, the rate of annual upkeep allowance be increased from K600 to K1,236 per annum for the nursing and paramedical personnel.

CYCLE ALLOWANCE

The rate of cycle allowance be increased from K50 to K100 per month.

TOOL ALLOWANCE

The rate of tool allowance be increased from K100 to K150 per month.

NON-PRIVATE PRACTICE ALLOWANCE

The rates of non-private practice allowance be increased as follows:

(a) Medical Profession

- (i) General Duty Medical Officer/  
Registrar/Veterinary Officer/  
Dental Surgeon/Pharmacist.....K36,000 per

annu  
with

(ii) Senior Resident Medical  
Officer ..... K24,000 per annum

(b) Legal Profession

Legal Practitioner  
(holding non-superscale post).. K12,000 per annum

(c). Other Professions

Eligibility for non-private practice allowance  
be extended only to professional officers who  
are required to be licensed in order to practice  
their professions. The rate of allowance for  
professional officers holding non-superscale  
posts is K12,000 per annum.

COMMUTED OVERTIME ALLOWANCE

The rates of commuted overtime allowance for the  
nursing and paramedical personnel be increased from K1,800  
to K6,000 per annum.

ON-CALL ALLOWANCE

On-call allowance be introduced in respect of Junior  
Doctors, in lieu of commuted overtime allowance this  
category of personnel is entitled to, as follows:

- (a) Week day ..... K1,000 per day
- (b) Saturday, Sunday and  
Public Holiday ..... K1,300 per day

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: 11 :  
STAND-BY ALLOWANCE

The rate of stand-by allowance be increased from K4 to K50.

FURNITURE MAINTENANCE ALLOWANCE

Furniture maintenance allowance be introduced for medical doctors at the rate of K24,000 per annum. The allowance will be payable in respect of officers occupying unfurnished accommodation.

BURIAL BENEFIT

The rate of burial grant be increased from K2,000 to K3000.

MEMBERSHIP FEES TO PROFESSIONAL INSTITUTES AND BODIES

Medical doctors and other professional officers will be assisted to obtain foreign exchange to subscribe to periodicals and membership of overseas professional associations.

SUBSCRIPTIONS TO PROFESSIONAL JOURNALS

Medical doctors and other professional officers will be assisted to obtain foreign exchange to subscribe to professional journals.

RESPONSIBILITY ALLOWANCE

An officer who performs additional functions will be paid an appropriate allowance.

DRIVING ALLOWANCE

A responsibility allowance for Side-ender Drivers be introduced and paid at the rate to be determined.

**MISCELLANEOUS**

**TABLES**

**Table A.1: GOVERNMENT EXPENDITURES ON WAGES, 1975-1990**  
(in millions of current kwacha)

Wage Category	1975	1977	1979	1981	1982	1983	1984	1990
Salaries, Divisions I and II	60.4	70.9	76.1	112.6	165.0	146.9	165.1	1749.9
Salaries, Division III	19.6	24.0	23.1	21.6	47.6	50.0	53.4	482.9
Salaries, Teaching Service	33.5	43.4	51.8	65.8	81.3	88.2	103.1	1063.6
Allowances	5.3	10.6	11.1	79.7	12.9	18.2	21.6	2913.7
Wages - Classified Daily Employees 1/	29.4	31.0	33.0	47.4	64.1	83.4	90.2	769.9
Benefits, plus Wage Adjustments 2/	4.7	4.6	8.7	25.4	14.6	--	--	--
<b>Total Wages 2/</b>	<b>152.8</b>	<b>184.5</b>	<b>203.8</b>	<b>352.4</b>	<b>370.9</b>	<b>386.7</b>	<b>433.4</b>	<b>6980.0</b>

**Notes:** 1/ 1975 estimate.  
2/ 1981 taken from World Bank Report No. 5000-2A.  
3/ Breakdown of total wages for 1982, 1983, 1984, and 1990 are staff estimates based on historic data.

**Sources:** 1. Figures for 1975 to 1981 are from Planning and Budgeting in Zambia, Volume II, Technical Annexes, Table 1 (Washington D.C.: The World Bank, 1983).  
2. Figures for 1982 to 1984 are from World Bank, Report No. 5000-2A, April 16, 1984.  
3. Additional information provided by MoF Payroll Unit.

**Table A.2: GOVERNMENT EMPLOYMENT, 1983-90**

Government Service/Scale	Established Posts		Strength	
	1983	1990	1983	1990
Executives: Open	--	161		
Civil Service: S	19,395	16,204	17,713	
ES	24,556	24,503	24,188 1/	
MS	10,088	10,764	8,175	
TS	5,266	3,719	3,698	
GPS	1,147	1,808	914	
PS	12,764	13,053	11,328 1/	
SS	2,120	2,100	1,977	
DMS	861	887	750	
<b>TOTAL</b>	<b>76,197</b>	<b>73,199</b>	<b>69,537</b>	
Non-civil service employees	50,831 2/			
Local Government: LA	4,748	5,826	N.A.	
LAP	277	353	N.A.	
LAM and LAT	1,161	1,449	N.A.	
LAS	484	647	N.A.	
<b>TOTAL</b>	<b>6,670 3/</b>	<b>8,275</b>		
National Joint Council Employees	N.A.	N.A.	N.A.	

**Notes:** 1/ These may be overestimates since it is suspected that some vacancies may have been included under strength for these scales.  
2/ Estimated from numbers of employees submitted in support of budget estimates for wages paid to CDE's. These appear in the Estimates of Revenue and Expenditure for the relevant year. Estimates were obtained separately for the categories of general expense, travelling on duty, and other expense, and broken down by ministry or department. In a very few cases, no estimate of the number of CDE's is available when a wage bill estimate is given.  
3/ The 1983 Local Government Establishment Register also reports an additional 494 established posts in the S scale and 27 in the GPS scale, making a total of 7,191 local government established posts in 1983.

**Sources:** 1. Establishment Registers, 1968, 1978 and 1983.  
2. Local Government Establishment Register, 1983.  
3. Estimates of Revenue and Expenditure, 1978 and 1983.

Table A.3:

**GOVERNMENT SALARIES: GENERAL SUPERSCALES AND ADMINISTRATIVE SCALES**  
(Kwacha)

	January 1, 1967	May 1, 1971	July 1, 1975	1979	August 1, 1980	November 1980
S3 Undersecretary, Director	6250	7600	7812	7944	10176	10176
S7 Assistant Director, Deputy Chief	5120	5800	6324	6468	7440	7440
S12 Entry point for University graduate 1/ (1896)	2184 (1896)	2340 (2052)	2976 (2604)	3132	3852	3992
S13 Entry point for diploma graduates; vocational & technical training	1728	1860	2388	2544	3264	3465
S21 Lowest-paid salaried employee	312	396	540	696	984	1470
Non-civil service employees, laborers	N.A.	342	480	636	840	1382

- Notes:** -- Salaries reported are the minimum in each category except for specified entry points.  
1/ Prior to 1979, university graduates entered at a lower point on the salary scale (shown in parentheses). The figures given are for salaries for the same entry level as in 1980.
- Sources:** 1. Wage Policy and Structure of Wages and Employment (Washington, D.C.: The World Bank, 1986), p.55.  
2. Lavu Report (Lusaka: Government of the Republic of Zambia, 1985).  
3. Circular No. 8.7/1987 (Lusaka: Government of the Republic of Zambia, Personnel Division, 1987).  
4. Circular No. 11/1989 (Lusaka: Government of the Republic of Zambia, Personnel Division, 1989).  
5. Circular No. 12/1990 (Lusaka: Government of the Republic of Zambia, Personnel Division, 1990).

Table A.4:

**GOVERNMENT SALARIES IN 1975 PRICES - SUPERSCALES AND ADMINISTRATIVE SCALES 1/  
(Kwacha)**

	January 1, 1967	May 1, 1971	July 1, 1975	1979	August 1, 1980	November 1980
S3 Undersecretary, Director	10557	10284	7812	4678	5325	3507
S7 Assistant Director, Deputy Chief	8649	7848	6324	3809	3893	2564
S12 Entry point for University graduate 2/	3592 (3118)	3145 (2758)	2976 (2604)	1725	1875	1217
S13 Entry point for diploma graduates; vocational & technical training	2842	2500	2388	1401	1589	1056
S21 Lowest-paid salaried employee	513	532	540	383	479	480
Non-civil service employees, laborers	350	409	480	350	409	421

- Notes:** -- Salaries reported are the minimum in each category except for specified entry points.  
 1/ Real salaries are expressed in 1975 Kwacha; S3 and S7 salaries are deflated by high-income urban CPI, the others by low-income urban CPI. Nominal salaries are deflated by the relevant monthly CPIs except for 1967 and 1979, in which cases the yearly CPIs are used.  
 2/ Prior to 1979, university graduates entered at a lower point on the salary scale (shown in parentheses). The figures given are for salaries for the same entry level as in 1980.
- Sources:** 1. Wage Policy and Structure of Wages and Employment (Washington, D.C.: The World Bank, 1986), p.55.  
 2. Lavu Report (Lusaka: Government of the Republic of Zambia, 1985).  
 3. Circular No. 8.7/1987 (Lusaka: Government of the Republic of Zambia, Personnel Division, 1987).  
 4. Circular No. 11/1989 (Lusaka: Government of the Republic of Zambia, Personnel Division, 1989).  
 5. Circular No. 12/1990 (Lusaka: Government of the Republic of Zambia, Personnel Division, 1990).

Table A.5:

**INDICES OF REAL GOVERNMENT SALARIES AND ADMINISTRATIVE SCALES 1/  
(1975 = 100)**

	January 1, 1967	May 1, 1971	July 1, 1975	1979	August 1, 1980	November 1980
S3 Undersecretary, Director	135	132	100	60	68	59
S7 Assistant Director, Deputy Chief	137	124	100	60	62	53
S12 Entry point for University graduate 2/	121	106	100	58	63	53
S13 Entry point for diploma graduates; vocational & technical training	119	105	100	59	67	57
S21 Lowest-paid salaried employee	95	99	100	71	89	89
Non-civil service employees, laborers	N.A.	96	100	73	85	90

Table A.6

**HOUSING BENEFITS FOR GOVERNMENT EMPLOYEES, 1975-90**

	Those who get Govt. housing			Those who get government housing benefits instead of govt. housing	
	Imputed rent minus Basic Salary	Imputed rent <sup>1/</sup>	rent payments at at 10% of basic salary	Single	Married
	p.a.	p.a.	p.a.	p.a.	p.a.
<b>1975</b>					
S3	7812	1920	1139	240	480
S7	6324	1920	1288	240	480
S12	2976	1200	962	120	240
S21	540	420	388	144	144
<b>1980</b>					
S3	10176	3600	2582	480	840
S7	7440	3600	2856	480	840
S12	3852	2400	2092	240	480
S21	984	840	840	180	360
<b>1990</b>					
S3	67644	180000	173235	n.a.	156000 <sup>2/</sup>
S7	54012	160000	154598	n.a.	120000 <sup>2/</sup>
S12	30000	144000	141000	n.a.	36000 <sup>2/</sup>
S21	20820	18000	15918	n.a.	18000 <sup>2/</sup>

**Notes:** -- It is estimated that approximately 62% of civil servants get housing: 35% get "own-arrangement" allowances and 3% own their homes. For those who own homes, allowances are given based on the value of the house and not the salary; it is realistic to assume that persons in the various categories would own homes with values as given above.

1/ Imputed rent estimates for 1980 are based on information provided by government housing authorities; 1975 imputed rents were calculated by deflating 1980 figures by high/low CPIs. (The housing component of the CPI is unreliable; had this been correct, using the housing index would yield a better estimate of 1975 rents.)

2/ Since July 1990, all those who get no government housing are given the same amount of housing allowances, whether owner occupied or own arrangement, whether married or single.

**Sources:** 1975 Government Paper No. 1: 1980 Report of the Administrative Committee of Inquiry into the Salaries, Salary Structures and conditions of service; 1980 Personnel Circular No. B9; and estimates provided by housing authorities, and Government Circular No. 12, 1990.

TABLE A.7: GOVERNMENT HOUSING BENEFITS AS A PERCENTAGE OF BASIC SALARY  
1975 - 1990  
(percent)

Salary Grade	1975			1980			1990	
	Those who get housing	Those who get own-arrangement allowance 1/	Those who get homeowners' allowance	Those who get housing	Those who get own-arrangement allowance 1/	Those who get homeowners' allowance	Those who get housing	Those who get housing benefits in cash
S3	15	6	23	25	8	35	256	231
S7	20	8	29	38	11	43	286	222
S12	32	8	40	54	13	56	470	120
S21	72	27	89	85	37	85	76	86

1/ For married officials.

2/ For 1983, own-arrangement and homeowners' allowances remain the same as in 1980; the value of imputed rent for those who get government housing was adjusted using the CPIs. The values corresponding to grades S3, S7, S12 and S21 are respectively as follows: K5,400, K5,400, K3,900 and K1,320. Corresponding imputed rents minus payments are: K4,382, K4,656, K3,581 and K1,320.

Source: "Wage Policy and Structure of Wages and Employment", World Bank 1986, p65.



TABLE A.8: TOTAL COMPENSATION FOR GOVERNMENT EMPLOYEES: REAL BASIC GROSS SALARY PLUS HOUSING BENEFITS  
IN 1975 PRICES, 1975 -1990

	1975			1980 1/			1990 1/		
	Basic Salary	Salary Plus Value of Imputed Rent 2/	Salary plus Allowance 3/	Basic Salary	Salary Plus Value of Imputed Rent 2/	Salary plus Allowance 3/	Basic Salary	Salary Plus Value of Imputed Rent 2/	Salary plus Allowance 3/
S3	7812	8951	8292	5325	6676	5765	1304	4513	4312
S7	6324	7612	6804	3893	5388	4333	1041	3918	3355
S12	2976	3938	3216	1875	2894	2109	458	2567	1008
S21	540	928	684	479	888	654	318	529	593

	Percentage Decline 1975-80			Percentage Decline 1980-90			Percentage Decline 1975-90		
	Basic Salary	Salary Plus Value of Imputed Rent 2/	Salary plus Allowance 3/	Basic Salary	Salary Plus Value of Imputed Rent 2/	Salary plus Allowance 3/	Basic Salary	Salary Plus Value of Imputed Rent 2/	Salary plus Allowance 3/
S3	31.8	25.4	30.5	75.5	32.4	25.2	83.3	49.6	48.0
S7	38.4	29.2	36.3	73.3	27.3	22.6	83.5	48.5	50.7
S12	37.0	26.5	34.4	75.6	11.3	52.2	84.6	34.8	68.6
S21	11.3	4.3	4.4	33.6	40.4	9.3	41.1	42.9	13.3

1/ S3 and S7 salaries are deflated by high-income CPI, S12 and S21 by low-income CPI. 1980 figures are deflated using the CPI for August; 1983 for November, and 1990 for January through June.

2/ Basic salary plus value of imputed rent minus payment to government for housing accommodations.

3/ Basic salary plus housing allowance for a married official.

Source: "Wage Policy and Structure of Wages and Employment", World Bank 1986, p66.  
"Government Circular No. 12" GRZ, 1990.

Table A.9:

**WAGE STRUCTURE IN THE GOVERNMENT, PARASTATAL AND PRIVATE SECTORS, 1970-1990**  
(Unskilled wage rate = 100)

Skill Level		1970	1980	1983	1990
<b>Government</b>					
S3	Undersecretary	2003	1034	692	325
S12	Entry point for university graduate	700	391	272	144
S13	Entry point for diploma graduate	554	332	236	131
S21	Lowest-paid salaried employee	100	100	100	100
<b>ZINCO (Parastatal-Nonunionized)</b>					
Z10/S1	Managing Director 1/	..	..	1277	482
Z5/S9	Entry point 1	..	..	734	228
Z1/S20	Security Guard 1/	..	..	100	100
<b>ZINCO (Parastatal-Unionized)</b>					
Supervisory					
	- Artisan Foreman	472	478	438	..
Skilled					
	- Artisan Fitter	312	333	273	..
Clerical					
	- Copy Typist	168	191	139	..
Semi-skilled					
	- Driver-Light Van	126	154	139	..
Unskilled					
	- Workman-Surface	100	100	100	..

**Note:** 1/ Salary structure is for 1984. The structure for 1983 would have been more dispersed than this because the salary for grade Z1 was K840 then, compared with K940 in 1984, other salaries being the same.

**Table A.10: TRENDS IN REAL WAGES AND SALARIES, 1970-1990**  
(1975=100)

Skill Level	1970	1975	1980	1983	1990
<b>Government Basic Starting Salary</b>					
S3	132 1/	100	68	45 2/	17 2/
S12	6 1/	100	63	41 2/	20 2/
S21	99 1/	100	89	83 2/	59 2/
<b>ZINCO Basic Starting Salary</b>					
Z10/S1	..	100	..	50 3/	16
Z5/S9	..	100	..	45 4/	11
Z1/S20	..	100	..	39 4/	17
<b>ZCCM Basic Starting Wage Rate</b>					
Skilled:					
	-Artisan fitter	124	100	72	56
Semi-skilled:					
	-Driver	128	100	85	73
Unskilled:					
	-Workman-surface	141	100	76	73
<b>Construction Workers - Basic Starting Wage Rate</b>					
Skilled:					
	-Bricklayer II	..	100	94	79
Semi-skilled:					
	-Tradesman III	..	100	82	68
Unskilled:					
	-Workman	..	100	103	90

**Notes:** 1/ 1971 figures.  
2/ Nov. 1983.  
3/ Deflated by high-income urban CPI.  
4/ Deflated by low-income urban CPI.

**Sources:** "Wage Policy and Structure of Wages and Employment", World Bank 1977, and "Government Circulars"

Table A.11:

**TRENDS IN REAL SALARIES FOR GOVERNMENT WORKERS AFTER VARIOUS ADJUSTMENTS  
(1975=100)**

	1975	1980	1983	1990
<b><u>Basic Starting Salary</u></b>				
S3	100	68	45	45
S12	100	63	41	41
S21	100	89	83	83
<b><u>Basic Starting Salary Plus Value of Imputed Rent</u></b>				
S3	100	75	56	52
S12	100	73	59	84
S21	100	96	92	60
<b><u>Basic Starting Salary Plus Housing Allowance</u></b>				
S3	100	70	46	55
S12	100	66	42	40
S21	100	96	82	87
<b><u>Net of Tax Basic Starting Salary</u></b>				
S3	100	62	47	35
S12	100	62	41	26
S21	100	87	81	70

**Sources:**

"Wage Policy and Structure of Wages and Employment", World Bank 1986.  
 "Lavu" report to Cabinet Office, 1985.  
 "Government Circular No. 12", GRZ, 1990.

Figure A.12: CURRENT SALARY SCALES: MINIMUM SALARY IN EACH SCALE

S	ES	MS	TS	GPS	PS	TES	SS	DMS
Administrative	Education	Medical	Technical	Professional	Police, etc.	Technical Education	Secretarial	District Messenger
1	ES1	MS1	TS1	GPS1	PS1	TES1		DMS1
2	ES2	MS2	TS2	GPS2	PS2	TES2		DMS2
3	ES3	MS3	TS3	GPS3	PS3	TES3		DMS3
4	ES4	MS4	TS4	GPS4	PS4	TES4		DMS4
5	ES5	MS5	TS5	GPS5	PS5	TES5		DMS5
6	ES6	MS6	TS6	GPS6	PS6	TES6		DMS6
7	ES7	MS7	TS7	GPS7	PS7	TES7		DMS7
8	ES8	MS8	TS8	GPS8	PS8	TES8		
9	ES9	MS9	TS9	GPS9	PS9	TES9		
10	ES10	MS10			PS10	TES10	SS1	
11	ES11	MS11			PS11	TES11	SS2	
12	ES12	MS12			PS12	TES12	SS3	
13	ES13	MS13			PS13		SS4	
14	ES14	MS14			PS14			
15	ES15	MS15			PS15			
16	ES16	MS16			PS16			
17	ES17							
18	ES18							
19	ES19							
20	ES20							
21								

Source: Personnel Circular No. B12 of 1990.