



**USAID** | **ZAMBIA**  
FROM THE AMERICAN PEOPLE



A young girl whose family is part of a USAID-supported micro-finance program.

# COUNTRY DEVELOPMENT COOPERATION STRATEGY (CDCS)

JULY 16, 2019 – JULY 15, 2024  
*Amended: December 2019*

## **CDCS AMENDMENT PREFACE**

In December 2019, USAID/Zambia updated the CDCS to revise intermediate results (IRs) and sub-intermediate results (sub-IRs) under Development Objective (DO) 2: Rural poverty reduced through enterprise-driven inclusive economic growth. The overarching DO was not changed. The revisions to the IRs and sub-IRs (under DO2) were made to strengthen the logical framework for DO2, clarify the logical connections within the theory of change and to allow greater flexibility in technical approaches to achieve the DO. The revisions to the IRs and sub-IRs provide USAID/Zambia with a clearer path to achieving DO2.

Specifically, the revisions to focus on an improved business enabling environment will set the stage not only for greater private sector led inclusive growth, but also provide benefits to the private sector and civil society actors, ideally spilling across all USAID/Zambia technical sectors. The shift towards strengthening rural enterprises will now be more targeted at measurable outcomes, such as income, investment and employment, and be more broadly defined to stimulate growth within, and outside of, the agricultural sector. Lastly, the revisions to the natural resources sub-IRs allow for USAID to more effectively engage with civil society and the private sector in addition to the Zambian government to improve management, address poverty as a principal driver of resource degradation, as well as explicitly state conservation as a core result in and of itself.

Whereas this update changes the results framework, it does not change the underlying narrative of the CDCS itself, which adequately describes the strategic technical approach and rationale under DO2. The revised Results Framework can be found on Page 3.

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## ACRONYMS

CDC	Centers for Disease Control and Prevention
CDCS	Country Development Cooperation Strategy
CLA	Collaborating, Learning, and Adapting
CP	Conditions Precedent
CSO	Civil society organizations
DA	Development Assistance
DO	Development Objective
DOS	Department of State
DRMU	Domestic resource mobilization and utilization
ECZ	Electoral Commission of Zambia
EGRA	Early Grade Reading Assessment
FAO	Food and Agriculture Organization
FY	Fiscal Year
GBV	Gender Based Violence
GHP	Global Health Program
GRZ	Government of the Republic of Zambia
G2G	Government to Government
HIV	Human Immunodeficiency Virus
ICS	Integrated Country Strategy
IPP	Independent power producer
IR	Intermediate Result
J2SR	Journey to Self-Reliance
M&E	Monitoring and Evaluation
MoGE	Ministry of General Education
MOH	Ministry of Health
MRR	Mission Resource Request

MWDSEP	Ministry of Water Development, Sanitation, and Environmental Protection
NRM	Natural Resources Management
NSS	National Security Strategy
PEPFAR	Presidential Emergency Plan for AIDS Relief
PFM	Public Financial Management
PHO	Provincial Health Offices
PMI	Program against Malaria Initiative
PMP	Performance Management Plans
SIDA	Swedish International Development Agency
SUN	Scaling Up Nutrition
TA	Technical Assistance
TaRL	Teaching at the Right Level
UN	United Nations
UNFPA	United Nations Population Fund
UNICEF	United Nations Child Fund
USAID	United States Agency for International Development
USG	United States Government
WASH	Water Sanitation and Hygiene
WB	World Bank
ZDHS	Zambia Demographic and Health Survey
7NDP	7th National Development Plan

# USAID/Zambia Country Development Cooperation Strategy, 2019 - 2024

## I. EXECUTIVE SUMMARY

Motivated by USAID's Transformation, and building on previous successes and lessons learned, USAID/Zambia has developed a new 2019 – 2024 Country Development Cooperation Strategy (CDCS), to take effect in July, 2019, that aims to advance Zambia's journey to self-reliance (J2SR) and make progress toward the ultimate objective of ending Zambia's need for development assistance. The CDCS goal statement is: *USAID will partner with the Zambian government, civil society and private sector to advance the country's self-reliance through more effective development choices and governance, enterprise-driven economic growth, and increased resilience among its vulnerable citizens.*

This strategy seeks to unleash private sector investment and build local capacity to advance an alternative development path which generates solutions that are sustainable and do not mortgage the country's future development potential and sovereignty. The strategy does not anticipate that Zambia will no longer need foreign assistance by the end of the CDCS implementation period. However, it establishes a vision for how to achieve self-reliance at household and national levels, and starts down this path through transformative and sustainable gains in: (1) effective, citizen-responsive governance; (2) rural poverty reduction and sustainable natural resource management; (3) utilization of quality health, water and sanitation, and social protection services; and (4) primary education quality.

Zambia's Country Roadmap indicates a country that is relatively low in Capacity, but relatively high in Commitment. It specifically highlights three priority concerns that are the focus areas of this CDCS -- *Open and Accountable Governance; Citizen Capacity; and Capacity of the Economy*. The CDCS will also focus on changing aspects of *Economic Policy* which currently contribute to weak citizen and economy capacity.

**Commitment:** While Zambia scores *relatively* high in commitment compared to the other low- and middle-income countries, its commitment does remain an area of significant concern. Widespread and growing corruption at a very senior level of government, for example, has robbed Zambia of critical resources, stifled private investment, and led the country to incur an increasingly high debt burden that impairs its future ability to achieve self-reliance. The Government of the Republic of Zambia (GRZ) has demonstrated a willingness to improve accountability through improved transparency, anti-corruption measures and decentralization. To effectively achieve the CDCS goal, however, the GRZ must demonstrate greater political will to enact and effectively implement critical policy and institutional reforms, and to prosecute corruption at all levels of government. For this reason, the CDCS highlights the need for more accountable and citizen-responsive governance as its first Development Objective (DO) and as a cross-cutting issue across all of the DOs.

**Capacity:** The CDCS recognizes that gains which USAID assistance has helped achieve to date in the areas of rural poverty reduction, health, education and natural resource management can only be maintained and advanced through improved capacities of systems, institutions, enterprises and individuals. Such capacity building therefore features as

Intermediate Results (IRs) in each of the DOs. To reduce rural poverty, for example, the CDCS will address key factors that hamper the productive capacity of rural enterprises, including: policies that distort and constrain markets; ineffective land markets and tenure security systems; limited availability of credit; lack of access to electricity; and underutilization of digital information technology. The CDCS will also increase the capacity of Zambia's health care system by strengthening public sector institutions, enhancing private sector engagement, and encouraging healthier behaviors among households and individuals. In education, capacity will be enhanced through improved literacy instruction and school performance management, and greater community and private sector engagement in primary education. Moreover, in each of these sectors, the capacity of women to empower themselves economically and socially will continue to be prioritized.

**Strategic Approach:** While this CDCS will focus on the same sectors as the 2011 – 2019 CDCS (democracy and governance, rural economic development, health, and education), there will be significant differences in strategic approach. Differences include: (1) greater emphasis on private sector engagement in all sectors; (2) a shift from direct micro-project assistance -- with its limited benefits -- to addressing the underlying policy, regulatory and institutional constraints in order to have a more large-scale and sustainable impact on poverty reduction and self-reliance; (3) more emphasis on locally led implementation, particularly in the health sector; (4) highlighting effective, accountable and citizen-responsive governance as the top priority and incorporated into each DO; and (5) clear articulation of USAID/Zambia's strategy as an alternative development path which facilitates sustainable solutions and promotes, rather than limits, Zambia's future development capacity and self-reliance.

In the health sector, the battle against HIV/AIDS will remain the highest priority of this CDCS. However, with Zambia expected to reach the important milestone of "epidemic control" in 2020, there will be a strategic shift in emphasis from a laser focus on getting as many infected people as possible on treatment to strengthening the technical and financial capacity of the country's health system to maintain and advance these gains on its own (thus furthering its own self-reliance in health), and to reduce (and eventually, end) the need for continued U. S. Government (USG) assistance over time.

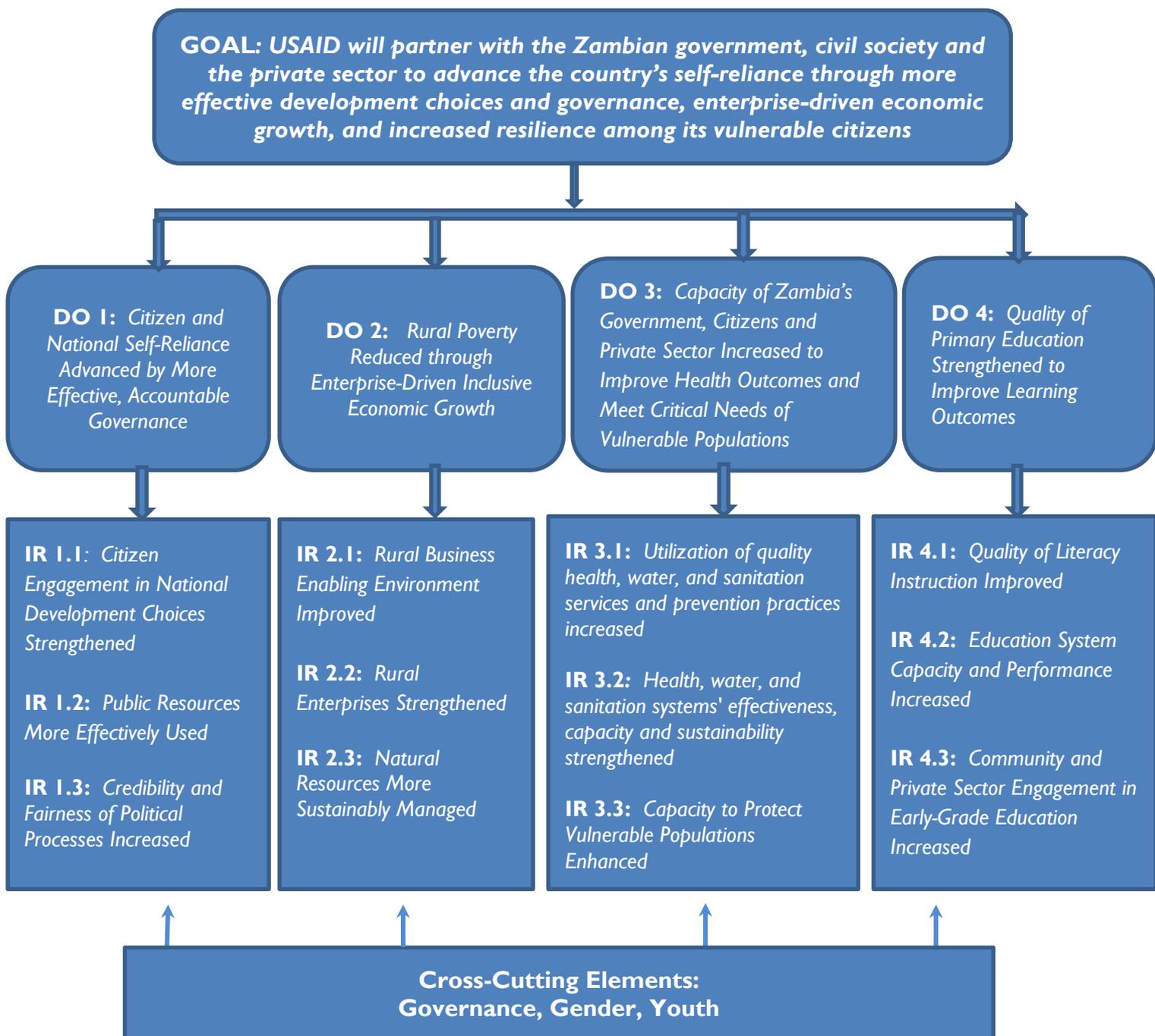
Poverty reduction efforts will continue to focus on rural areas, where poverty is most prevalent and severe. This CDCS, however, will shift focus away from conventional project assistance to smallholder farmers, which has failed to have lasting, transformative impacts on reducing poverty or the continued need for external assistance. Instead, aligned with the *Prosper Africa* initiative, it will focus on unleashing private sector investment by supporting the government to tear down policy and institutional barriers to productive investment and trade, and building the capacity and enabling environment to grow rural enterprises, particularly female-led enterprises, in order to create the employment opportunities needed to advance household-level self-reliance.

This CDCS directly supports many elements of the United States Government's 2018 *National Security Strategy* (NSS), including:

- The focus on governance and fiscal transparency issues in DOI, and as a cross-cutting objective throughout the strategy, aligns with the NSS Africa Priority Action to "encourage reform, working with promising nations to promote effective governance, improve rule of law, and develop institutions accountable and responsive to citizens."

- The CDCS’s new approach to poverty reduction supports the NSS Africa Priority Action to “work with reform-oriented governments to help establish conditions that can transform them into trading partners and improve their business environment (and) seek to move beyond assistance to partnerships that promote prosperity.”
- The NSS emphasizes the importance of gender equity to achieving peace and prosperity. The CDCS addresses this through increasing female civic engagement, political participation, land rights, credit access, access to voluntary family planning services, and personal security.

**Graph 1: The 2019 - 2024 CDCS Results Framework**



Zambia's development holds much promise, but faces much peril. Urban economic growth has boomed, but rural areas have stagnated in poverty. Most rural households are engaged in subsistence-level farming on very small plots that are not economically viable, often turning to unsustainable livelihoods that degrade natural resources, such as forests and wildlife, to supplement their incomes. Despite over a decade of high economic growth, most of Zambia's population remains below the poverty line due to high income inequality (Zambia's *Gini coefficient* is among the world's highest), and the economy remains far too dependent on copper for tax revenue and foreign currency reserves. Rural enterprise development is constrained by a lack of capacity and access to credit, and a poor enabling environment. A high national debt burden jeopardizes future growth and the GRZ's ability to make critical human capital investments.

While significant progress has been made in Zambia's political and social development in recent decades, serious concerns remain. Zambia has been a regional bastion of peace, but democratic backsliding and corruption threaten political stability and effective public service delivery. Substantial U.S. Government support has brought Zambia close to achieving HIV epidemic control, but sustaining this progress is undermined by an under-resourced, poorly managed health system. Child mortality rates have also fallen, but high malnutrition and the poor quality of primary education impede child development and future workforce productivity. And although many high-level political leaders (including the vice-president and several Cabinet ministers) are women, deeply-rooted gender inequities in social, political and economic rights and opportunities continue to hamper women's empowerment and welfare, and gender-based violence (GBV) remains pervasive.

The Zambian government has committed to addressing these issues through its 2018 – 2022 7th National Development Plan (7NDP). Its objectives are to: (1) diversify and make economic growth inclusive; (2) reduce poverty and vulnerability; (3) reduce development inequalities; (4) enhance human development; and (5) create a governance environment conducive to a diversified and inclusive economy. USAID partners closely with the GRZ to achieve 7NDP objectives, and CDCS objectives closely align with them.

Zambia's economic and financial future, however, and its ability to carry out its 7NDP, is threatened by rising levels of external debt, much of it resulting from substantial Chinese investment and financing over the past decade. Zambia's growing and unsustainable debt burden not only jeopardizes its J2SR, but also has implications for USAID programming. Official external debt rose to over \$10 billion in 2018. Of this, \$3 billion is currently owed to China, but another \$6 - 8 billion is estimated to be in the pipeline (contracted but not disbursed) through various opaque lending agreements. The IMF estimates overall public debt (external and internal) to be 71 percent of Zambia's annual GDP, up from 10 percent in 2011.

The government spends 87 percent of its budget on debt servicing and wages, leaving little left for other priorities. Fiscal deficits also continue to rise and are currently about 10 percent of GDP. This budget burden undercuts progress toward Zambia's financial self-reliance as the government is less able to make critical investments in health, education and rural development, which also jeopardizes the sustainability of USAID investments. To address this crisis, the GRZ must stimulate private sector investment, more efficiently manage its public financial resources, and avoid taking on more debt. USAID can play an important role by providing technical assistance to advance policy/institutional reforms and more transparent procurement and financial practices, and by promoting effective,

accountable governance through greater citizen engagement and democratic processes that hold political leaders accountable for the national development choices they make.

**Country Roadmap:** Zambia’s Roadmap specifically highlights three priority concerns that are the focus areas of this CDCS -- *Open and Accountable Governance*; *Citizen Capacity*; and *Capacity of the Economy*. An additional area of concern for the CDCS, however, is *Economic Policy*. While the Roadmap indicates that Zambia scores relatively well in the sub-dimensions of *Business Environment*, *Trade Freedom*, and *Biodiversity and Habitat Protection*, the country has serious deficiencies in each of these which contribute to its low sub-dimension scores for *Poverty Rate*, *GDP per Capita*, and *Export Diversification*.

*Open and Accountable Governance.* The most important prerequisite for advancing self-reliance is more accountable and citizen-responsive governance. Widespread corruption, state capture and vested interests, for example, have led to theft and misuse of domestic resources, including engaging in opaque, unsustainable external financing arrangements that rob Zambia of its future development potential. The Roadmap highlights low *Liberal Democracy* and *Open Government* scores, which must be addressed through greater citizen engagement and transparency in public policy-making and democratic processes that hold leaders accountable.

*Citizen Capacity.* The Roadmap highlights Zambia’s low rankings in the sub-dimensions of poverty, education and health. Extreme poverty -- which is concentrated mostly in rural areas and disproportionately affects women -- must be tackled by stimulating private investment to create more productive and inclusive livelihood opportunities. Zambian health system capacity must be strengthened to combat infectious diseases, reduce maternal/child mortality, promote child development, and sustain and advance gains in health outcomes that have been achieved to date. Early-grade literacy instruction must be improved through higher quality teaching methods and increased private sector engagement, as a foundation for better future learning outcomes and increased citizen capacity to participate in national development.

*Capacity of the Economy.* Zambia’s Roadmap highlights its lack of economic diversification, as well as the very limited use of information and communications technology in many rural areas. Copper accounts for 70 percent of exports, and most of the rural workforce is engaged in low-productivity subsistence-oriented farming. Rural areas have enormous unrealized economic potential -- particularly in agriculture and tourism -- that needs to be unleashed by removing the underlying policy and institutional barriers to private investment and trade; building capacity and the infrastructural enabling environment (e.g., power, internet access) for private enterprise growth; and creating incentives and capacity to sustainably manage natural resources for long-term self-reliance.

*Economic Policy.* While the Roadmap gives Zambia high relative scores on *Business Environment*, *Trade Freedom*, and *Biodiversity and Habitat Protection*, these remain serious areas of concern impeding the country’s self-reliance when looked at through different lenses. For example, the Heritage Foundation’s *Index of Economic Freedom* ranks Zambia as “Mostly Unfree”, noting its “*inefficient legal and regulatory frameworks, weak protection of property rights, and corruption, all of which continue to undercut prospects for long-term development.*” Agricultural productivity and export diversification are undermined by adverse policies that include export bans, erratic changes to taxation regimes, inefficient subsidies, and restrictions on land tenure and real property transfers.

Zambia also has one of the highest deforestation rates in the world, and poaching of elephants and other wild animals has increased in recent years, jeopardizing the country's tourism sector, which accounts for 7 percent of its GDP.

**Transition Planning:** Given the scale of its development challenges relative to its resources available (for both Zambia and its cooperating partners, such as the U.S. Government), Zambia is not expected to become fully self-reliant in planning, financing and implementing its development solutions within the timeframe of this CDCS. However, the strategy aims to make considerable progress toward achieving self-reliance at household and national levels through transformative and sustainable gains in: (1) effective, citizen-responsive governance; (2) rural poverty reduction and sustainable natural resource management; (3) utilization of quality health, water and sanitation, and social protection services; and (4) early-grade literacy.

One area where significant steps toward transition are expected to take place during this CDCS is the HIV/AIDS program, funded by the President's Emergency Plan for AIDS Relief (PEPFAR), which currently accounts for nearly 80 percent of USAID/Zambia's budget. PEPFAR has achieved extraordinary success in combating HIV/AIDS, to the point where Zambia is expected to reach epidemic control in 2020. As this major milestone is achieved, the CDCS will shift more toward strengthening the technical and financial capacity of the country's health system, including increasing private sector engagement and local partner implementation, in order to become more self-reliant in maintaining and advancing these gains.

### III. STRATEGIC APPROACH

While addressing the same key sectors as the current strategy, this CDCS will have significant differences in strategic approach. Differences include: (1) greater emphasis on private sector engagement in all sectors; (2) a shift from direct micro-project assistance -- with its limited benefits -- to addressing the underlying policy, regulatory and institutional constraints in order to have a more large-scale and sustainable impact on poverty reduction and self-reliance; (3) more emphasis on locally-led implementation, particularly in the health sector; (4) highlighting effective, accountable and citizen-responsive governance as the top priority, incorporated into each DO; and (5) clear articulation of USAID/Zambia's strategy as promoting a development path that facilitates sustainable solutions and encourages Zambia's future development capacity and self-reliance, as opposed to one leading to unsustainable debt, resource depletion, and potential loss of national sovereignty.

*Relationship with Government.* The United States and Zambian governments have an excellent relationship and a long partnership in development programming. This partnership has been strengthened at the implementation level with the co-location of USAID staff in four Ministry of Health provincial offices and embedded advisors in the Ministries of Finance, Energy and Health. The GRZ has consistently been an active and cooperative partner in USAID programming, committing staffing and providing a conducive working environment.

To date, USAID has not required GRZ co-funding support for activities, or imposed policy reform conditionalities on assistance. This is an area we plan to build on during this CDCS period, in order to strengthen the GRZ's commitment to achieving development results.

*Financing Self-Reliance.* The GRZ's shrinking budget resources, compounded by its growing debt service burden, undercut the government's ability to make the investments in health, education and rural development that are critical for advancing its self-reliance. While this partly reflects the limited tax base of this small and largely underdeveloped economy, it is also largely the result of inefficient public financial management (PFM) and inadequate domestic resource mobilization and utilization (DRMU). Importantly, it is not simply an issue of raising more revenues, but also an issue of more effectively using the limited fiscal resources currently available to the GRZ.

DRMU issues are addressed in each of the CDCS DOs as a means to increase the availability of public resources available to the GRZ for delivering critical public services and becoming self-reliant. Under DO1, for example, IR 1.2 aims to strengthen PFM systems and the transparency and integrity of GRZ procurement processes. Under DO3, health systems strengthening will include supporting the GRZ in developing and implementing a Health Care Finance Strategy to increase public revenue availability for meeting critical national health care needs.

*Private Sector Engagement.* Even with improved DRMU, Zambia's resource requirements for achieving self-reliance are far too great to be met by relying exclusively on government and donor funding – the private sector has a major role to play. Therefore, increasing private sector engagement is addressed in each of the CDCS DOs. Under DO2, for example, IR 2.1 will shift the focus away from conventional, unproductive technical assistance and subsidies to smallholder staple-crop production and toward tearing down the policy and institutional barriers presently hampering the potential for broad-based and sustained poverty reduction through greater and more diversified private sector investment. Under DO4, private sector investment and partnerships will be facilitated to augment Zambia's extremely under-resourced primary education system.

These changes in strategic approach, particularly related to rural poverty, are supported by USAID's *Private Sector Engagement Policy* which highlights that “we must change the way we do business” in order to “make catalytic use of USAID resources”, “seek market-based solutions for greater sustainability” and “mobilize private capital for scale.” It further argues that “USAID must move toward playing a more catalytic role in achieving results, rather than fully funding and managing projects.” The latter recommendation highlights how most conventional USAID rural poverty reduction and food security activities do not play a role in achieving the catalytic results needed to advance self-reliance.

USAID/Zambia has -- as part of its CDCS development process -- conducted, in collaboration with USAID's Global Development Lab, an exhaustive Private Sector Landscape Assessment (PSLA) that detailed areas and specific activities where USAID could partner with private-sector actors to leverage and sustain greater development impact from its interventions. PSLA findings will help accelerate and deepen private-sector engagement across all four DOs.

*Civil Society/Citizen Engagement.* As the CDCS makes clear, improved governance through increased engagement by citizens, particularly those previously underrepresented in decision-making, such as women and youth, is at the heart of USAID/Zambia's strategic approach. Increasing citizen demand and advocacy for transparent and accountable service delivery can effectively strengthen government commitment for making effective

development choices that promote Zambia's J2SR. This is further discussed in the DOI section below.

*Interagency and Other Partners:* At post, USAID partners with the Department of State (DOS) PEPFAR Coordination Office, the Centers for Disease Control and Prevention, the Department of Defense, and Peace Corps in implementing the PEPFAR program to combat the HIV epidemic. PEPFAR accounts for about 80 percent of USAID/Zambia's current \$300 million/year budget, with an overall U.S. Government interagency PEPFAR annual budget of over \$400 million. Coordinated by DOS, USAID and CDC implement the lion's share of the PEPFAR budget, working closely together to harmonize strategic approaches and ensure no gaps or duplication in coverage. DOS's Office of the Global AIDS Coordinator has mandated that USAID, CDC and DOD increase the share of their non-commodity budgets managed by local government or non-governmental organizations (NGO) from 25 percent to 70 percent within the next two years. This mandate is consistent with USAID's J2SR objectives of increasing local ownership and leadership, and aligns with the strategic approach of this CDCS.

USAID works closely with the Ambassador and Post's Political/Economic Section on issues such as democracy and governance, economic policy, energy sector reform and wildlife conservation, ensuring that USAID programming is in lock-step with overall U.S. Government objectives and priorities in Zambia. USAID also engages with the Public Affairs Section on a number of activities, especially those related to youth development and women's empowerment. In addition, this CDCS is fully aligned with Post's Integrated Country Strategy.

Outside of the U.S. Government, USAID/Zambia actively partners with the GRZ, the Zambian private sector, and other Cooperating Partners (bilateral and multilateral donors) in Zambia, as a means to increase and better sustain the development impact of its assistance. These partnerships increase efficiencies through economies of scale, delegated cooperation, joint programming, and effective use of other actors' predominant capabilities and subject-matter expertise in ways that are complementary to USAID's objectives and goals in Zambia. Also, by effectively partnering with Zambian local actors, local institutional capacity is built and enhanced - a fundamental element of self-reliance.

#### **IV. RESULTS FRAMEWORK**

**Goal Statement and Narrative:** USAID will partner with the Zambian government, civil society and the private sector to advance the country's self-reliance through more effective development choices and governance, enterprise-driven economic growth, and increased resilience among its vulnerable citizens.

This CDCS will address this goal by: (1) supporting more accountable, citizen-responsive governance; (2) unleashing private sector investment needed to overcome widespread rural poverty and sustainably manage natural resources; (3) strengthening the country's capacity to combat disease and meet the health and protection needs of vulnerable populations; and (4) increasing access to high-quality early-grade literacy instruction. Strategic USAID investments in these sectors will strengthen Zambia's capacity to plan, finance and

implement development solutions that are sustainable, advance its self-reliance, and do not mortgage its future development potential and sovereignty.

*Gender Focus.* The CDCS will also prioritize, as a cross-cutting theme, important gender inequities that constitute significant obstacles on Zambia's J2SR. Consistent with the Agency's Gender Equality and Female Empowerment Policy, it will serve as a means for engaging key stakeholders, including the GRZ, to address these broad-based gender inequities and inequalities.

Specific means of achieving the Gender Policy's outcomes are addressed in each of the four DO narratives. Issues affecting the welfare and empowerment of women and girls that will be addressed include: gender-based disparities in access to and ownership of economic resources (employment, capital, and productive assets such as land); social norms, particularly in rural areas, that devalue education for girls and result in disproportionate drop-out rates; cultural practices that tolerate or accept gender-based violence (GBV) and allow for child marriage; heightened vulnerability to HIV infection due to poverty and lack of economic opportunity and education; and under-representation of women in formal and informal decision-making bodies at all levels of society (household and community) and government (district up to national level).

*Youth Focus.* Youth development will also be prioritized as a cross-cutting theme. Given Zambia's demographic profile, with half the population under 30 years old, youth represent either a potential catalyst for accelerated economic and social development, or -- if they continue to be politically marginalized and overrepresented among the poor and unemployed -- a major source of social and political instability that could derail Zambia's journey to self-reliance.

### **DO 1: Citizen and National Self-Reliance Advanced by More Effective, Accountable Governance:**

*Development Hypothesis:* If citizens are increasingly engaged to make productive demands of their government, and if government is both willing and able to respond to those demands with transparent processes and improved use of public resources, and if credible democratic processes hold political leaders accountable, then Zambia will strengthen its capacity to make effective development choices and promote citizen-responsive governance, thereby advancing national self-reliance.

Evidence from around the world shows a high correlation between the quality of a nation's governance and the degree of its economic development and self-reliance. Widespread corruption has robbed Zambia of critical resources, stifled private investment, and led the country to incur an increasingly high debt burden. USAID will work with government, civil society organizations and the private sector to support the country's capacity to make informed development choices that more effectively generate and utilize domestic resources to finance its development needs, thus reducing reliance on external funding.

Improving the quality of governance is the core need for Zambia's economic and social development, and critical for maintaining and advancing progress that has been made across sectors during Zambia's previous CDCS. Zambia needs continued support to strengthen democratic norms and processes while ensuring greater transparency in the use of public

resources. With Zambia's J2SR increasingly jeopardized by rising external debt and government budget deficits, this CDCS will place increased emphasis on promoting more effective public financing choices to counter unsustainable debt dependency.

Zambia has benefited from almost 30 years of largely peaceful multi-party politics and power transitions, and is often held up as an exemplar in sub-Saharan Africa. However, this democratic foundation is under threat. Political and civil liberties in Zambia are declining, according to Freedom House's 2019 *Freedom in the World* report, and the restrictions on media and freedom of assembly in the run-up to the August 2016 general elections, and subsequent repressive steps by the elected government, spotlight the fragility of the country's democratic structures.

Lack of government transparency and citizen engagement are critical constraints to effective governance. The GRZ acknowledged this in initiating development of the Access to Information Bill in 2011; however eight years later it has yet to be approved by the National Assembly, underscoring the government's hesitation on transparency and the corruption it may reveal. Political parties have long been tools for patronage to elite members, offering only superficial engagement with average citizens. Broad swaths of society are left out of the policymaking conversation, and most Zambians, especially rural women, do not know, let alone fully exercise their legal rights and entitlements. Civil society organizations (CSOs) have the potential to reverse these democratic shortcomings; however, they generally lack strong advocacy roles and depend on donors for survival.

Amid these challenges, Zambia has made some significant strides toward more accountable, democratic governance. The GRZ has demonstrated commitment to reform, for example, through the Public Financial Management Act of 2018, which provides a regulatory framework and enforcement measures for managing public funds.

To reinforce GRZ efforts, DOI will support enhanced democratic commitment and capacity through more inclusive, transparent and accountable citizen-centered governance. This will be achieved through the three IRs which, taken together, provide a comprehensive approach by addressing: (1) the "demand side", through more inclusive citizen engagement in public-policy making; (2) the "supply side", through more accountability in the provision of public resources; and (3) accountability for ensuring supply responds to demand through democratic political processes that hold leaders accountable for their performance.

*Gender Focus.* Serious gender inequities are rooted in cultural norms that assign women and girls subordinate roles in their families and communities, which extend to the political sphere. Recognizing that women have played a less significant role in decision making with regard to democratic processes (e.g. only 18 percent of Parliamentarians are women), the DO will particularly focus on ensuring that women have a more active and meaningful role in governance. Note that women and youth are explicitly identified as part of groups to be engaged in Sub IR 1.1.2 and gender inclusion is also addressed in Sub-IRs 1.1.2 and 1.3.3.

*Country Roadmap.* Zambia's Roadmap scores low on both sub-dimensions of Open and Accountable Governance -- *Liberal Democracy* and *Open Government*.

Strengthening *Liberal Democracy* is critical for J2SR as it promotes political inclusiveness and fairness, through the dispersion of political power, effective rule of law, and the protection of individual rights. This, in turn, provides strong incentives for broad-based political and

economic engagement that are essential for self-reliance. *Open Government* is likewise critical as citizens who are well-informed about the workings of government are better empowered to hold their government accountable for using resources responsibly and effectively in a way that fosters greater self-reliance.

DOI will build on the Zambian government's commitment through supporting implementation of improved laws and policies, to increase their effective implementation, such as the Public Finance Management Act of 2018. USAID plans to continue working with the Ministries of Health and Education to achieve better service delivery and supporting citizen engagement in development choices and oversight. USAID will also seek to increase Zambia's Roadmap score on the Economic Gender Gap index by continuing to support women's socio-economic empowerment.

*Alignment with Zambian Government Priorities.* This DO aligns closely with Pillar 5 of Zambia's 7NDP, which is: "Creating a conducive governance environment for a diversified economy." The GRZ has demonstrated a willingness to improve accountability through greater transparency, anti-corruption measures and decentralization, for example, through passage in 2018 of the Public Financial Management Act.

In line with the government's decentralization objectives, USAID activities will increasingly engage with district-level government institutions, which are expected to play a greater role in service delivery. USAID will continue to coordinate DRG sector support with the Extractive Industries Transparency Initiative and the Office of the Auditor General to support public financial management accountability. USAID will also partner with relevant GRZ actors, such as the Human Rights Commission and the Electoral Commission of Zambia (ECZ) to support credible and fair elections, in coordination with other donors.

*Great Power Competition.* In Zambia, major competitors – particularly China - focus on infrastructure construction projects, such as roads and airports, with less attention to the long-term, more complex challenges of health and education service delivery, for which the US government is Zambia's leading partner. The arena of service delivery serves as an important interface for strengthening democratic governance to prioritize public transparency and citizen-driven accountability.

DOI promotes a fair and transparent enabling environment that shows both the government and Zambians themselves the benefits of the equitable and effective use of U.S. Government foreign assistance resources for improved service delivery, especially at local levels. Support for multilateral efforts such as the Extractive Industries Transparency Initiative improves public visibility into mining and its fiscal contribution to Zambia's development.

DOI activities will advance civic engagement through citizen-led structures, focusing especially on strengthening the role of women and youth through leadership development and networking, which builds social capital for Zambian self-reliance - versus dependence on an outside power. In addition, they will protect human rights and provide assistance to human rights defenders and organizations; thereby strengthening the foundation for freedom and advocacy to express the will of the Zambian people.

*Assumptions.*

- The government continues to allow USAID access to its institutions, including oversight bodies, for institutional-strengthening activities critical to its J2SR.
- The decentralization policy framework makes significant progress in implementation.
- The Zambian people and government remain committed to the peaceful management of ethnic, regional and political diversity.
- The government and related institutions will continue their commitment to ensuring credible elections that reflect the will of the people and protect human rights.

*Risk Factors.*

- Continued government treatment of public criticism by civil society and opposition political parties as threatening and illegitimate may reinforce its efforts to manipulate institutions to suppress it, thus reducing the democratic space needed to achieve self-reliance.
- Financial instability, resulting from economic stagnation and the growing national debt burden, and the increasing cost of living could undermine citizen engagement and government response for reliable service delivery.

*Evidence base.* The strategic approach for this DO and its IRs is based on the following analyses: (1) Private Sector Landscape Analysis; (2) Political Economy Analysis; (3) Youth Assessment; (4) Fragility Assessment; (5) Gender Desk Review; (6) CDCS 2011-2017 Performance Evaluation; and (7) World Bank Systematic Country Diagnostic, 2018.

*IR 1.1: Citizen Engagement in National Development Choices Strengthened.*

*How IR Contributes to the DO.* Increased citizen capacity to participate meaningfully in decision-making, including fostering women and youth leaders, and strengthening advocacy and oversight by citizen-responsive structures and civil society, creates sustained demand for equitable, inclusive national development that builds self-reliance. Through this IR, USAID will enhance the ability of citizens and civil society to hold the state accountable, as measured by increases in sustained engagement between citizens/civil society and government service delivery entities, resulting from effective use of proven social accountability actions. A key entry point for ensuring citizen engagement is support to the decentralization path to which the government has committed.

Advancing self-reliance in Zambia is closely tied to increasing the active participation of the country's largest population - women and youth. Activities under this IR will foster citizen capacity to advocate productively for their interests, including building the leadership capacity of women and youth as new, visible democracy champions. Others will support civil society coalitions and networks' ability to hold government accountable by strengthening their organizational capacity (e.g., the abilities to attract and manage funding, recruit qualified staff, and analyze and advocate for policy), thus amplifying their impact on effective governance. USAID will also leverage the fast-growing digital technology sector, which can help to empower rural populations through better access to information and financial services.

*Link to Zambian Government Policies.* Promoting citizen participation complements existing national and local policies that call for citizen input in development planning and monitoring. A new law, the Local Government Act of 2019, reinforces this by formally mandating citizen-led development coordination structures that have already been rolling out nationwide. The government has established new district and sub-district citizen-led structures as a means of moving decision-making closer to the local level. If implemented successfully, decentralization may also lead to opportunities for increasing the participation of women and youth through development coordination committees that provide platforms for citizens to engage with government officials and be involved in development decisions.

*Local Actors.* This IR will include participation by the partner government at national and local levels, traditional leaders, civil society organizations and citizen-led oversight structures. The Local Government Association of Zambia will be an important liaison with local authorities. The private sector, research institutions and universities also will support increased citizen engagement.

*Evidence Base.* The Fragility Assessment and Political Economy Analysis highlight the need to increase citizen participation – especially women and youth - to mitigate democratic backsliding; also supported by Gender and Youth assessments.

#### IR 1.2: Public Resources More Effectively Used.

*How IR Contributes to the DO.* Strengthening GRZ institutions' ability to finance their self-reliance by utilizing resources more accountably and effectively allows for better service delivery, particularly in the health and education sectors, that are essential for advancing citizen and national self-reliance. This IR will promote more effective governance by increasing government transparency, accountability, and adherence to established policies and procedures in budgeting, procurement, audits, internal controls and general financial management.

USAID will support Zambian efforts to strengthen its financial self-reliance through improved public financial management in the health and education sectors, as well as strengthen key national accountability institutions. In addition to national-level government capacity support, USAID will promote improved government response at the sub-national level, consistent with Zambia's decentralization policy. As such, USAID will make a significant, cross-sector investment in improving the accountability of governance at the local level, where governance most directly impacts citizens via the delivery of essential services.

*Link to Zambian Government Policies.* The GRZ has demonstrated commitment to PFM strengthening through the Public Financial Management Act of 2018, which provides a regulatory framework as well as enforcement measures for managing public funds that did not previously exist. USAID support through this CDCS will help the GRZ to effectively implement this new Act.

*Local Actors.* USAID will engage the private sector, oversight institutions in the host government, and other PFM actors in the country, including watch-dog entities, which are important local advocates recognized by the GRZ.

*Evidence Base.* The Fragility Assessment and Political Economy Analysis highlight the pernicious effects of corruption and politicization of resource allocation on governance; also supported by World Bank Systematic Country Diagnostic.

IR 1.3: *Credibility and Fairness of Political Processes Increased.*

*How IR Contributes to the DO.* Expanding space for free speech and association so that citizens, especially women and youth, may fairly select leaders empowers them to ensure that those who wield political power make effective development choices that advance national self-reliance. The political system in Zambia, including electoral processes, legislative and policy formulation, and citizen participation, has real potential to hold those who wield political power to account and make systems of governance more responsive to citizen needs. Elections are a well-established mechanism for ensuring citizen engagement; yet, as seen in the August 2016 general elections, weaknesses create openings for divisive political opportunism.

In the immediate term, IR 1.3 will aim to prevent further political backsliding and polarization of the political landscape, and actively work to protect inclusive political space for speech and association. In the long term, this IR will help to generate and sustain the political will of the government and the motivation of citizens to advance meaningful reform and development progress. It will also promote the independence and capacity of the Electoral Commission of Zambia (ECZ), and the emergence of new political champions, with a focus on women and youth.

*Link to Zambian Government Policies.* Constitutional reforms, legislative amendments and general elections are scheduled during the CDCS period of performance. This IR will support activities that promote political competition and consensus building aimed at improving public service delivery.

*Local Actors.* USAID will engage the private sector, the ECZ, oversight institutions such as the Human Rights Commission and the Law Association of Zambia, and election-focused civil society organizations.

*Evidence Base.* The Political Economy Analysis highlights the importance of continued USAID support to election processes, including efforts to increase women's political participation; also supported by Gender Desk Review.

## **DO 2: Rural Poverty Reduced through Enterprise-Driven, Inclusive Economic Growth**

*Development Hypothesis:* If the enabling environment is improved to reduce barriers to private sector investment in rural areas, strengthen rural enterprise capacity to invest, and establish incentives for sustainable natural resource management, this will create broad-based economic growth that transforms rural areas, pulling people out of poverty and boosting their self-reliance.

Achieving greater resilience and self-reliance for Zambia's poor rural households requires a transformation from a mostly low-productivity, subsistence-oriented agricultural economy to a high-productivity, commercially oriented economy with more productive and diversified

income-earning opportunities. Policy, institutional and infrastructural constraints to rural investment, however, have impeded economic productivity and diversification, leaving most rural households mired in poverty.

Decades of conventional government and donor assistance to promote rural development through micro-project assistance and input subsidies to small farm households have had little lasting effect on rural poverty, and in some cases have even perpetuated it. USAID/Zambia's 2017 *Feed the Future Country Performance Review*, for example, concluded: "Given the small size of farms, and the lack of irrigation, even with intensive management and optimal yields it is very difficult to generate sufficient income to lift a household out of poverty, particularly when much of that land is used to cultivate maize, which has a comparatively low market value."

DO2, therefore, will shift focus away from conventional project assistance to smallholder farmers, which has generally failed to have lasting, transformative results. Instead, aligned with *Prosper Africa* objectives, it will focus on reducing trade and investment barriers and creating incentives to unleash the private-sector resources needed to advance self-reliance and sustainably manage natural resources. The DO aims to catalyze greater private sector investment in rural areas by addressing the underlying policy and institutional constraints that impede the development of economically viable enterprises, and creating an enabling environment that incentivizes productive investment in agriculture, energy, and sustainable natural resource management, particularly those that impact Zambia's rural, low-income areas. The DO will also strengthen inclusive markets that add value to small rural agricultural enterprises and other actors along the value chain, and are accessible to the bottom-of-the-pyramid consumers.

Policy issues include: poorly functioning land markets and tenure systems; market-distorting government interventions in agricultural input and output markets; and restrictions on international trade in agricultural commodities. The CDCS will also address the lack of access to critical enablers of growth, such as electricity and credit, and lack of utilization of information and communication technology (ICT), such as mobile money and digital inclusion.

*Gender Focus.* As in the current CDCS, DO2 will continue to focus on efforts to close the gender gap with respect to income equality, labor force participation, and access to productive capital, such as land and credit. This will be realized, for example, through gender-conscious policy analyses that consider how policy issues affect men and women differently; and by strategically targeting women as beneficiaries. For enterprise driven and inclusive economic growth to effectively reduce poverty, women and other marginalized groups need to be involved and targeted.

*Country Roadmap.* Zambia's Roadmap highlights its high *Poverty Rate* – which is highest in rural areas and disproportionately affects women – and its low *Capacity of the Economy*, as reflected in its *GDP per Capita*, *Export Diversification*, and *ICT Use* scores.

Zambia's absolute-poverty rate is one of the highest in southern Africa, and is most pronounced in rural areas. Although agriculture employs close to 66 percent of the total labor force it contributes only 5 percent of GDP, an indication of its low productivity. As a result of Zambia's lack of economic diversification, copper accounts for 70 percent of exports and most of the rural workforce is engaged in low-productivity subsistence-

oriented farming. Zambia's low ICT utilization rate is a reflection of both poverty and the lack of electricity access. As described above, DO2 will address all of these by improving the enabling environment for inclusive economic growth and diversification.

With respect to energy, only 4 percent of rural households have access to electricity, and the national average is only 31 percent. This severely limits Zambia's potential for improvements to per capita GDP and poverty reduction. DO2 will, therefore, support increasing access to electricity, primarily through a more conducive policy enabling environment to catalyze private sector investment and decrease sector inefficiencies.

Although the Roadmap gives Zambia high relative scores on *Business Environment* and *Trade Freedom*, as noted above, these remain serious concerns impeding inclusive economic growth and diversification, with the Heritage Foundation ranking Zambia's economy as "Mostly Unfree". Agricultural productivity and export diversification, for example, are undermined by adverse policies that include export bans, erratic taxation regimes, inefficient subsidies, and restrictions on land tenure and markets.

Also, while Zambia's high Roadmap score for *Biodiversity and Habitat Protection* reflects Zambia's laudable commitment to biodiversity *on paper*, the reality on the ground is not as positive. A lack of commitment to fund and train staff, prosecute offenders, and sustainably manage protected areas, is leading to some of the highest deforestation rates in the world, as well as escalated poaching for bush meat and wildlife trophies. Under DO2, we will support the creation of a policy environment that facilitates public-private partnerships (PPP) and other private sector investment in conservation and sustainable natural resource use, and provide technical support to training and knowledge management. Protecting these natural resources is critical for Zambia's long-term ability to achieve self-reliance.

*Alignment with Zambian Government Priorities.* DO2 is closely aligned with the Government of Zambia's 7NDP Pillar I, "Economic Diversification and Job Creation." The pillar includes the agriculture, forestry and wildlife sectors, which are all addressed under DO2. 7NDP strategic interventions include: improving production and productivity; improving access to finance for production and exports; enhancing agriculture value chains; and promoting and facilitating investments through public-private partnerships. Further, DO2 supports the Government of Zambia's Wildlife and Forest Policy goals of creating enabling conditions for effective conservation of natural resources and devolving of user rights and benefits to communities, as well as developing and promoting research as a planning and management tool in wildlife and forest management.

*Great Power Competition.* China is demonstrating increasing interest in Zambia, particularly in the water and sanitation, energy, land and infrastructure sectors. Recent investments of note include the Kafue Bulk Water Supply Project in Lusaka and the Kafulafuta Water Supply System Project in Copperbelt Province. In the energy sector, China is promoting large scale hydro power generation (Kafue Gorge Lower Power Station) and multiple small scale renewable energy investments. Increased levels of land conversion to pave way for Chinese-driven infrastructure development has the potential to reduce the amount and quality of land set aside for wildlife, forest protection and small scale farming. This development is affecting the ability of the Zambian government to effectively engage with other development partners.

*Assumptions.*

- GRZ leaders have the political will to overcome vested interests and ideological resistance that impede policy reforms needed to catalyze private sector investment and ensure sustainable management of natural resources.
- GRZ minimizes domestic borrowing to increase access to credit for the private sector at reduced lending rates and does not default on its external debt obligations.
- Private sector will actively respond to an improved enabling environment by increasing investment in Zambia.

*Risk Factors.*

- Corruption and short-term political interests, as well as ideology, may continue to impede the adoption and effective implementation of critically important economic and institutional reforms, which can prevent establishment of the positive enabling environment needed to incentivize greater private investment and sustainable resource use in rural areas.
- Macroeconomic instability, resulting from the national debt crisis and over-reliance on copper exports, may undermine the investment environment and reduce opportunities for inclusive economic growth.
- Upcoming Zambian general elections in 2021 may disrupt policy reform progress due to changes in key stakeholders within the GRZ.
- Climate variability impacts – including irregular rainfall patterns - with increases in frequency, intensity and /or geographic extent may undermine rural agricultural livelihoods.

*Evidence Base.* This strategic approach for this DO and its IRs is based on the following analyses: (1) Private Sector Landscape Analysis; (2) Political Economy Analysis; (3) Environmental Threats and Opportunities Assessment; (4) Feed the Future Assessment; (5) Land Tenure Assessment; (6) Gender Desk Review; (7) CDCS 2011-2017 Performance Evaluation; (8) World Bank Systematic Country Diagnostic; and (9) FAO National Gender Profile of Agriculture and Rural Livelihoods Zambia.

IR 2.1: Rural Business Enabling Environment Improved.

*How IR Contributes to the DO.* Tackling severe poverty among the rural majority requires policy and regulatory reforms that generate broad-based income growth and transformational development. This IR will support the GRZ to develop and implement more market-oriented agricultural, land and energy sector policies that reduce government intervention and spur the inclusive and diversified private sector investment needed to generate more productive livelihoods. Doing so will create broad-based economic growth that transforms rural economies, pulling people out of poverty and boosting their self-reliance.

USAID's comparative advantage will be its financial and personnel resources available to provide technical expertise. Support to local policy think tanks will continue, given past success in using this approach to influence GRZ food sector reforms. Ultimately, however, success will depend on the GRZ's political commitment to enact and effectively implement

policy reforms which, though critically important for advancing self-reliance, may be difficult due to political concerns and/or vested interests.

*Link to Zambian Government Policies.* This IR starts from the premise that the GRZ has inadequate policies in place for creating a conducive enabling environment for private sector rural investment. Recurrent export bans, government interference in grain markets, inefficient market-distorting subsidies, lack of effective rural land markets, and restrictions on private independent power producers (IPP) are among many policy and regulatory barriers. High government spending on production and marketing subsidies for the country's main staple crop maize through the Farmer Input Support Program and the Food Reserve Agency have also greatly crowded out private sector investment, as the government is often the largest buyer and distributor of production inputs and harvested output.

The GRZ has taken some initial steps toward better policies. For the past two years, with USAID support, it has been developing and vetting a new Land Policy that would strengthen tenure security and facilitate land markets, although progress has stalled recently due to resistance from traditional chiefs who control the majority of land in Zambia. It has also been trying to advance a new Agricultural Marketing Bill which, though imperfect, would be a step in the right direction by increasing private stakeholder engagement and reducing uncertainties in price setting. The government, with USAID support, is also working on developing sweeping energy sector reform that could facilitate opportunities for IPPs to expand electricity access into more rural areas, which is an essential prerequisite for transforming underdeveloped rural areas into productive enterprise-driven economies.

*Local Actors.* This IR will engage with GRZ ministries, including Agriculture, Energy and Land, and intends to continue its support (and expand the scope) of local policy think tanks, which has proven to be an effective approach to advance policy reform. USAID will also closely liaise with private sector stakeholders to identify priority policy measures that address major constraints to investment.

*Evidence Base.* The Feed the Future assessment argued for the need to move away from smallholder subsistence production strategies as a poverty reduction strategy; the Land Tenure Assessment highlighted the importance of strengthening and documenting land tenure security in rural areas; the Gender Assessment highlighted importance of protecting land use and ownership rights for women.

### IR 2.2: Rural Enterprises Strengthened.

*How IR Contributes to the DO.* Unlocking the tremendous economic potential of Zambia's rural areas requires strengthening the capacity of private enterprises, including female-owned enterprises, to grow their businesses. This IR will work with the GRZ and private sector stakeholders to overcome key economic infrastructure constraints, such as lack of access to credit, electricity, mobile money and digital inclusion. Doing so, will strengthen the capacity of enterprises to expand investment and generate livelihood opportunities, including for women, which can stimulate inclusive rural economic growth and pull rural households out of poverty.

To achieve this IR, USAID will emphasize a transaction facilitation approach and anticipates tapping into technical and financial support available through Agency resources, such as *Power Africa*, the *Development Finance Corporation*, *Prosper Africa*, and the Global Development Lab.

*Link to Zambian Government Policy.* Achievement of this IR also depends on an improved policy environment as described under IR 2.1.

*Local Actors.* This IR will engage with GRZ ministries, including Agriculture and Energy, and closely liaise with local private sector stakeholders, including in the energy, agriculture, ITC and finance sectors.

*Evidence Base.* Private Sector Landscape Analysis and World Bank Systematic Country Diagnostic identify challenges to rural private sector investment that need to be overcome; Gender Assessment and FAO Gender Profile highlight specific challenges for women.

### IR 2.3: Natural Resources More Sustainably Managed.

*How IR Contributes to DO.* Sustainable management of Zambia's protected forest and wildlife assets will provide long-term economic opportunities for adjacent human populations through wildlife tourism, sustainable harvesting, and recreation. In line with the broader U.S. Government goals of reducing greenhouse gas emissions and conserving biodiversity, this IR will focus on strengthening natural resources management (NRM) by improving GRZ capacity and commitment for encouraging environmental conservation and protecting against degradation of wildlife and forest resources. This IR will also strengthen local communities' capacity for NRM, including improved benefit sharing from resource use. Expanding livelihood opportunities as alternatives to resource degrading activities will yield more sustainable NRM needed for long-term self-reliance. Identifying the key drivers and threats to biodiversity and forest loss will inform the focus of the interventions.

The IR will address the limited availability of databases on natural resources by building institutional capacity and promoting research for monitoring forest and wildlife resources as a basis for policy formulation in the two sectors. USAID will also continue to support Zambia's pioneering efforts in community-based NRM to improve protected area management, land-use planning and alternatives to charcoal, in order to minimize forest loss and increase economic opportunities for local communities.

*Link to Zambian Government Policy.* The GRZ, through various policies and strategies, has provided a framework for sustainable NRM in the country. Notable are the Environment, Forestry and Wildlife policies, as well as the National Biodiversity Strategy and Action Plan (NBSAP). The new proposed Land Policy has been under development for several years but has not reached conclusion due to the failure by Government to harmonize the submissions of different interest groups. While a number of NRM policies are in place, effective implementation of such policies and the associated legislation is hampered by inherent inconsistencies among the policies, inadequate budgetary allocation to the sectors, lack of sectoral coordination, and marginalization of key stakeholders such as communities and the private sector. The IR will support the GRZ's capacity and commitment to develop and effectively implement such NRM-related policies and legislation.

*Local Actors.* USAID will engage with the Ministry of Tourism and Arts' Department of National Parks and Wildlife, the Ministry of Lands and Natural Resources' Forestry Department, the Ministry of Water Development, Sanitation and Environmental Protection, provincial and district government authorities, and local chiefs. Further, USAID will work with local and international conservation organizations, research institutions, the private sector, and community based institutions to promote mutual goals.

*Evidence Base.* Environmental Threats and Opportunities Assessment highlights the need to create community and private sector incentives for NRM; also supported by the Political Economy Analysis.

### **DO 3: Capacity of Zambia's Government, Citizens and the Private Sector Increased to Improve Health Outcomes and Meet Critical Needs of Vulnerable Populations:**

*Development Hypothesis:* Improved capacity to sustain health and welfare outcomes is critical to enhancing Zambia's J2SR. If the utilization of high-quality health, water, and sanitation services by Zambians is increased, and if the public and private sector's capacity to plan, finance and implement solutions in these sectors, and to protect vulnerable groups, is strengthened, then Zambia will further advance health and welfare outcomes and sustain those results in the future without external assistance.

While Zambia continues to face serious health challenges (as described below), the country has achieved significant advances in the past decade in improving overall health status and in protecting vulnerable groups. 78 percent of people living with HIV (PLHIV) are on antiretroviral treatment and 69 percent are virally suppressed. Zambia's recently released 2018 Demographic and Health Survey shows the rates of infant, child and maternal mortality have all been cut to less than 40 percent of what they were in 2002. Malaria is also no longer the leading cause of death for children under five years of age. To ensure that Zambia is able to sustain and advance these gains, this DO places an emphasis on enhancing sustainability and self-reliance through locally-led program implementation, decentralized capacity strengthening, improved mobilization and utilization of domestic resources, and increased private sector investment in the health, water, and sanitation sectors.

*Gender Focus.* As discussed in more detail below, health and protection issues facing women and girls are a primary focus of DO3. This includes efforts to: address high maternal and infant mortality rates; combat GBV and child marriage; and target AIDS prevention activities toward young women, who face the highest risk of HIV infection.

*Country Roadmap.* Despite significant achievements, challenges remain in Zambia's health and social protection sectors, as highlighted in its Roadmap's low *Child Health* score. Although the overall rate of new HIV infections is less than a third of what it once was, young women aged 15 to 24 are nearly fifteen times more likely than their male counterparts to become infected with HIV, and there remains high unmet need for HIV treatment among certain populations, particularly men and children, who demonstrate poor rates of linkage to and retention on treatment. GBV and child marriage also compound the HIV burden in Zambia. One in five women has experienced sexual violence at some point in her life, and 47 percent have experienced physical violence at some point after age 15.

Zambia also faces many other serious health challenges, beyond HIV/AIDS. Rural areas in northern Zambia, for example, continue to suffer from a high malaria burden, with prevalence for children under-five at more than 20 percent in some provinces. Zambia's maternal and child mortality rates, while dramatically reduced over the past 15 years, still remain high by world standards. Basic immunization coverage for children has stagnated at about 68 percent since 2007, and chronic malnutrition rates remain high with 35 percent of children under five years being stunted. Access to safe water, sanitation and hygiene (WASH) remain very low, particularly in rural areas. An estimated 6.3 million Zambians lack regular access to safe water, 11.2 million lack access to sanitation, and 14 million do not practice appropriate basic hygiene behaviors.

Addressing these challenges is critical to ensure a healthy, productive Zambian workforce that can drive economic development. By improving health outcomes and meeting critical needs of vulnerable populations, which includes rural women, children and key populations, this DO will reduce overall costs to individuals and the health system, freeing up resources to overcome poverty and poor educational attainment, which inhibit both capacity for, and commitment to, self-reliance.

*Alignment with Zambian Government Priorities.* DO3 closely aligns with the GRZ's development and service delivery priorities. The government's 7NDP highlights that investments in health, water and sanitation are required to build a healthy population and drive socio-economic development. The 7NDP proposes five strategies to achieve improved health outcomes: (1) strengthen public health programs; (2) expand capacity to increase access to quality health care; (3) enhance food security and nutrition; (4) promote private sector participation in health care delivery; and (5) accelerate human resource outputs, recruitment and retention. DO3 also supports the Ministry of Health's (MOH) Health Financing Strategy (2017-2027) which aims to increase the mobilization of resources available for health care through measures such as national health insurance and public-private partnerships.

*Great Power Competition.* China is showing increased interest in Zambia's health and WASH sectors, particularly in infrastructure and commodities. Recent investments by the Chinese include the Kafue Bulk Water Supply Project in Lusaka, the Kafulafuta Water Supply System Project in Copperbelt Province, the expansion of Levy Mwanawasa General Hospital in Lusaka, large pharmaceutical donations, proposed support for domestic pharmaceutical manufacturing, and the establishment of several clinics in poor, high density neighborhoods around Lusaka.

#### *Assumptions.*

- GRZ will demonstrate continued strong commitment to support health, WASH, and social protection and provide leadership in adopting evidence-based policies and guidelines.
- GRZ will fulfill its commitments to increase human and financial resources for health, water, sanitation and social protection programs.
- GRZ will play a stewardship role in facilitating engagement of the private sector in health and WASH service delivery and financing.

*Risk Factors.*

- Lack of a sufficiently large and diversified tax base, coupled with macroeconomic instability and competing budget priorities -- including the need to finance substantial external debt -- could result in reduced ability of GRZ to meet commitments for human and financial resources for health, WASH and social services.

*Evidence Base.* This strategic approach for this DO and its IRs is based on the following analyses: (1) Zambia Demographic and Health Surveys; (2) Spectrum Modelling Analysis; (3) Zambia HIV Impact Assessment; (4) Malaria Indicator Survey; (5) CDCS 2011-2017 Performance Evaluation; (6) Living Conditions Monitoring Survey; (7) Private Sector Landscape Analysis; (8) Political Economy Analysis; (9) Violence against Children Survey; and (10) Gender Desk Review.

*IR 3.1: Utilization of Quality Health, Water, and Sanitation Services and Prevention Practices Increased.*

*How IR Contributes to the DO.* Increasing the utilization of health and WASH services and the adoption of healthy behaviors is critical to improving the country's health outcomes, particularly among vulnerable populations where progress has been slow. Achievements under this IR will contribute to reaching HIV epidemic control, preventing maternal and child deaths, and decreasing the burden of malaria and other diseases, resulting in a more healthy and productive workforce. Further, the prevention of illness and its timely treatment is more cost effective than caring for a population with chronic ill health.

The approach to this IR will include improving access to essential medical commodities and high-quality health, water and sanitation services through public and private sector entities, as well as promoting healthy behaviors among citizens. Access to health and WASH services will be expanded through G2G support, basket funding, direct service delivery mechanisms and private sector partnerships with a focus on client-centered services, differentiated service delivery models, and reaching individuals in their communities. Culturally appropriate behavior change interventions will educate people about how to reduce their vulnerability to poor health. These are particularly important where widespread poverty and low education levels limit access to and demand for health services. Special emphasis will be placed on healthy behaviors with multiple downstream benefits, such as nutrition and family planning behaviors.

USAID will work with community leaders, including traditional chiefs and religious leaders, as well as with schools, social organizations and community networks, to better reach citizens and foster more productive engagement with government and private sector service providers. DOI's work to increase citizen engagement and government responsiveness also will support the achievement of this IR. In addition, eHealth will be utilized to improve access to health-related products and services.

*Link to Zambian Government Policy.* The GRZ has demonstrated a strong political commitment to developing and adopting evidence-based policies and guidelines to improve access to health and health-related services. For example, in collaboration with key stakeholders in the national HIV response, the GRZ has enacted policies around HIV case identification, treatment initiation and retention, and viral load suppression that have

allowed the country to make remarkable progress towards its goal of HIV epidemic control by 2020.

*Local Actors.* USAID will continue to engage with the GRZ MOH and Ministry of Water Development, Sanitation, and Environmental Protection (MWDSEP), both of which guide policy and investment and lead service delivery in their sectors. In health and WASH, local NGOs and the private sector will play an important role as service providers. Local private sector participation in health has grown over the past several years, particularly in urban areas.

*Evidence Base.* There is an abundance of evidence on the nature, extent and impacts of major diseases and other health concerns, which includes: (1) Zambia Demographic and Health Surveys; (2) Spectrum Modelling Analysis; (3) Zambia HIV Impact Assessment; (4) Malaria Indicator Survey; (5) Living Conditions Monitoring Survey; and (6) various PEPFAR reporting documents.

### IR 3.2: Health, Water, and Sanitation Systems' Effectiveness, Capacity and Sustainability Strengthened.

*How IR Contributes to the DO.* Strengthening the capacity of Zambia's health and WASH systems to sustainably serve the population is key to enhancing the country's self-reliance. A strong health system provides services in an accessible, effective, efficient, safe, acceptable, equitable, and sustainable manner. As Zambia moves toward a more decentralized health system, it faces the challenge of providing quality services to widely-dispersed and often isolated populations with limited human and financial resources. USAID will increase focus on building the capacity of the public and private sectors to deliver quality, integrated health services at scale, while empowering the GRZ and key private and local entities to assume increasing responsibility for service delivery and utilization.

The approach to this IR includes improving health care delivery standards, strengthening the health workforce, and improving the mobilization and utilization of private and public financing for health and WASH. Adequate health service delivery, as defined by the MOH, means quality health care delivered by competent staff in a clean and caring environment. To achieve this, USAID will support public sector workforce planning, recruitment, training, and retention to ensure adequate staffing of GRZ programs, with particular attention to the decentralized level. Strengthened GRZ processes for planning, budgeting, reporting, and coordination, including improved use of data, will result in increased efficiency in the use of scarce sector resources, and new partnerships with the private sector will mobilize additional resources to address these development challenges. Critical to this IR is a successful transition of PEPFAR activities from an emphasis on achieving epidemic control to sustaining results at-scale over the long term.

*Link to Zambian Government Policy.* The GRZ demonstrates high commitment to addressing health and WASH sector capacity, and has enacted policies to that effect. For example, the National Health Insurance Act of 2018 aims to provide a framework for financing the national health system and universal access to quality health care services. However, the challenge of effectively implementing policies to reach the poorest and remote populations remains. To address this, USAID will continue to support the GRZ's policy to decentralize

responsibilities for health service delivery through G2G mechanisms, and placing a greater emphasis on strengthening capacity at provincial, district and community levels.

*Local Actors.* USAID will continue to engage with the GRZ MOH and MWDSEP in all its health and WASH activities. Training institutions, such as universities and colleges, will contribute to the health workforce sub-IR. The private sector will continue to play an important role in financing health and WASH related infrastructure and service delivery, particularly in urban areas. This IR will strengthen the capacity of GRZ to facilitate private sector engagement in health and pursue partnerships with private entities to expand health and WASH programs.

*Evidence Base.* There is an abundance of evidence highlighting priority needs for Zambia's health care system, as noted for IR 3.1; the Private Sector Landscape Analysis identifies opportunities for increasing private sector investment in the health sector; the Political Economy Analysis discusses governance challenges impacting the government's health care delivery service.

### IR 3.3: Capacity to Protect Vulnerable Populations Enhanced.

*How IR Contributes to the DO.* Improving the capacity of the Zambian government, communities, and citizens to protect the health and welfare of vulnerable populations is critical to achieving the CDCS goal. Activities under this IR will improve resilience and health outcomes among vulnerable households and strengthen Zambia's social protection platforms, thereby advancing its J2SR. USAID support will focus on increasing sustainability within the social protection sector by improving GRZ planning and budgeting processes, financial management, human resource and workforce planning, and the use of social protection and health data to inform strategic decision-making.

The GRZ's social protection systems include the Social Cash Transfer Scheme and the Public Welfare Assistance Scheme, along with other services provided to low-capacity households and children without adult caregivers. IR 3.3 will strengthen these systems from the household level to the national level, including community support structures linked to the social determinants of health, such as the availability of resources to meet daily needs, access to education and economic opportunities, social support, and social norms that underlie gender inequities in these areas. Training and technical assistance will strengthen GRZ's support to vulnerable children and adolescents (VCA) and PLHIV by improving the quality of care and support services, as well as by increasing their access to health and other social protections services. Special emphasis will be placed on expanding community and family-centered care for people living with HIV, as well as targeting interventions for children impacted by the HIV/AIDS epidemic.

For the most vulnerable among the poor -- women, girls, and children impacted by HIV/AIDS -- activities under this IR will aim to protect them from violence, abuse, and neglect, and increase social accountability and community capacity to mitigate the impact of HIV/AIDS, other infectious diseases, and malnutrition on their health and welfare.

Emphasis will also be placed on addressing gender disparities in vulnerability, on approaches where both men and women are seen as agents of change rather than just beneficiaries of assistance, and on expanding effective interventions to prevent GBV and child marriage, as

well as strengthening comprehensive services for victims of GBV. In addition, USAID will provide support for early childhood development to ensure young children's needs for optimal health and nutrition, responsive caregiving, social security, early learning and school readiness are met.

*Link to Zambian Government Policy.* The GRZ has enacted positive policies to support the achievement of this IR, including the GBV Act, Child Policy, and Social Protection Policy. USAID will improve policy implementation through technical assistance to the relevant ministries to institutionalize and operationalize policies and guidelines, advocacy efforts with civil society, and dissemination of the policies in local languages and among traditional leadership.

*Local Actors.* USAID will collaborate with the GRZ Ministry of Child Development and Social Service and other relevant ministries, local NGOs, and civil society to achieve this IR. The private sector is expected to contribute economic strengthening opportunities, in-kind donations, and financial resources.

*Evidence Base.* The Living Conditions Monitoring Survey identifies the welfare needs of vulnerable populations; the Violence against Children Survey and Gender Desk Review highlight protection needs of women and children against violence.

#### **DO 4: Quality of Primary Education Strengthened to Improve Learning Outcomes:**

*Development Hypothesis:* If children and youth have access to quality, equitable literacy instruction; and if the public education system is capable of and accountable for service delivery; and if communities and the private sector invest and participate in education services, then Zambian children and youth will acquire the critical basic literacy skills that form the foundation for future learning, economic productivity, and self-reliance.

Zambia's primary school enrollment more than doubled in the past 20 years. With USAID support, this remarkable progress transformed the country's public education system and expanded opportunities for vast numbers of first-generation learners. However, with near universal primary access achieved -- through a combination of government and community schools -- the main questions are no longer about whether children are in school, but whether they remain in school, and whether they are learning.

With USAID support, the Examinations Council of Zambia has administered Early Grade Reading Assessments (EGRA) in 2010, 2012, 2014, and 2018. These assessments have revealed improvements from the first EGRA in 2010 -- in which 91 percent of Grade 2 learners were unable to read a single word in their local language -- to 2018, when 64 percent were unable. Nevertheless, with only 10 percent of Grade 2 learners able to read fluently and comprehend grade-level text in their local language, the majority of learners still struggle to learn to read, which consequently impedes their ability to read to learn.

Only 65 percent of children complete a full course of primary education, of which male learners have a slightly higher primary completion rate relative to their female counterparts (80 percent and 78 percent, respectively), and only 20 percent of children who enter the education system manage to complete through Grade 12. Of those Grade 12 completers,

however, only 37 percent are girls, due to several factors, including gender-based norms (particularly in rural areas).

Literacy is the foundation for all future learning, and is closely correlated with increased livelihood opportunities, better productivity, lower fertility rates, and better health status. This DO will emphasize strengthening the quality of literacy instruction, increasing the capacity and performance of primary education system institutions to improve learning outcomes, and maximizing private sector investment and public-private partnerships to augment critical resource gaps in early-grade education.

*Gender Focus.* Evidence clearly demonstrates the importance of women's literacy for household health and economic outcomes. As noted above, only 37 percent of students completing Grade 12 are girls. DO4, therefore, will place particular emphasis on literacy achievement and school retention for girls, including gender-disaggregated performance tracking.

*Country Roadmap.* Zambia's low *Citizen Capacity* is partly the result of the poor quality of its primary education system, which is reflected in its very low *Education Quality* score. Zambia has some of the lowest education outcomes in Sub-Saharan Africa. On average, Zambian children can expect to complete 9.4 years of schooling prior to age 18; however, accounting for actual learning time, this equates to only 5.2 years of schooling.

Zambia's public education system remains greatly under-resourced and, as a result, nearly one-third of primary education is delivered through community schools, often staffed by untrained volunteer teachers. While 16 percent of GDP is allocated toward the education sector, more than 85 percent of the Ministry of General Education (MoGE) budget is dedicated to salaries. This challenging fiscal scenario plagues schools with a bitter paradox of having many vacant teaching positions that the government cannot afford to fill, despite a large cadre of unemployed, trained teachers. Therefore, this DO will also support Zambia's ability to self-finance and sustain gains in early-grade literacy instruction through IRs 4.2 and 4.3 (and also DOI), by strengthening system capacity and increasing financial resources available for primary school education through improved public financial management and greater private sector investment.

By increasing literacy outcomes among children, DO4 directly contributes to Zambia's *Citizen Capacity*. Through this DO, USAID will address the key drivers of low learning outcomes by increasing the quality of primary literacy instruction, strengthening the effectiveness, capacity, and sustainability of key education institutions, and leveraging community commitment and private resources toward quality primary education

*Alignment with Zambian Government Priorities.* The DO aligns clearly with the GRZ's Education Act, Education Policy, and Education and Skills Sector Plan (2019-2022), in support of United Nations Sustainable Development Goal 4 of "Quality and Relevant Lifelong Education and Skills Training for All." USAID will continue to support the GRZ's priority objective of increasing the quality of primary literacy instruction in order to improve learning outcomes.

*Great Power Competition.* China has shown increasing interest in the education sector. As Zambia's Chinese population and business environment grows, there is an increasing interest in Chinese (Mandarin) language instruction in schools. Recently, Zambia and China

signed a Memorandum of Understanding to implement Mandarin instruction in all secondary schools. This agreement with China's Confucius Institute will make Mandarin an examinable subject starting in 2020. Many Zambians also take advantage of lucrative scholarship opportunities from the Government of China to pursue higher education in China.

*Assumptions.*

- The GRZ continues its current commitment to curriculum reform and a focus on literacy instruction in local languages in the early grades of primary school.
- GRZ increases the available resources for education over time, in order to sustain and scale-up the literacy gains achieved with USAID support.
- Donors and other education partners continue to coordinate support in order to maximize investments in the education sector.

*Risk Factors.*

- Shifting GRZ policies and ineffective implementation of the current curriculum may erode past progress and hinder the ability to achieve desired outcomes.
- Continued limitations on GRZ revenues, combined with competing budget priorities -- including the need to finance substantial external debt -- may lead to a failure to augment the funding for primary education needed to sustain and advance literacy gains over time at a national scale.
- Weak coordination among the various cooperating partners in the education sector could result in duplication of efforts and diminished results.

*Evidence Base:* The strategic approach for this DO and its IRs is based on the following analyses: (1) GRZ 2018 Education Sector Analysis; (2) 2018 EGRA; (3) Teaching at the Right Level (TaRL) Process Evaluation; (4) CDCS 2011-2017 Performance Evaluation; (5) Zambia Public Expenditure Review and Public Expenditure Tracking Survey; (6) Private Sector Landscape Analysis; and (7) Political Economy Analysis.

IR 4.1: *Quality of Literacy Instruction Improved.*

*How IR Contributes to the DO.* Increasing the quality of literacy instruction in early primary school is critical to improving learning outcomes, and to achieving the economic modernization, healthy behaviors, and poverty reduction needed to achieve self-reliance.

This IR addresses the core instructional elements necessary to improve literacy instruction in Zambia's public and community primary schools. It will expand evidence-based, local language literacy methodology, strengthen teacher instructional skills, and increase the provision of relevant teaching and learning materials to improve reading performance. USAID will partner with public, community, and private education service providers to strengthen implementation of the primary literacy curriculum through targeted technical assistance at central, provincial, and school levels.

*Link to Zambian Government Policies.* The GRZ has enacted key foundational policies and reforms to support the attainment of this IR, including the Education Act, Education Policy, Education Skills and Sector Plan, and primary literacy curriculum. USAID will help to

improve policy implementation through targeted technical assistance that puts theory into practice in the classroom.

*Local Partners.* USAID will partner with key directorates of the MoGE, civil society, Zambian academia, key donors and private sector partners, including private education service providers.

*Evidence Base.* The Education Sector Analysis and EGRA results highlight the scope and scale of education sector support needs; the TaRL evaluation confirms the efficacy of this innovative literacy instruction method.

IR 4.2: Education System Capacity and Performance Increased.

*How IR Contributes to the DO.* Sustained improvement in learning outcomes requires adequate oversight and accountability from school-system managers. Across Zambia's increasingly decentralized education system, prudent use of human and financial resources is essential to ensure equitable access to quality education services. USAID will focus on the core GRZ institutions that are well-positioned to implement long-term, meaningful improvements in learning outcomes, and on private education partners, to provide effective and affordable solutions.

USAID support will empower education administrators as instructional and operational leaders, and strengthen the performance monitoring systems necessary to hold Zambia's education system accountable for sustained improvements in reading outcomes. USAID will analyze costs of implementation to inform GRZ long-term planning for public education resources, in order to sustain and scale-up the literacy gains achieved in IR 4.1 with USAID support. USAID investments under DOI to increase citizen engagement, government responsiveness, and more effective public financial management, will also support the achievement of this IR.

*Link to Zambian Government Policy.* As described above, the GRZ has enacted key foundational policies and reforms to support the attainment of this IR. In addition, the 2018 GRZ Teacher Professional Standards provide a clear opportunity to put theory into practice among administrators and educators.

*Local Actors.* USAID will continue to partner with key directorates of the MoGE, Colleges of Education, and civil society to improve the capacity and performance of the primary education system. USAID will forge alliances with current and potential private sector investors, including private education service providers, to strengthen education system capacity and performance.

*Evidence Base.* The Economic Sector Analysis and Public Expenditure Survey highlight the scarce resources and other challenges facing the education sector and the need to strengthen the education system technically and financially to achieve sustained improvements in learning outcomes.

**IR 4.3: Community and Private Sector Engagement in Early-Grade Education Increased.**

*How IR Contributes to the DO.* While schools maintain the primary responsibility for improving reading instruction, parents, communities and the private sector play a key role in holding schools accountable for quality service delivery, for reinforcing reading outside of school, and for creating a constituency for quality education as part of a national commitment to self-reliance. As the demand for quality education surpasses the ability of the GRZ to provide it, USAID will forge alliances with current and potential private sector investors to provide effective, efficient, and affordable education services.

*Link to Zambian Government Policies.* There are no direct links to GRZ policies.

*Local Actors.* USAID will seek to expand investments in education with private investors and private education service providers, building upon previous PPPs in the education sector, and facilitate strategic partnerships with private sector investors in education. USAID will also work with traditional chiefs, religious leaders, parent-teacher organizations, and other groups to foster more productive community engagement with education service providers.

*Evidence Base.* The Private Sector Landscape Analysis identifies opportunities and challenges for increasing private sector investment in Zambia's education system.

## **V. MONITORING, EVALUATION AND LEARNING**

USAID/Zambia will practice continuous program performance monitoring, evaluation, and learning (MEL) under coherent, flexible Performance Management Plans (PMPs) at the CDCS, program and activity level, in order to generate the data needed for cost-effective, evidence-based management for results. The PMPs will enable appropriate, timely measures in response to changes in exogenous variables -- such as the Zambian development context or USAID resource levels -- that may invalidate one or more of the critical assumptions underlying the CDCS, in order to maintain the programmatic focus on achieving desired results.

In addition to activity-specific performance management indicators, USAID/Zambia will track a number of other indicators to inform its broader learning agenda. The overall PMP for the CDCS, and individual project and activity PMPs across USAID's portfolio, will include a number of governance, private sector engagement, and gender- and youth- related indicators that track progress in advancing Agency global policy priorities in these areas.

A separate set of indicators will track Zambia's overall progress against a set of primary and secondary macro-level self-reliance metrics (DO- and Goal-level), recognizing that progress against them (or backsliding) cannot be attributed solely to USAID's assistance. Tracking these metrics serves primarily to ensure that the overall focus on achieving permanent progress toward Zambia's self-reliance is not lost in pursuit of narrower and shorter-term programmatic results. In addition, a discrete set of program performance indicators will be tracked that culminate at the CDCS's mid-point, to inform the Agency-mandated CDCS

mid-term stocktaking exercise and determine whether any major course corrections are needed.

USAID/Zambia will set key performance indicator targets, as well as identify relevant factors that trigger context monitoring, as required by Agency policy. In accordance with Agency evaluation policy, the CDCS will focus on Learning and Accountability in design and implementation actions.

*Collaborating, Learning and Adapting.* Over the course of the CDCS, USAID/Zambia will apply the Agency's Collaborating, Learning, and Adapting (CLA) approach as the basis for keeping the CDCS aligned with the development context and U.S. Government policy priorities. CLA practices and processes will include joint site visits and monitoring across technical offices where there are practical lessons to be learned by all parties that can be applied to improving program management and oversight. Additional approaches will be implemented, such as opening portfolio reviews to outside stakeholders, including the GRZ, formal incorporation of learning into program and activity design, and the deliberate design of PMPs to generate data that is practical to utilize in activity design, management and oversight decision-making.

**ANNEX I: USAID/Zambia 2020-2024 CDCS**  
**Crosswalk with National Security Strategy, Joint Strategic Plan, and Integrated Country Strategy**

2018 National Security Strategy Pillars	<i>I. Protect The American People, The Homeland, And The American Way Of Life</i>	<b>II. Promote American Prosperity</b>	<b>III. Preserve Peace Through Strength</b>	<b>IV. Advance American Influence</b>
2018-2022 State-USAID Joint Strategic Plan Goals	<i>1. Protect America's Security at Home and Abroad</i>	<b>2. Renew America's Competitive Advantage for Sustained Economic Growth and Job Creation</b>	<b>3. Promote American Leadership through Balanced Engagement</b>	<b>4. Ensure effectiveness and accountability to the American Taxpayers</b>
<b>2018-2020 Zambia Integrated Country Strategy Goals</b>	<i>Zambia strengthens its democracy and improves its enabling governance environment.</i> <b>Links to USAID/Zambia CDCS Development Objective 1</b>	Zambia maximizes its resources to achieve sustained, broad-based, inclusive economic prosperity by reducing poverty, encouraging the growth of underutilized sectors, and better enabling private sector growth <b>Links to USAID/Zambia CDCS Development Objective 2</b>	Zambia increases its human capital through improved health and education. <b>Links to USAID/Zambia CDCS Development Objectives 3 and 4</b>	The United States and Zambia work together to advance security and peace. <b>Links to USAID/Zambia CDCS Development Objective 1</b>
<b>USAID/Zambia 2020-2024 Country Development and Cooperation Strategy Development Objectives &amp; Intermediate Results</b>	<p><b>Goal:</b> USAID will partner with the Zambian government, civil society and private sector to advance the country's self-reliance through more effective development choices and governance, enterprise-driven economic growth, and increased resilience among its vulnerable citizens.</p> <p><b>DO 1: Citizen and National Self-Reliance Advanced by More Effective, Accountable Governance.</b></p> <ul style="list-style-type: none"> <li>• IR 1.1: Citizen Engagement in National Development Choices Strengthened</li> <li>• IR 1.2: Public Resources More Effectively Used</li> <li>• IR 1.3: Credibility and Fairness of Political Processes Increased</li> </ul> <p><b>DO 2: Rural Poverty Reduced through Enterprise-Driven, Inclusive Economic Growth</b></p> <ul style="list-style-type: none"> <li>• IR 2.1: Rural Business Enabling Environment Improved</li> <li>• IR 2.2: Rural Enterprises Strengthened</li> <li>• IR 2.3: Natural Resources More Sustainably Managed</li> </ul> <p><b>DO 3: Capacity of Zambia's Government, Citizens and Private Sector Increased to Improve Health Outcomes and Meet Critical Needs of Vulnerable Populations</b></p> <ul style="list-style-type: none"> <li>• IR 3.1: Utilization of Quality Health Services and Prevention Practices Increased</li> </ul>			

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|  | <ul style="list-style-type: none"><li>• <i>IR 3.2: Health System Effectiveness, Capacity and Sustainability Strengthened</i></li><li>• <i>IR 3.3: GRZ Capacity to Protect Vulnerable Populations Enhanced</i></li><li>• <b>DO 4: Quality of Primary Education Strengthened to Improve Learning Outcomes</b></li><li>• <i>IR 4.1: Quality of Child Literacy Instruction Improved</i></li><li>• <i>IR 4.2: Primary Education System Capacity and Performance Increased</i></li><li>• <i>IR 4.3: Private Sector Engagement in Early-Grade Education Increased</i></li></ul> |
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## **ANNEX 2: Climate Risk Management (CRM) and Climate Change Considerations**

### **USAID/Zambia Climate Risk Screening Process**

The USAID/Zambia Climate Integration Lead (CIL) and an Africa Bureau climate risk screening facilitator advised the Mission on the CRM process using USAID's Climate Risk Screening and Management Tool. The USAID/Zambia CIL facilitated discussions with each technical team to review the findings in the initial screening which was drafted in October 2016 and revised it to reflect current and future programming priorities. The results are summarized in the strategy screening matrix.

Primary sources of climate information included:

- Zambia Climate Risk Profile
- Zambia GHG Emissions Factsheet
- Vulnerability Assessment Committee Results 2018

The Mission also consulted Zambia's Intended Nationally Determined Contribution, Second National Communication to the UNFCCC, and National Climate Change Response Strategy to ensure alignment with Government of Zambia priorities. Other resources used include the Climate Change Knowledge Portal.

To develop the climate risk screening, discussions were held with each technical team and the Program Office to examine:

1. How do/will climate change risks impact the sector - target population, institutions, context, operating environment and intended results?
2. What opportunities for mitigation or adaptation to the effects of climate change exist at various levels of policy reform, management practices and approaches, information systems, research?
3. How can the mission's technical sectors respond to the opportunities with strategic choices and approaches?

The information was used to construct the CDCS climate change matrix and this narrative. In addition, and per the Wave-I Interim Guidance for Integrating Self-Reliance Concepts in USAID Country Development Cooperation Strategies, the Mission has evaluated how the findings from this climate risk screening apply to the self-reliance objectives as described in the DOs and IRs.

Climate change poses a threat to Zambia's efforts to reduce poverty and food insecurity, grow its economy, and improve health and education outcomes. The Government of Zambia, recognizing the risks posed to its development priorities, has developed a strategy to mainstream climate change concerns into the vulnerable sectors of the economy including land use, water, infrastructure, energy, and governance among others. Climate variability and extreme events are already affecting Zambia. Projected climate impacts include higher temperatures, rainfall variability and more intense rainfall events, and increased drought. As climate impacts become more pronounced, climate change will erode the progress that Zambia has made and limit gains in the future, including the government's capacity to address its development challenges.

Zambia's Country Roadmap indicates relatively low capacity, but high commitment. The climate risk screening also finds that capacity is a constraint to addressing climate change. While the climate risk screening specifically examines risks to USAID investments, addressing those risks requires building adaptive capacity in Zambia - government, civil society, and citizens. In the Mission's analysis of how the climate risks screening findings apply to the self-reliance objectives as described in the DOs and IRs, developing Zambia's capacity to adapt to climate change is a priority.

**DO 1:** Self-reliance requires governments to be able to address a wide range of risks, including economic shocks, social and political crises, and climate events. Responding to more frequent climate shocks and stresses, such as droughts and higher temperatures, can reduce the resources and capacity needed to govern effectively and act as a barrier on Zambia's journey to self-reliance. The climate risk screening identifies opportunities to build resilience, for example by building adaptive capacity through the Mission's governance programming with communities and local governments. The DRG team also recommends that future country contextual analyses, fragility assessments, and economic reviews include considerations of climate change and resilience.

**DO 2:** The climate risk screening identifies moderate to high risks for the agriculture and natural resource management sectors, which, in the future, could affect the economy and jeopardize livelihoods. For IRs 2.2. and 2.3, the screening recommends specific climate risk management options; with the shift in focus to the enabling environment, and incentivizing productive investment and sustainable natural resource use, additional analyses are recommended to identify policies and investments that are more resilient to future climate impacts.

**DO 3, DO 4:** As identified in the climate risk screening matrix, climate change may affect the long-term ability of Zambians to support the country's path to self-reliance, for example by lowering school attendance or exacerbating disease and malnutrition. The climate risks screening includes specific recommendations to minimize risk to USAID's investments in these sectors.