

**FEASIBILITY OF ZAMBIA'S INTENTION TO EXIT FROM DEPENDING ON
FOREIGN AID AS A TOOL FOR DEVELOPMENT FINANCING**

BY

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**A Dissertation Submitted in Partial Fulfilment
of the Requirements for the Degree of Master of Arts in Development Studies**

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ABSTRACT

Zambia has been classified as one of the poor developing countries in the world with a monoculture economy that depends on copper as a main source of revenue. Revenues from copper have been used to finance development since the time of independence. However, the upward and downward fluctuations in copper prices during the 1970s and 80s resulted in budget deficits. This forced the Country to resort to acquiring aid as additional resources to finance the growing development problems. In 2014 and 2015, during the presentation of 2015 and 2016 National Budgets, Government of Zambia made public pronouncements that the Country would embark upon the process to exit from depending on aid to finance development.

The study investigated the feasibility of Zambia's intention to exit from depending on foreign aid for development financing. The study was guided by three (3) specific objectives. The overall objective was to find out whether it is feasible for Zambia to exit from depending on foreign aid as a tool for financing national development. The first specific objective was to examine the effect of foreign aid acquisition on the financing of national development programmes in Zambia. The second specific objective was to analyse outcomes of the measures on Zambia's aid exit intent and the third specific objective was to establish the social, economic and political implications of Zambia's intention to exit from depending on foreign aid as a tool to finance development.

The study used exploratory research design which was able to capture largely qualitative and some quantitative data. The study sampled a total of thirteen (13) respondents of these respondents, one (1) came from Ministry of foreign affairs, one (1) from Ministry of Finance, two (02) from Ministry of National Development Planning and one (1) from Development Economic Association of Zambia, one (1) from Institute for Policy Analysis and Research, one (1) from Action Aid-Zambia, one (1) from Jesuit Centre for Theological Reflection, one (1) from UKAID - Zambia, one (1) from Civil Society for Poverty Reduction, one (1) from Water Aid, and two (02) Academicians from University of Zambia. Data for this research was collected using in-depth interview guides and analysed using Qualitative Content Analysis method. In addition, secondary data was collected through literature review.

The main finding of this study was that it is not feasible for Zambia to exit from depending on aid as a major tool for development financing. It is only feasible for Zambia to exit from aid upon meeting the three specific pre conditions namely; Expansion and strengthening of domestic financial resource mobilization mechanisms, Prudent use of mobilized financial resources and strong and sustained political will to overcome Aid ‘Dependency Syndrome.’ The study also revealed the following three specific findings. First, aid resources have been used to finance development especially the following social sectors education health, water and sanitation and social protection. Second, although Government intended to exit from aid, Zambia does not have a comprehensive aid exit strategy in place to guide its aid exit intention. Third, there are more negative than positive social, economic and political consequences if Zambia decided to exit from aid a tool to finance development.

Therefore, this study recommends that the Government of Zambia should reconsider its intention made in 2015 and 2016 National Budgets.

Key words: Foreign Aid, Aid Exit, Feasibility
DEDICATION

This piece of work is dedicated to Lillian my wife and my children: Mapalo, Kutasha, Mpatso, Rumbidzai and my niece Anesu for their support.

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ABBREVIATIONS

7NDP	Seventh National Development Plan
ACC	Anti-Corruption Commission
CRS	Catholic Relief Services
CSO	Civil Society Organisation
CSPR	Civil Society for Poverty Reduction
DAC	Development Assistance Committee
EAZ	Economic Association of Zambia
EU	European Union
FDI	Foreign Direct Investment
FNDP	Fifth National Development Plan
GRZ	Government of the Republic of Zambia
HIPC	Highly Indebted Poor Countries
ICG	International Crisis Group
IFMIS	Integrated Financial Management Information System
INDP	Interim National Development Plan
JCTR	Jesuit Society for Theological Refraction
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MMD	Movement for Multiparty Democracy
MoF	Ministry of Finance
MTEF	Medium Term Expenditure Framework
NERP	New Economic Recovery Programme
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation & Development
OPEC	Organization of Petroleum Exporting Countries

OSISA	Open Society Initiative for Southern Africa
PFMRS	Public Financial Management Reform Strategy
PRSP	Poverty Reduction Strategy Paper
QCA	Qualitative Content Analysis
SAP	Structural Adjustment Programme
SDGs	Sustainable Development Goals
SNDP	Sixth National Development Plan
TIZ	Transparence International Zambia
UK	United Kingdom
UKAID	United Kingdom Aid
UN	United Nations
UNDP	United Nations Development Programme
UNIP	United National Independence Party
USA	United States of America
USAID	United States Agency for International Development
US\$	United States Dollars
ZIPAR	Zambia Institute for Policy Analysis & Research

CHAPTER ONE

INTRODUCTION

1.1. Overview

This chapter provides the background of the study, entitled; ‘Feasibility of Zambia’s intention to Exit from Depending on Foreign Aid as a Tool for Development Financing.’ It contains the statement of the problem, operational definitions, purpose of the study, study objectives both generic and specific, research questions, significance of the study, scope of the study and operational definitions.

1.2. Background

This study has defined, ‘foreign aid’ as the international transfer of public funds in the form of loans or grants either directly from one government to another (bilateral assistance) or indirectly through international financial institutions such as the World Bank (Todaro and Smith, 2012). This entailed foreign aid has not always been a free transfer of resources but sometimes has come with specific stipulations from the donor.

The economy of Zambia began to face an economic crisis by 1973 sanctioned by the global recession which was caused by the financial crisis that emerged in the Arab Countries of the Organisation of Petroleum Exporting Countries (OPEC) (Noyoo, 2013:256). The OPEC decided to impose an oil embargo on the United States of America (USA) in retaliation of USA’S support to the 1973 Arab-Israeli War. During this period, oil prices rose sharply and in turn, increased production costs in oil importing Countries (ibid).

At the same time, the prices of primary commodities such as minerals and agricultural products declined (Bigsten and Kayizzi-Mugerwa, 2000:2). In the case of Zambia it, was during this period that the copper prices significantly declined on the international market. This reduction in prices of copper had negative consequences for the Country given that copper accounted for 90% (Noyoo, 2013:256).

By 1975, Zambia was faced with a sharp decline in Government revenues and a severe balance of payments problem (Andersson, et al, 2000:16). This reduction in revenue led to budget deficits alongside inadequate foreign exchange earnings (Antoine de Kemp and Caspar Lob Brecht, 2016: 51). Despite these difficulties, public expenditure remained relatively high. These expenditures were, financed by extensive external borrowing (ibid).

This economic crisis persisted into 1980s prompting, the Government of Zambia to approach the international community for assistance (Siamwiza, et al., 1993:5). Zambia entered into a number of financing agreements in the late 1970s. The Government of Zambia resorted to external borrowing as a means of bolstering the Country's revenue as well as a means to achieve financial stability. As a result of these economic conditions and the financial packages from the international community, IMF and World Bank imposed the Structural Adjustment Programme on Zambia (ibid).

A package to access aid in the form of loans from the IMF covered a period of three (3) years (1982-1983). Support under this package was directed towards cushioning of transport and food problems. The programmes focused primarily on the promotion of agriculture, mining and manufacturing. Zambia accessed another but more comprehensive package of assistance from the IMF which covered the period 1983-1985 (Noyoo, 2013:61). This package targeted structural policies in the form of conditionalities pertaining to diversification of exports and the replacement of the controlled system of exchange rate with the auction system, abolishing of import restrictions, and decontrol of prices, interest rates liberalisation, a wage freeze and restriction on public expenditure (Mutukwa and Saasa, 1995:74).

But the economic situation continued to deteriorate forcing the UNIP Government to abandon the IMF/World Bank supported SAP. As a result of this action, Zambia could no longer access support from both the bilateral and multilateral donors (Antoine de Kemp and Caspar Lob Brecht, 2016). In May 1987, the Government of Zambia announced a home-grown economic programme known as the New Economic Recovery Programme (NERP) with the slogan 'Growth from Our Own Resources' (Sekwet, 2000:534). The major objectives of this programme were; to reintroduce price controls on basic consumer goods, to increase use of domestic resources or products, reduce dependence on imports, increase use of local materials, limit debt service to ten percent (10%) of net export earnings, impose limits to expatriate employment and the reintroduction of fixed exchange rate (ibid).

Following this development, the Interim National Development Plan (INDP) was also launched to guide the inward-looking development approach espoused through the principle of "self-reliance" propagated under the NERP. The NERP was followed by the Fourth National Development Plan (FNDP) in 1989 (Nayoo, 2013:261). Although the Country registered a decline in budget deficits under the NERP, the economic and financial crises of Zambia persisted (ibid). By 1984, Zambia became one of the poorest countries in Africa

(UNDP, 2003). The worsening economic crisis forced the Government of Zambia to return to the IMF and World Bank for support and negotiations were reopened by December 1989 (Bigsten and Nugerwa 2000:5).

Accompanying these were further public sector reforms targeting the parastatals and the civil service. After some initial progress, this Programme collapsed by 1991 mainly as a result of the Presidential and Parliamentary elections scheduled in that year. The Government began to backtrack on the reforms as it switched to a short-term policy aimed at winning the support of important electoral groups. Consequently, most of the donors, including the World Bank, cut their financial support to the programme again shortly before the elections (ibid).

After the elections in 1991, the new Government, the Movement for Multiparty Democracy (MMD) that emerged victorious resumed the reform process of SAP. The new regime pledged to resume the reform process and this development brought back to donor community to Zambia (Rakner, 2003). The Country began to receive substantial volumes of aid (White and Dijkstra, 2003, 402). In the early 1990s, donor support rose to an unprecedented level, averaging US\$951 million annually between 1990 and 1994 (Wohlgemuth and Saasa, 2008: 3). As noted by Rakner, ‘following the democratic transition in 1991, donor assistance emerged as a key area of support within the international aid community’ (Rakner, 2012: 5). During this period, Zambia received significant aid, including commercial loans, and this resulted into a debt burden by the late 1990s and throughout the 2000s. However, donor fatigue began to set by the mid-1990s as a result of Government waning commitment to reform process (White and Dijkstra, 2003: 406).

In 2000, the Government of Zambia completed the privatization of the principal copper company, Zambia Consolidated Copper Mine (ZCCM) and Zambia was declared eligible for debt relief under the Highly Indebted Poor Countries (HIPC) Initiative (IEG, 2015). In March 2005, under the regime of President Mwanawasa, Zambia reached the HIPC completion point. And its total foreign debt was reduced from US\$7.1 billion to US\$4.5 billion. Under the Multilateral Debt Relief Initiative (MDRI), Zambia’s debt stock was further reduced from US\$4.5 billion to around US\$0.5 billion by the end of 2006 (Wohlgemuth and Saasa, 2008: 2).

From that period, foreign aid relations have evolved substantially. For instance, after debt relief in 2005 and 2006, the share of foreign aid in the national budget dropped to 30% between 2006 and 2007, followed by further reductions to 28% in 2007 and 24% in 2008 (ibid). In 2009, the downward trend continued, reducing the share of foreign assistance in the Government budget to around 20% (Chigunta and Matshalaga, 2010: 8). The decline in aid dependency in these years could largely be explained by debt relief after the Country reached the HIPC completion point, rising copper prices and strong economic performance (ibid). In addition, Zambia's GDP doubled between 2005 and 2008. Similarly, domestic financing of national annual budget increased and external financial assistance reduced. This relative stability in the Country's economic performance saw the relevance of external donor funds to the national budget decreasing accordingly (Chigunta and Matshalaga, 2010: 8). For instance, between 2010 and 2017, ODA reduced to nine hundred and twenty-eight million US Dollars (US\$ 928) presenting one point nine per cent (1.9%) of annual budget (OECD, 2017:7).

Successive regimes in Zambia have highlighted a common challenge that receiving aid creates a problem of dependence (GRZ, 2016). It is against this backdrop that Zambia saw it necessary to find ways of exiting foreign aid as a tool for development financing. In 2015, during the 2016 National Budget presentation, the Minister of Finance Hon. Alexander Chikwanda announced that 'Government will further strengthen domestic revenue mobilisation so that an increasing proportion of our budget is financed from domestic resources' (GRZ, 2014:14). Similarly, in 2016 National Budget, the Finance Minister made a pronouncement that 'the treasury will act to consolidate the fiscal position so that Government expenditure is primarily financed from domestic revenues' (GRZ, 2015:12).

According to the Government, this would help the Country to not only reduce its dependence on donors but also devise effective ways of mobilising local resources and become self-reliant (ibid). Notably, from the failed NERP in Kaunda regime to date Zambia has not exited from depending on foreign as a source of funds for development financing but key pronouncements have been made in this regard.

1.3. Statement of the Problem

Zambia has been receiving significant amount of aid for development financing in the region of nineteen point nine (19.9%) in 2006 though this started to drop in the region of three point nine percent (3.9%) in 2014 (Antoine de Kemp and Caspar Lob Brecht, 2016:18). Although

aid has shown dropping trends, it still plays a significant role in development financing in the Country (Chigunta and Matshalaga, 2010). Despite the importance and centrality of foreign aid to the Country's development prospects, Zambia made public two decisive official announcements on its intention to exit from depending on foreign aid as a major tool for financing development (GRZ, 2014:14; 2015: 12). However, it was not known whether the Country had the ability to achieve this outcome given the long history of the Country's dependence on aid as a means of development financing (Antoine de Kemp and Caspar Lob Brecht, 2016:16). Furthermore, earlier attempts to undertake a similar measure did not succeed (Sekwat, 2000). It is on this basis that this study aimed at exploring the feasibility of Zambia's prospects to exit from using foreign aid as a tool for public financing was developed.

1.4. General objective

To find out whether it is feasible for Zambia to exit from depending on foreign aid as a tool for financing national development.

1.4.1. Specific Objectives

- i. To examine the effect of foreign aid acquisition on the financing of national development programmes in Zambia.
- ii. To analyse measures and outcomes of Zambia's aid exit intent
- iii. To establish the social, economic and political implications of Zambia's intentions to exit from depending on foreign aid as a tool to finance development.

1.4.2. Overall Research Question

What is the feasibility of Zambia's intentions to exit from depending on foreign aid as a tool for development financing?

1.4.3. Research Questions

- i. What sectors have been receiving foreign aid resources?
- ii. What national development programmes have been financed using foreign aid resources?
- iii. What have been the outcomes of using foreign aid resources to finance these programmes?

- iv. What interventions and outcomes has the Government in Zambia implemented to exit from depending on foreign aid as a tool for financing national development?
- v. What are the possible social, economic and political outcomes for Zambia's intentions to exit from aid as a tool to finance development?

1.5. Purpose of the study

The purpose of the study was to demonstrate whether or not it would be possible for Zambia to finance national development without depending on aid resources.

1.6. Significance of the Study

This study was significant in the following three (3) ways. First and foremost, it will contribute to the current national policy discourse on the role of aid in financing development. Second, the study will generate critical evidence as to whether or not foreign aid still remains one of the key ways for mobilizing finances for development for Countries such as Zambia. Third, the findings of this study will be relevant to the academic body of knowledge seeking to establish whether or not it is possible for developing Countries, such as Zambia, to exit from depending on foreign aid for development financing.

1.7. Conceptual Framework of the Study

This research was guided a Conceptual Framework aid exit processes and consequences developed by Slob and Jerve (Slob and Jerve 2008:21). The frame work in figure 1 outlines a complexity set of factors embracing the country context, exit decisions and strategies, exit management and consequences, and the donor context. In this framework, the country context focuses on the following factors: Political, capacity, other partners. While the donor context focuses on the political, capacity, stakeholder influence.

Slob and Jerve Conceptual framework

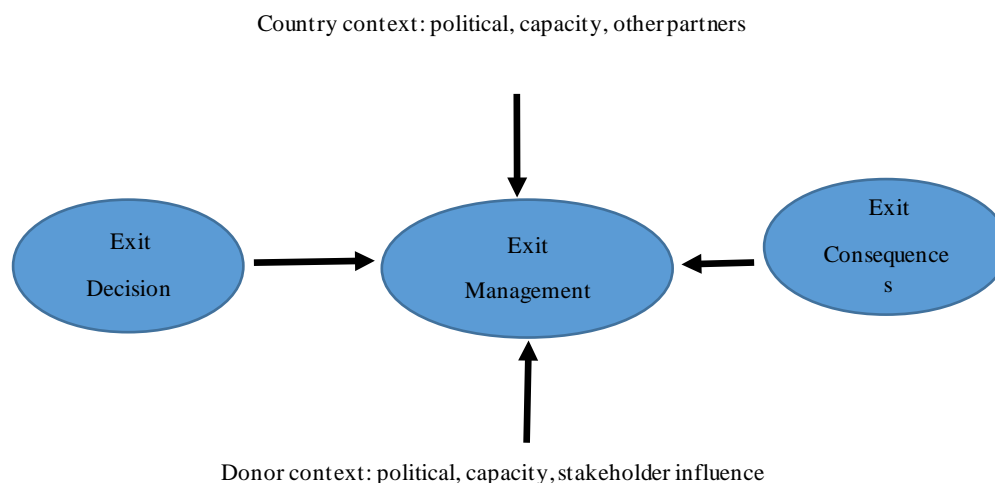


Figure 1. Source: Slob and Jerve, 2008:21.

This research adapted Slob and Jerve Conceptual framework in figure 1 in the following ways;

Country Context : In this study, country context included the effects of foreign aid acquisition on the financing of national development programmes, effectiveness of the measures undertaken by Government with regard to exiting from depending on aid to finance national development and the social, economic and political implications of Zambia's intention to exit from depending on foreign aid as a tool to finance development as listed in figure 2.

Exit Decision : In this study, exit decision refers to the policy and political pronouncement made by the Government on exiting from depending on aid as a tool for financing national development. These include New Economic Recovery Programme (NERP); Zambia Aid Policy and Strategy; Budget Address by Hon. Alexander B. Chikwanda M.P, Minister of Finance, Delivered to the National Assembly on Friday 10th October, 2014 and the 2016 Budget Address by Hon. Alexander B. Chikwanda M.P, Minister of Finance Delivered to the National Assembly on Friday, 9th October, 2015 as shown in figure 2.

Exit Management : In this study, exit management entailed institutional arrangements put in place by the Government of Zambia to facilitate the exit from foreign aid as a tool for development financing. These include the Ministry of Finance, Ministry of Foreign Affairs, and Ministry of National Development Planning. Other institution arrangements include appraisal of project processes and strengthening institutions responsible for domestic revenue mobilization as reflected in figure 2.

Exit Consequences : In this study, the variable exit consequences has been divided into negative and positive consequences as highlighted in figure 2. The negative consequences refer to budget deficits, poor social living conditions for the vulnerable, increased levels of poverty while the positive consequences refer to reduced donor influence on policy decisions, programme implementation, increased domestic resource mobilization initiatives, improved financial management and prudent use of available national financial resources. In this study, the donor context entailed state-donor relations, political and diplomatic relations and the global governance.

Adapted Slob and Jerve Conceptual framework

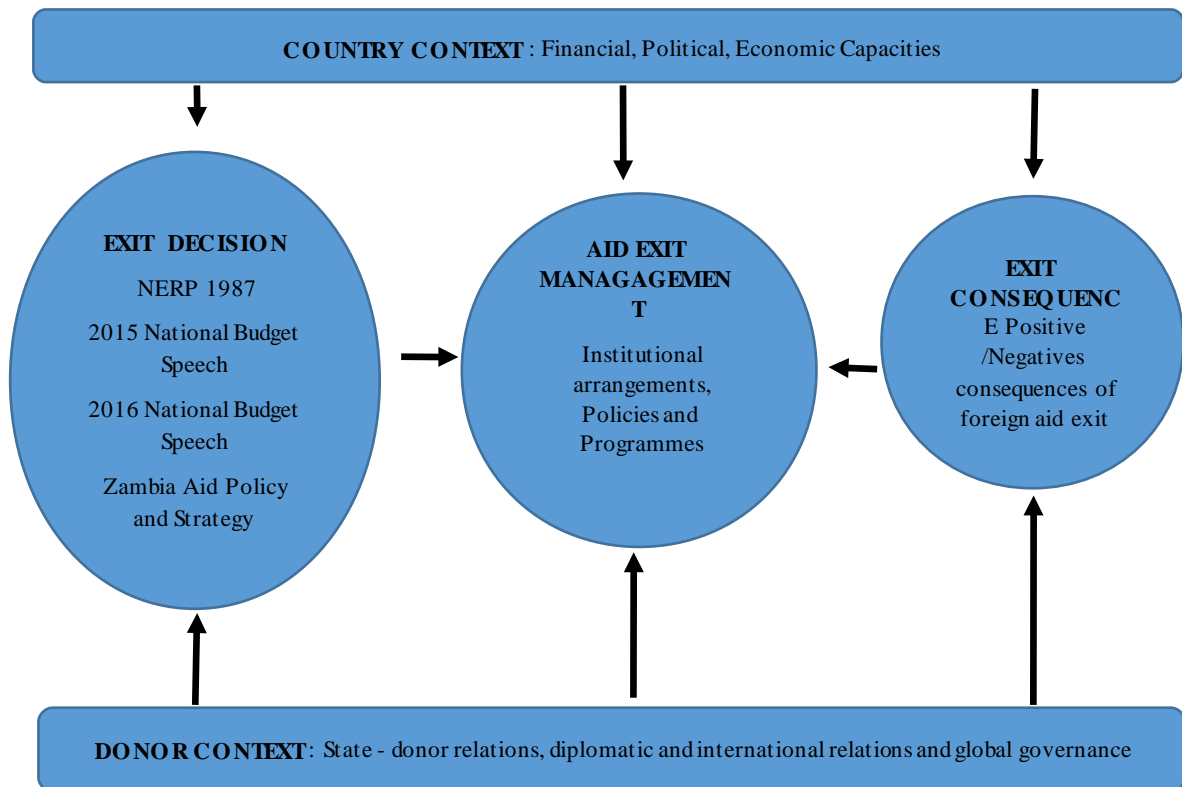


Figure 2. Source: Slob and Jerve, 2008:21 adapted by: Author, 2019.

For this study, the Conceptual Framework employed in figure 2 has modified two key variables proposed by Slob and Jerve in figure 1. These are;

Country Context: Under the Conceptual Framework proposed by Slob and Jerve in figure 1, the variable country context entailed political, capacity, other partners. For this study, country context entailed financial, political and economic capacities as show indicated in figure 2 above.

Donor context: Under the Conceptual Framework proposed by Slob and Jerve in figure 1, the variable donor context entailed capacity, stakeholder influence. In this study donor

context entailed state - donor relations, diplomatic and international relations and global governance as shown in figure 2 above.

1.8. Operational Definitions of Concepts

For this study, there were three (3) main concepts, namely Foreign Aid, Aid Exit and Feasibility. And these entailed as follows;

Foreign Aid: as an international transfer of public funds in the form of loans or grants either directly from one government to another (bilateral assistance) or indirectly via multilateral organisations such as the World Bank (Todaro and Smith, 2012).

Aid Exit: as gradual ways of phasing out foreign aid as major tool for development financing.

Feasibility: as practicability of the processes that Zambia has put in place to exit foreign aid as a tool for public financing.

1.9. Organisation of the Dissertation

Chapter one provides the background of the study. It contains the statement of the problem, operational definitions, purpose of the study, study objectives both generic and specific, research questions, significance of the study, scope of the study and operational definitions.

Chapter two presents the literature reviewed on this study. It is divided into two (2) parts. The first part focuses on the conceptual and theoretical literature. The second part focused on reviewing the empirical works that have been undertaken on this subject.

Chapter three shows the methodology that was used to undertake the research and it contains the following components: Research Type, Research Design, Target Population, Sample Size, Sampling Technique, Research Tools, Data Collection Procedure, Data Analysis Method and Procedure, Limitations of the Study and Ethical considerations.

Chapter four focusses on the main and specific findings of the study. The chapter is divided into two sections. Section one deals with the general findings of the study. The second section focuses on the specific findings of the study.

Chapter five presents the interpretation and discussion of the major and specific findings of the study.

Chapter six provides the overall and specific conclusion and recommendations of the study and possible areas for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1. Overview

This chapter presents the literature reviewed on this study. It is divided into two (2) parts. The first part focuses on the conceptual and theoretical literature. The main aim of undertaking a review of the concepts and theory on this subject was to identify and map out the key perspectives that have shaped the analytical discourse on this subject. The second part focused on reviewing the empirical works that have been undertaken on this subject. The objective of the review was to find out existing research outcomes and thereafter, highlight the gaps in these studies. The purpose, overall, was to carve out the positioning and relevance for undertaking this study.

2.2. Theoretical and Conceptual Review

One strand of arguments supports the notion that foreign aid plays a positive role in the development process of a country. For instance, the Harrod-Domar model, underline the importance of aid in filling the savings gap of developing countries and thus increase in investment. The ‘two-gap’ model was later introduced by adding the foreign exchange gap to the savings gap model (Chenery and Strout, 1966). The two gap model argues that most developing countries do not have the necessary foreign exchange reserves to import capital goods for investment. Therefore, aid comes in to fill in this gap. Furthermore, other scholars have argued that developing countries appear to be trapped in a vicious cycle of poverty caused by low levels of income and that such conditions do not favour savings needed for investments. This gap can also be filled up by foreign aid thus creating a ‘third gap model’ (Bacha, 1990). The assumption is that the named three gap model can lead to economic growth in developing countries.

While another strand of arguments postulates that contribution of foreign aid to the development of a country is minimal and even debatable (Easterly, 2006). They argue that there is a striking discrepancy between the predicted growth line supported by aid and the actual growth line in Country like Zambia. This has provided the strongest argument against a positive aid growth relationship (MacMillan, 2008). Other analysts have also argued that foreign aid creates dependency which in turn cripples the country’s ability to mobilise and generate local resources for sustainable development (Action Aid, 2011). It is further contended that foreign aid is a tool that only helps the political elite in recipient countries

become richer and erodes civil society (Addison et al., 2005). Additionally, it has been highlighted that aid is fungible and that it increases governments' consumption (Boone, 1996; Nicolas Van de Sijpe, 2012). Other arguments are that aid has led to a 'Samaritan Dilemma' which entails that aid reduce the incentives to invest, especially when the recipient country is assured that future poverty will call for more handouts (Andersson et al., 2005).

Other analysts contend that recipient countries do not need this aid. For others, aid should be made available to recipient countries only to a level where Governments are able to deliver development programmes (Prizzon et al, 2019). They argue that aid can led to growth but its effectiveness decreases as the level of aid infused into the economy decreases (MacMillan, 2008). These analysts argue that national governments are the 'natural custodians' of large-scale development programmes; given that donor commitments are time-bound and uncertain, domestic actors (governments) should assume ownership to achieve or maintain development programmes and sustainability in their own countries from the outset (Amie, 2010).

With regard to aid exit, some analysts have observed that donors in most cases do not usually have an explicit aid exit policy or transition strategy in place. Instead, the most common approach is a 'natural phasing out', which means that ongoing commitments have been met and donor supported activities are 'faded out' at the end of the transition period (Slob and Jerve, 2008). Some donors follow what is called 'own preferences.' This entails that countries might not want to continue with an aid relationship due to various reasons or indeed wish to change the approach to that of purely economic partnership (ibid). Foreign aid exit can also be dictated by aid recipient governments.' This normally occurs when donors are perceived to be interfering in domestic affairs. In these cases aid recipient countries would want to be perceived as self-reliant thus championing their own development agenda (Gilligan, 2012).

Other analysts have developed strategies suggesting how countries can withdraw from depending on foreign aid as a source of mobilizing national resources. For instance Tandon developed a strategy on foreign aid exit (Tandon, 2009).

2.2.1. Tandon Aid Exit strategy

This strategy proposes Seven (7) steps that should guide developing countries with intentions of exiting foreign aid.

First, developing countries should adjust their mind sets and delink from believing that aid dependence is the panacea to overcoming poverty in their countries. Tandon suggest that developing countries should share the common belief that people must first be liberated in their minds and begin to share a common concern that they can manage their development affairs without necessarily depending on foreign aid.

Second, the strategy encourages developing countries to build strong capacities to own the process of budgeting for their own citizens and not budgeting to create an enabling conditions for the donors only.

Third, the strategy suggests that developing countries should prioritise employment creation and decent wages as a means of sustaining economically active population. In this regard, developing countries should invest much more in the agriculture sector which has the capability of creating forward and backward linkages that will in turn expand their economies.

Fourth, the strategy encourages developing countries to end aid dependence by creating local markets and owning local resources. This can be achieved by protecting infant companies and allow them to grow first before subjecting them to foreign competition.

Fifth, the strategy puts emphasis on the creation of institutions for investing in nation development. To this author, developing countries should build physical infrastructure, develop a strong central bank, which together with Government Ministries can regulate the finance and banking sector. Furthermore, these countries should build a network of social infrastructure in both rural and urban areas and building the nation's knowledge and research capacity especially in innovative research relevant to the skill sets and resources available within their country. In addition, developing countries should strive to become independent of the perceived global knowledge producers such as the World Bank and the OECD.

Sixth, the strategy suggests that developing countries should plug the resource gap. Instead of looking for aid and foreign capital, they should block or reduce some of the transfer price mechanism, or refuse to pay illegitimate foreign debt and address the high domestic expenditure.

Seventh, the strategy advises that foreign aid should be made democratic. This means that foreign aid should not be completely ignored but be subjected to democratic processes of the

recipient countries before acquisition. In other words, all relevant stakeholders in a particular country to obtain foreign aid should be exhaustively consulted before aid is acquired.

In reviewing the foreign aid exit strategy developed by Tandon some analysts have argued that it is not a sufficient mechanism through which developing countries can exit from aid (Babeiya, 2012:1). However, Tandon's exit strategy provides practical guidelines worth of consideration for any country intending to exit from depending on foreign aid as a tool to finance development.

2.2.2. McPherson Aid Exit Strategy

McPherson also developed a strategy in 2000 (McPherson and Gray, 2000). In this strategy McPherson suggests that any government intending to exit from depending on foreign aid for development should consider the following: First, it should put in place a technical working group with representatives from the public sector, private sector, and civil society. The technical group should develop a ten (10) to fifteen (15) year growth and development programme. This programme should explicitly demonstrate how foreign aid should explicitly be reduced over this period of time. ¹

¹ This technical working group should be empowered sufficiently to engage local and foreign experts to help clarify issues that are seen as relevant to the strategy. To impose discipline on this team's work, the group should be given a specific relatively short deadline and should make a realistic assessments of the following:

- a. The flows of aid from all sources and their contribution to growth and development.
- b. The capacity of the government in particular and public sector more broadly to provide the services which are truly of a social nature that is basic health, education, law and order, food security, and infrastructure.
- c. Areas of opportunity within the private sector for the rapid growth of output, exports, and employment and the public support (if any) required to promote these activities.
- d. The main constraints like skills, finance, international competition, distorted prices and limitations of management that are likely to prevent expansion of the private sector.

Second, McPherson suggests that countries intending to exit from aid should undertake rigorous assessment of their resource asserts and the findings of this assessment should be made available to the national leaders for the purpose of making them understand the country context. Based on this assessment, according to McPherson Governments intending to delink from foreign aid should take into account the following considerations:

- a. Cutting government expenditure.
- b. Generating a 'large' public sector surplus.
- c. Stimulating local private sector investment.

Similar to Tandon, McPherson also provides practical and general and not country specific guidelines on how the country intending to exit from depending on foreign aid could implement such an intention. Emphasis is placed on how financial gaps should be fulfilled up and sustained over a period of time. Secondly, McPherson also makes an attempt to provide the ideal institutional arrangement required in managing foreign aid exit process.

2.3. Empirical Review of Literature

Several studies have been undertaken on the countries that have managed to exit from aid dependence on a permanent basis and those that have exited on temporal basis. Other studies show that some countries have delinked from foreign aid partially while others have managed to do so holistically. Five (5) case studies of countries that exited aid by either donor decision or by aid recipient country decision were reviewed under this study.

Globally, Albert de Groot, and associates conducted a case study in 2008 that focused on Managing Aid Exit and Transformation India Country Case Study (Albert de Groot, et al. 2008). In this analysis, these researchers observed that India was one of the earliest recipients of foreign aid and that the size of this foreign aid was around ten percent (10%) of the total public sector investment per annum (ibid:16). According to these analysts, as India's economy grew, the need for foreign aid acquisition gradually decreased. In this case, India exited foreign aid acquisition because the Country wanted to boost its image of self-reliance after growing the economy on one hand and on another, stop donor interference in its domestic affairs. For instance, in 2003 the Government of India felt that a number of western donors had attempted to exert political influence incommensurate with their aid budget (Albert de Groot, et al. 2008: 25). And the other reason was that India did not want to associate with donors who opposed the Country's nuclear test in 1998 (ibid: 18). The case of India has illustrated that it is possible to develop the country's economic capacity after receiving foreign aid and delink from foreign aid acquisition thereafter. Second, this case has also shown that it is possible for the aid recipient country to cut aid on account that aid exit consequences are positive on the side of aid recipient country.

In Africa, Van der Meer and associates undertook a case study in 2008 that focused on Managing Aid Exit and Transformation, Malawi Country Case Study (Ester van der Meer, et al, 2008). In the analysis, these analysts observed that Malawi encounters budget and external account deficits, thereby requiring constant and high levels of foreign aid. For example these analysts revealed that foreign aid as proportion of the Government budget was on average at thirty eight 38% from period 1994 to 2006. It was observed that this high

aid dependence posed a number of challenges in that country. For instance the IMF and World Bank have been exerting influence on the Government of Malawi especially on matters of political and economic management (ibid : 17).

In their review, another attempt by the donor community to interfere in Malawi's economic management was traced through the establishment of what was called 'acceptable procedures for economic and budget management and satisfactory measures towards a better distribution of income in Malawi.' To this case, donors proposed strengthening institutional weaknesses in Malawi's governance system as a pre-condition for aid acquisition. The Government of Malawi declined offers of technical assistance to mitigate what was called institutional weaknesses in its governance system in 2001 (Ester van der Meer, et al, 2008: 25). Although Malawi is one of the world's poorest countries, the Country declined foreign aid from the Government of Denmark on account that the donor set conditions for aid accessibility which were deemed difficult for the Country. Development co-operation with Malawi was discontinued and the Country's status as a cooperating partner with Denmark ceased. This case of Malawi illustrates that it is feasible in some cases for developing countries to cut aid relations with donors in spite of the poor financial economic and social status on account of avoiding to enter into what is deemed as unfair foreign aid conditions.

Another case of foreign aid exit relates to Botswana where Kerapeletswe and associates undertook a case study in 2008 that focused on Managing Aid Exit and Transformation, Botswana Country Case Study (Kerapeletswe et al., 2008). In this study, the researchers observed that by early 1990 Botswana had the experience of twenty five (25) years of development assistance. They also observed that the Country had adopted a centralised aid management system and had built institutions that incorporated foreign aid into a comprehensive development plan. As a result, Botswana state budget showed major surpluses year after year. This evidence made it clear that foreign aid was not necessary for Botswana (ibid). This view was shared by both the donors and Botswana that the Country could stop receiving aid as a major tool for development financing. The case in point provides an illustrative example of how foreign aid can fill the fund raising gap which in turn could result in high return investments to grow the economy. It shows that it is possible for both the recipient and the donor of aid to reach an agreement on exiting from aid.

Michael and associates also conducted a case study in 2008 which focused on Managing Aid Exit and Transformation, Eritrea Country Case Study (Michael, et al., 2008). These

analysts established that after thirty (30) years of liberation struggle in 1991, Eritrea was in very poor state of development (ibid: 15). In this analysis, the major role of the donors was to provide Eritrea technical and financial support in commodity aid, emergency assistance and reconstruction, social sector (health and education) and agriculture in the form of grants to mitigate food challenges. These research revealed that Eritrea formulated in 1994 a policy governing bilateral cooperation in the field of development (ibid: 27). This policy ensured that political and economic decisions remained in the hands of Eritrean Government and the role the donor community was to provide financial and technical support. According to these analysts, Eritrea did not support the traditional approach to donor-recipient relationship in which donors take the role of championing political and economic decisions in foreign aid recipient countries. Based on this policy, donors found it increasingly difficult to conduct an effective dialogue with the Eritrean Government on a variety of political and technical issues. These differences contributed to the scaling down or outright discontinuation of overall bilateral aid by some donors. The case of Eritrea provides evidence that donors can cut aid based on failed diplomatic relations between the donor and the aid recipient country.

In Zimbabwe, Besada and Moyo conducted a study entitled, 'Zimbabwe in Crisis: Mugabe's Policies and Failures' in 2000 (Besada and Moyo, 2000). In this study, the researchers established that relations between international donors and Government of Zimbabwe were failing due to defaulting on loans and bad economic and political performance under structural adjustment programmes. The Government of Zimbabwe decided to cut ties with the IMF and argued that the multilateral institution was interfering in Zimbabwe's domestic policies (ibid: 5). As relations with the multilateral financial agencies became tense, bilateral donors also lost confidence in the Zimbabwean governance system on the basis that Zimbabwe was not adherent to the global governance system and withdrew aid from Zimbabwe. For instance, in 1999, the Dutch Government cut development assistance from Zimbabwe citing the lack of confidence in the Zimbabwean governance system (Besada and Moyo, 2000). The case of Zimbabwe is similar to that of Eritrea where aid recipient country cut its donor relations due to donors' interference in domestic affairs and donors also discontinued foreign aid due to lack of confidence in aid recipient country with regard to global governance issues.

With regard to Zambia, Andersson and associates conducted a study on Foreign Aid, Debt and Growth in Zambia in 2000 (Andersson, et al., 2002). These analysts established that

foreign aid to Zambia was high during the 1980s when IMF and World Bank supported structural adjustment programmes (SAPs) in 1985–1987. The number of donor agencies were as high as 150 in 1988. However, the analysts observed that SAPs (liberal policies) did not solve the economic challenges that Zambia was experiencing at the time. As a result the Government of Zambia introduced the NERP in mid-1987, which supported strong Government intervention in economic activities. As a response, USA, UK, Germany, the World Bank, IMF and some other donors withdrew foreign aid support to Zambia completely on account that Zambia abandoned SAPs (ibid:38). The case of Zambia illustrates that foreign aid recipient countries can withdraw from aid donor relations on one hand and that donors are capable of withdrawing their support if the recipient country violates their conditionalities on another.

Overall, this literature has shown that existing studies reveal the following important perspectives in relation to the study on ‘Feasibility of Zambia’s intention to exit from depending on Foreign Aid as a tool for development financing.’ First, these studies have shown that foreign aid can be used to strengthen the economy of a country as shown in the case of Botswana however, it cannot be a sustainable way of financing development. Second, it is possible to develop general and practical and not country specific guidelines regarding foreign aid exit to countries with intentions of exiting foreign aid as a source of development financing. This review has also shown that Zambia tried to exit from foreign aid dependence to finance development but failed to sustain the intention. Despite the earlier failed attempt to exit from depending on foreign aid as a major tool to finance development, the Government of Zambia made pronouncements in 2015 and 2016 National Budgets regarding its intention to exit foreign aid dependence for development financing. It was for this reason that the study intended to explore the feasibility of Zambia’s intention to exit foreign aid as a tool for development financing.

CHAPTER THREE

METHODOLOGY

3.1. Overview

This chapter presents the methodology that was used to undertake the research and it contains the following components: Research Type, Research Design, Target Population, Sample Size, Sampling Technique, Research Tools, Data Collection Procedure, Data Analysis Method and Procedure, Limitations of the Study and Ethical considerations.

3.2. Research type

This was a qualitative study because the subject of the research required to source information that was based on the respondents' perceptions and opinions on the subject matter based on their experience, levels of knowledge and positions of work (Creswell, 2007).

3.3. Research Design

The data for this research was collected using an exploratory research design. This design was the most appropriate for three reasons. First, not so many studies have been undertaken so far on this subject matter. This means that the subject is a new field of study. Thus, the research design provided the researcher with an opportunity to explore the subject matter. Second, the study aimed at obtaining a better and deeper understanding on the subject matter. In this regard, the exploratory research design enabled the researcher to probe and source for diverse perceptions, opinions and views from the various targeted respondents on the subject matter (Creswell, 2007; Creswell, 2009). Third, this research design also allowed for flexibility in the sense that participants were allowed to raise issues which the researcher did not consider but proved to be necessary during collection of data (Reiter, 2017).

3.4. Target Population

The study drew participants from relevant Government Ministries, Quasi - Government institution, academia and Civil Society Organisations, and as well as the Donor Community. Purposive sampling method was used to identify these sources of information. The target population was purposively selected based on the nature of their employment, positions, expertise on the subject of foreign aid and exit strategies.

3.5. Sample Size

The sample size was made up of thirteen (13) participants and distributed as follows: one(1) from Ministry of foreign affairs, one(1) from Ministry of finance - Economic Management Department, one (1) from Ministry of National Planning - Development co operations desk and one(1) from evaluation section, one (1) policy analyst from Economic Association of Zambia (EAZ), one (1) policy analyst from Zambia Institute for Policy Analysis and Research (ZIPAR) one (1) programmes manager from Action Aid-Zambia, one (1) policy analyst from Jesuit Centre for Theological Reflection (JCTR), one (1) policy governance advisor from UKAID to represent United Kingdom (UK) as one of largest donor to Zambia, one (1) programmes manager from Civil Society for Poverty Reduction (CSPR), one (1) programmes officer from Water Aid and (2) two Academicians, one from Development Studies department and another one from the Economics department at the University of Zambia. This sample size was adequate to provide sufficient primary data required for the research.

3.6. Scope of the Study

The scope of this study was limited to Lusaka and targeted offices for Government Ministries, and an agency (Ministry of Finance, Ministry of National Development Planning, Ministry of Foreign Affairs and Zambia Institute for Policy Analysis and Research), Civil Society Organisations (Jesuit Centre for Theological Reflection, Action Aid - Zambia, Civil Society for Poverty Reduction), Water Aid- Zambia, Economic Association of Zambia, the donor community (UKAID) to represent United Kingdom as one of the top donors to Zambia and Academicians from the University of Zambia that is Development Studies and Economics Departments.

3.7. Sampling Technique

The study used the purposive sampling primarily because of the nature of the topic required respondents who possessed reliable expertise, experience and knowledge on the subject of foreign aid matters. In addition, the snowball sampling technique was employed when necessary. In this case the snow ball sampling technique was used in two situations. One involved a referral situation where the targeted respondent advised the researcher to interview an additional participant from another institution who was not considered at the time of drawing up the list of participants but was identified as an important source of

information for the study. In the other situation, the researcher was required to interview more than the originally one targeted respondent within the same institution.

3.8. Research Tools

The study used three separate In-depth- Interview Guides (IGs) for the selected respondents to collect information. One interview guide targeted respondents from Government Ministries and a Quasi-Governmental Institution. Another interview guide targeted representatives from Civil Society Organisations, while the third interview guide targeted an association and academicians. The justification for administering three separate in-depth interview guides was based on the reason that the targeted respondents had different professions, backgrounds and possessed different forms and levels of knowledge and expertise regarding the subject. The common areas of inquiry in the interview guide included; the effect of foreign aid acquisition on the financing of national development programmes, the effectiveness of the measures undertaken by Government with regard to exiting from depending on aid to finance national development and the social, economic and political implications of Zambia's intention to exit from depending on foreign aid as a tool to finance development (For details see annex 1).

3.9. Data Collection Procedure

Secondary data was collected in form of reviewing existing literature on the subject matter. For this type of data the researcher reviewed books, articles, research reports and policy documents. The main aim of reviewing these materials was to obtain a better understanding of the already existing literature and analysis that has been undertaken on the subject matter. Primary data for this research was collected through the administration of three separate in depth interviews and the following steps guided this process;

- 1) Development of the in-depth interview guide.
- 2) Identification of potential respondents, development of respondents' list and contacts.
- 3) Contacting the identified targeted respondents and securing appointments for interviews.
- 4) Conducting interviews by holding of face to face interviews with the targeted respondents.

- 5) Recording and storing of the information collected during the interviews using the note taking and audio recording techniques.

3.9.1.Data Analysis method and procedure

The data collected under this research was analysed using both the electronic and manual methods. In terms of the manual analysis, the Qualitative Content Analysis (QCA) technique was used to make valid inferences in order to provide knowledge and new insights on the subject matter (Elos and Kyngash, 2008). The data that was subjected to QCA included secondary data collected during literature review and responses to the effect of foreign aid acquisition on the financing of national development programmes, the effectiveness of the measures undertaken by Government with regard to exiting from depending on aid to finance national development and the social, economic and political implications of Zambia's intentions to exit from depending on foreign aid as a tool to finance development. This technique followed the following steps:

- i. Building of a thematic coding frame based on the key research questions and objectives (Cole, 1988; Downe-Wamboldt, 1992; Dey, 1993).
- ii. Selecting the relevant data from the collected materials (Cavanagh, 1997).
- iii. Dividing the selected data into thematic units in readiness for Qualitative Content Analysis (Burnard, 1991; Downe-Wamboldt 1992; Dey, 1993).
- iv. Interpreting and presenting the main findings (Dey, 1993).

Through this procedure of analyzing data, the researcher was able to validate the data (confirmability and triangulation) (Creswell, 2009). In terms of the electronic technique used to analyse data, the researcher used excel 2013 package. This package was used to analyse the sets of data related to the understanding of distribution of ODA, aid acquisition to support the health sector, ODA Support to the Education sector including ODA support to water and sanitation sector. The analysis of data in this format enabled the researcher to obtain clear understanding of the trends of aid acquisition for instance to support the health sector for the period between 2006 and 2014, Education sector from 2006 to 2014, ODA support to water and sanitation sector between 2010 and 2015. Based on this analysis, the researcher was able to develop tables and graphs that illustrated quantitative data on the topics mentioned above.

3.9.2. Ethical Considerations

In terms of fulfilling the ethical clearance associated with this study, the researcher obtained the clearance from Directorate of Research and Graduate Studies at the University of Zambia. With regard to the administering of interviews, first, the researcher introduced himself then obtained consent from the participants to be interviewed. This process was important for the purpose of ensuring that participants clearly understood risks of participating if any, the levels and nature of participation and given the assurance of confidentiality (Giordano, et al., 2007; Sarantakos, 2005). For instance in this research there were some participants who preferred their identity to remain anonymous given the nature of work or position at their places of work. Other ethical procedures which were involved during data collection were; obtaining security clearance to access some respondents' premises. In most cases it required presentation of an official letter from the University of Zambia and the official University student identity card. The researcher made efforts to ensure that the interviews were conducted with minimal disturbances and within the agreed upon time (Creswell, 2009).

3.9.3. Limitations of the Study

The following were the major limitations encountered during the study;

- 1) Unwillingness by some participants (policy elites) to engage as key informants for unknown reasons. However, the researcher was re-assigned other policy analysts to engage with on the subject matter from the same targeted site.
- 2) Difficulties in accessing relevant secondary data on foreign aid. For instance, Government documents on foreign aid agreements and reports. However, some informants were able to avail some secondary data regarding the subject matter in addition to primary data.

CHAPTER FOUR

FINDINGS OF THE STUDY

4.1. Overview

Chapter four presents the main and specific findings of the study entitled 'Feasibility of Zambia's intension to Exit from Depending on Foreign Aid as a Tool for Development Financing.' The study was conducted in Lusaka Zambia between 2016 and 2017. The

chapter is divided into two sections. Section one deals with the general findings of the study. The second section focuses on the specific findings of the study namely; the effect of foreign aid acquisition on the financing of national development programmes, the effectiveness of the measures undertaken by Government with regard to exiting from depending on aid to finance national development and the social, economic and political implications of Zambia's intentions to exit from depending on foreign aid as a tool to finance development.

4.2. Overall Findings of the Study

4.2.1. Feasibility of Zambia's intention to exit from depending on foreign aid as a tool for development financing

In terms of the overall findings of the study as guided by the overall objective namely; to establish feasibility of Zambia's intention to exit from depending on foreign aid as a tool for development financing. First, this research established that it is not feasible for Zambia to exit from depending on aid as a tool for development financing. According to the findings of this study, there are (3) three key reasons behind Zambia's infeasibility to stop depending on aid to finance national development. The three reasons include the following: 1) Inability of the Country to raise sufficient financial resources to domestically finance national development. 2) Poor public financial management. 3) Lack of a strong and sustainable political will to overcome aid dependence. However, this study also revealed that Zambia has potentially the capability of exiting from depending on aid as a source of financing national development but this potential is premised on the following three pre conditions; 1) Expansion and strengthening of domestic financial resource mobilization mechanisms. 2) Prudent use of mobilized financial resources. 3) Development and implementation of the comprehensive long term foreign aid exit strategy.

Second, the research established that Zambia does not have an aid exit strategy or framework in place instead, the Country has only developed an aid management policy called 'Policy and Strategy on Aid 2005.'

4.2.2. Pre-Requisite Conditions for Exiting from Depending on Aid for Development Financing in Zambia

4.2.2.1. Pre-condition one (1): Expansion and Strengthening of Domestic Financial Resource Mobilization

This study established that the expansion of local financial resource mobilisation was one of the major pre-requisite conditions that Zambia requires in order to exit from depending on

aid to finance development. As remarked by a Government informant, *“the country that is willing to be self-sustaining should be geared to find its own internal way of funding development without looking up to external source.”*

4.2.2.2. Pre-condition two (2): Prudent Use of Mobilized Financial Resources

With regard to the condition relating to the prudent use of financial resources, the study has revealed that the prudent use of both domestic and foreign mobilized resources is another major pre-requisites for Zambia to exit from depending on aid to finance development. As suggested by a respondent from civil society, *“the best way to address this situation is to turn around and stop resource misuse of all mobilised resources and begin to put it to good use.”*

4.2.2.3. Pre-condition three (3): Strong and Sustained Political Will to Overcome Aid ‘Dependency Syndrome’

The study established that Zambia requires to develop a strong and sustained will at political level required in pursuing the intention of withdrawing from aid dependence. An academician submitted the following in this regard, *“development first begins with the readiness of our leaders’ minds to do so. Our leaders should understand that development is achievable even without aid as long as we as a Country have a strategy on how to do it.”*

4.3. Specific Findings of the Study

The following are the specific findings of the research as guided by the specific objectives. First, foreign aid has been used as a source of additional financial resources for development programmes and projects. Second, foreign aid has been used to address social development challenges and poverty in Zambia. Third, foreign aid has been utilized in Zambia to maintain State - Donor Relations.

4.3.1. The Effects of Foreign Aid Acquisition on the Financing of National Development Programmes

The study established that foreign aid has been used to finance national projects and programmes in Zambia. According to this study, foreign aid financial resources have been effective in four major areas in Zambia. First, aid has been used to secure additional financial resources mobilised for development programmes and projects mechanism as shown in the table 1 below. Second, in addressing social development challenges and poverty. Third, aid

has provided resources for social protection and social security interventions and the fourth one relates to the maintenance of state - donor relations.

4.3.1.1. Aid as Additional Financial Resources to Finance Development

With regard to the need for additional resources to finance development; the study was informed that the Government of Zambia had been acquiring aid in order to finance development programmes and projects. This is because the Country is unable to finance all the development programmes using domestically mobilized financial resources. For example, Zambia acquired aid during the post-independence period in order to finance its industrialization projects such as the construction of Tanzania-Zambia Railway line between the period 1969 and 1976. This study further revealed that after the introduction of the multiparty democratic system of governance in 1991, most of the aid was redirected towards improving the electoral systems, strengthening institutions of oversight, checks and balances and to promote the rule of law among others. During this transition period, aid significantly increased because the Country needed additional financial resources to rebuild the economy that had collapsed under the one Party State. According to the literature reviewed, this democratization transition marked the beginning of aid dependence problem in Zambia as illustrated in Table 1 below (Rakner, 2012).

Distribution of ODA 2006-2014 in US\$ Million

Areas of ODA support	Years/Amounts in US\$								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Budget Support	137	188	203	468	264	160	106	53	24

Social Infrastructure and Services	435	542	638	562	475	657	671	791	693
Economic Infrastructure and Services	92	40	92	58	66	117	64	160	180

Table 1. Source: Antoine de Kemp and Caspar Lob Brecht (2016).

Table 1 above illustrates that aid has significantly provided additional resources to finance development programmes and projects.

4.2.1.2. Contribution to Social Development Challenges and Poverty

This study has shown that aid resources have been used mainly to finance programmes and activities in the social sector, especially those related to poverty reduction, namely the health, education, water and sanitation and the social protection and social security sectors.

ODA to Health Sector 2006 – 2014 in Million US\$

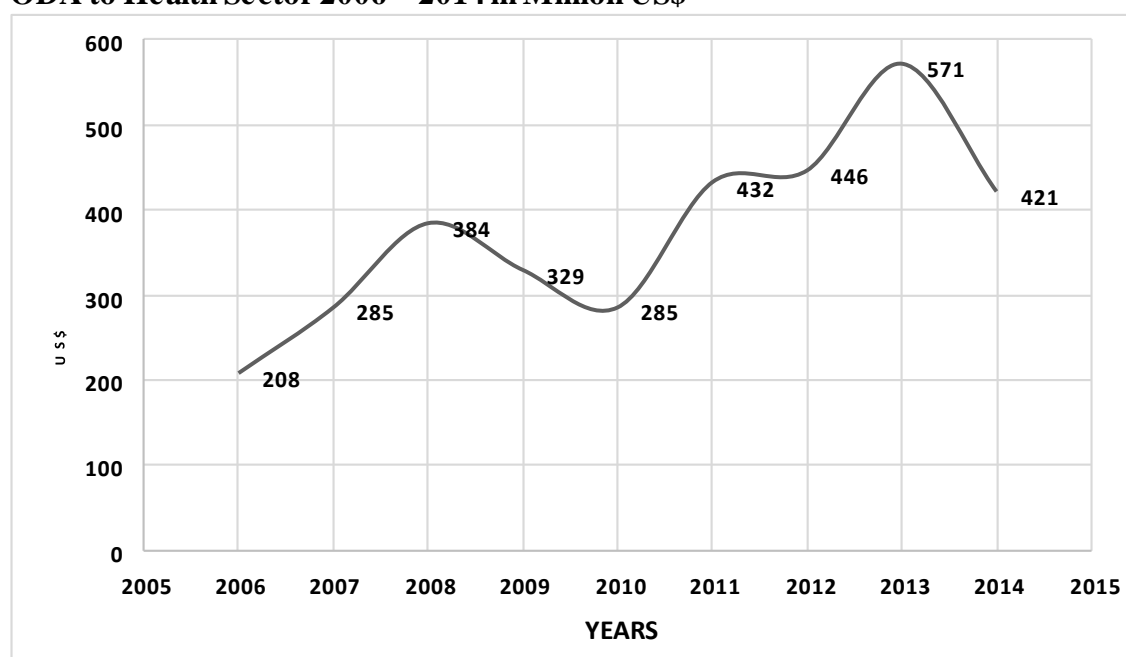


Figure 3. Source: Ministry of Finance; Ministry of Health, OECD/DAC (CRS data), (2018).

Figure 3 above relates to ODA to the health sector. Within the health sector, the largest proportion of aid has been directed towards maternal health and provision of primary health

care. Aid had also been used to control diseases like Tuberculosis and HIV/AIDS. Aid has been used in other cases to provide additional health facilities in the rural areas as a way to reduce the disparity in accessing health care services between the rural and urban areas. Furthermore, aid resources have been used to improve the human resource base, to strengthen the financial and accountability systems as well as rehabilitation of hospitals and acquisition of medical equipment in the sector.

ODA to Education Sector 2006 -2014 in Million US\$

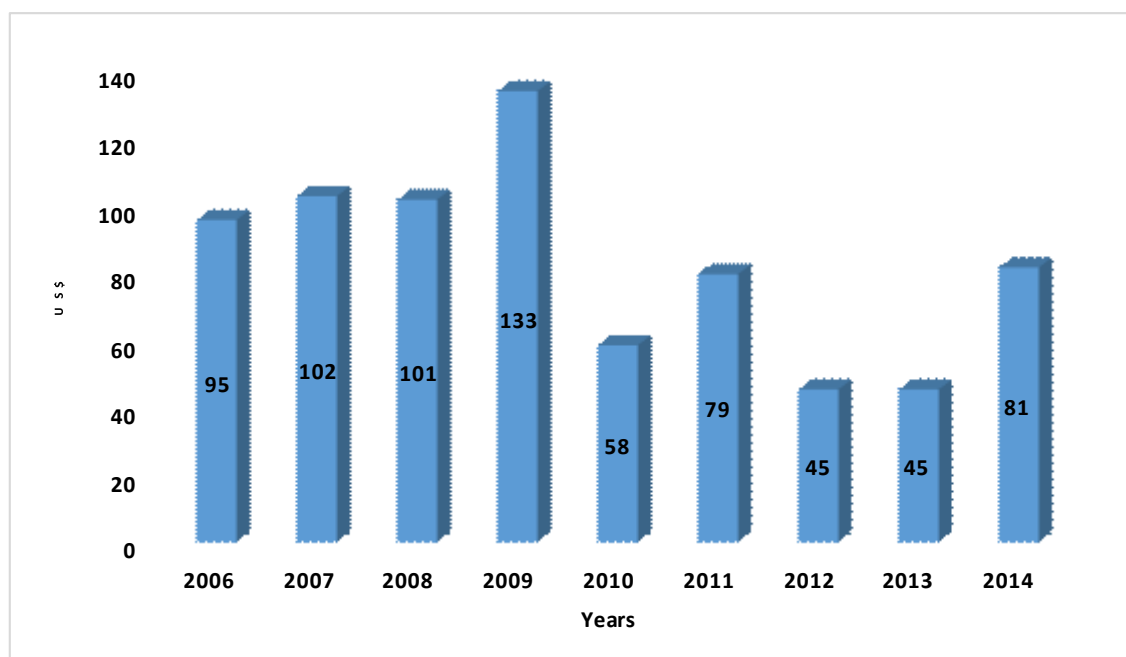


Figure 4. Source: Ministry of Finance (Financial Reports), Ministry of Education and OECD/DAC (CRS database, (ibid).

As depicted in Figure 4 above, aid resources have been acquired to support the development of the education sector in Zambia. The largest proportion of aid in the sector has been used to improve quality of education. Interventions in this regard include the reduction of the gap between rural and urban population, reduction of gender disparities at upper primary and high school as well as improving the access to education of vulnerable children and children with special needs.

Total ODA in Million US\$ 2010 -2015 on Water and Sanitation

Figure 5. Source: WASH watch: OECD-DAC Creditor Reporting System - Zambia, 2017).

As shown in Figure 5 above, aid resources have also been used to develop the water and sanitation sector in Zambia. In this sector aid has been mainly used to improve the quality of water and sanitation services, promote the access of citizens to these services, especially in the rural and peri-urban areas as well as to develop management institutions. For instance, Water Aid - Zambia, provides as much aid as 40 percent of the Government's annual financial allocation to this sector.

4.2.1.3. Social Protection and Social Security Sector

With regard to aid for social protection and social security, the study established that the largest proportion of these resources were directed towards social protection programs and interventions in Zambia. Some of the programmes in this regard include the Public Welfare Assistance (PWAS) and the Social Cash Transfer (SCT). These programmes have been implemented with the purpose of reducing poverty among the most vulnerable sections of the population. The provision of aid by the international community has been justified in relation to their commitments under the MDGs and now the adopted SDGs. The main focus has been to uplift the living conditions and livelihoods of the most vulnerable and poor in developing countries such as Zambia. This evidence demonstrates that Government budgetary allocation to social protection and social security sectors has been supplemented by donors.

4.2.1.4. Contribution to the Consolidation of State Donor - Relations

The study was informed that based on global international relations and governance principles, aid is one of the major components of state-donor relations and that it binds state-donor relations. In this regard, aid serves three (3) major purposes. First, developed countries are obliged to provide development assistance, including aid to developing and poor countries under international commitments. Second, aid is also used by the donors as a basis for participating and influencing development and policy processes in recipient countries. Third, state-donor relations based on aid also relate to the aspects of international relations such as investment and trade agreements. For example, aid could be provided to poor countries in exchange for access to natural resources, a condition described as "*reverse foreign aid*" by a respondent from an academic institution.

In terms of the first purpose, donors have been providing aid to Zambia for the purpose of supporting the development of social sectors and poverty reduction. With regard to the second purpose, donors have also used aid as a conditionality to direct the political and economic development of Zambia. As remarked by an academician "*in 1991 there was a*

wind of change of development approach from state controlled to neo liberal approach and political approach from one party state to Multipartisim all as conditions for obtaining multilateral and bilateral aid.” This study has also revealed that the new emerging donors such as China, Brazil, and Middle East Countries tend to have different sets of aid agreements from the conventional donors and mainly exchange their aid for economic and financial investments.

Notably, in relation to state-donor relations the Government appears to be engaging in more processes aimed at securing aid rather than aid exit. As posited by a respondent from Government, *“in fact, Zambia is now looking for new cooperating partners like China because of the flexibility in the way such countries administer aid. Further, Government has tried to integrate external resources into national budgeting and re source management as a way to further improve relationship with the donors.”* This research was informed that the international community had taken measures to ensure that the areas selected for financing using aid took into consideration the development priorities of Zambia.

In sum, the study has revealed that it would be challenging for the country to delink from depending on aid mainly because aid is part and parcel of international relations and global governance standards. Aid is one of the defining features of state-donor relations as Zambia is still a developing or poor nation by universal standards and to withdraw from these relations would create negative or challenging implications. However, a respondent from CSO also submitted that *“socially, there is a sense of independence that is created if a country does not depend on another for finances and this creates high esteem within the country which in turn creates an environment for self-worthiness despite the challenging implications of aid exit.”*

4.3.1. Outcomes of the Measures on Aid Exit Intent in Zambia

According to the findings of this study, the following are the measures that the Government of Zambia has put in place to facilitate the Country’s exit from depending on aid for development financing

- a. Institutional Reforms
- b. Development and operationalisation of the Zambia Aid Policy and Strategy
2005
- c. Public Finance Reforms: Public Financial Management Strategy for the

- d. Economic recovery measures: Economic Stabilisation and Growth Programme - Zambia Plus “Restoring Fiscal Fitness for Sustained Inclusive Growth and Development.”

4.3.1.1. Reform on Institutional Arrangements on Public Finance

With regard to the institutional arrangements on public finance, there are two Ministries that have the mandate to mobilize and manage financial resources for development in Zambia. These are Ministry of Foreign Affairs and Ministry of Finance.

The Ministry of Foreign Affairs guided by the Provisions of the Loans (Authorization) Act of 1964 and the Bretton Woods Agreements Act of 1965 has been mandated to facilitate the acquisition of foreign aid. Specifically, the Department of Development Cooperation and International Organisation has the responsibility to coordinate and implement bilateral and multilateral cooperation agreement between Zambia and other countries as well as other international community. This Ministry also analyses economic policies of all cooperating partners and provides advice regarding the appropriate strategies that Zambia should consider in acquiring aid to finance development.

The Ministry of Finance, guided by the Public Finance Act of 2004, has the mandate to manage the Government financial resources. The Finance Act gives power to the Finance Minister to head the Treasury. The Treasury is responsible for making all financial and fiscal decisions on behalf of the Country. In addition, Investment and Debt Management Department under the Ministry of Finance has been mandated to ensure financial management measures put in place are adhered to. This study was informed that, in this regard, the MoF has instituted measures on the management of debt to ensure sustainability as a means of reducing the Country’s financial vulnerability and quest of more aid. ¹

¹ Government had targeted concessional loans and had negotiated only those loans with 35 per cent annum grant element. The study was further informed that Government had been monitoring how those external loans are being applied particularly by parastatal entities. In addition, Zambia has a preference of acquiring loans from China because the negotiations take a shorter period and their loans’ modalities were quite flexible compared to the Western countries and multilateral institutions. In the view of the Government Official interviewed, Zambia preferred to get aid from the Chinese as it was perceived to be a lot better.

With regard to budgeting and accounting; the Ministry of Finance used the national budgets as a vehicle for making strategic choices regarding the Country's developmental aspirations. Government had taken the following measures in this regard;

- a. Strengthened implementation capacities to ensure that actual Government expenditure is in line with parliament - approved budget.
- b. Enhanced the monitoring of budget execution and minimised the levels of discretion that threaten the expenditure execution mechanisms.
- c. Minimised unbudgeted expenditure by the spending sectors.

The research was further informed that Government was building capacity of personnel to manage public finances to ensure the attainment of sustainable development outcomes. In addition Government had continued with the reforms in the budgeting structure, composition and processes, taking into account the need to rationalize and strengthen budgeting and accounting systems at the provincial, district, and Local Government levels so as to quicken the process of fiscal decentralization in the management of both domestically and externally acquired resources. Furthermore, Government has undertaken steps aimed at simplifying and harmonizing the procedures on project management especially those that involved the transfer of technology from external sources.

Another measure undertaken by the MoF to ensure the prudent use of resources was the strengthening of the Office of the Accountant General by;

- a. Strictly implementing the Government's quarterly cash flow plans so as to improve the predictability of budget releases and ensure that, by the end of the fiscal year, annual releases more closely mirror the approved budget.
- b. Ensuring an accurate payroll, the Ministry has instituted procedures to regularly reconcile the payroll lists with the people actually working so as to avoid ghost workers.
- c. Reconciling monthly expenditure reports with monthly releases and ensure that line ministries that fail to adhere to the requirement to submit monthly returns have their next funding restricted.

- d. Ensuring that the annual financial reports are presented to Parliament within six (6) months after the end of each fiscal year and make appropriate legislative amendments to that user.

4.3.1.2. Zambia Aid Policy and Strategy 2005

The Policy on aid has provided guidance on the acquisition and utilization of aid. This Policy stipulates the procedures for mobilizing, receipt, planning and utilization of aid resources. The Policy also has an outlined systems that should be used in monitoring the implementation of programs that are financed using aid resources.

While the Strategy on aid contains guidelines for technical assistance solicitation and recruitment, contracting, management, monitoring of performance and evaluation of the impact of this component of aid. The purpose of the strategy is to facilitate basket funding from the donors and to improve transparency on aid provided. It has also been used to train technocrats in aid management. The training has focused on building the capacities of technocrats in appraising all the external support with the aim of ensuring that aid offers are aligned to Zambia's national interest, especially in terms of fitting neatly into the priorities of the National Development Plan and associated documents.

4.3.1.3. Public Financial Management Reform Strategy for the Government of the Republic of Zambia 2013-2015

Government formulated a Public Financial Management Reform Strategy in 2013 whose main intention was to ensure the efficient, effective and accountable use of public resources. In this regard, a representative from CSO was of the view that *“improvements in economic management, revenue mobilisation, public expenditure and financial management will contribute towards macroeconomic stability. This can possibly see Zambia stopping depending on aid as a source of development funds.”*

The areas targeted in this Strategy included planning and budgeting, internal controls, procurement, debt management, accounting and reporting and monitoring and evaluation systems. A respondent from Government informed this study that this tool was built on the progress and success the Government has made regarding the on-going public sector reforms, especially on public expenditure management and financial accountability. Referring to the 2017 National Budget Speech, another official from the Government explained that *“to ensure that Government gets value for money when procuring goods and services, the Zambia Public Procurement Authority has been directed to finalise and*

implement a price benchmarking framework which provides a guide on the optimal pricing for goods, works and services procured by government wings.”

The study was informed that the Government was implementing a comprehensive PFMRS to consolidate Zambia’s macroeconomic stability. These structural reforms focused on expanding the fiscal space in the improvement of public expenditure and financial management as well as of tax base expansion. As narrated by a Government representative, *“this reform strategy is meant to ensure efficient, effective and accountable use of public resources as a basis for economic development and poverty eradication through improved service delivery.”*

4.3.1.4. Economic Stabilisation and Growth Programme - Zambia Plus “Restoring Fiscal Fitness for Sustained Inclusive Growth and Development”

The Government launched an Economic Recovery Program in 2016 with the aim of pursuing and achieving economic growth. This would be achieved by broadening the tax base and encouraging compliance, strengthening revenue collection and administration and curb unproductive spending while raising locally generated revenues. It is envisioned that the current heavy reliance on aid would be partly reduced if Government made rational decisions on public spending. A Government official and an academician shared a common view regarding the implementation of this Programme. In their view, this programme was important because it would enable Zambia to determine the solutions to its current economic challenges thereby reducing the role that external partners have been playing in determining Zambia’s policy direction. As suggested by a Government Official *“a successful cure for poverty come from within. Foreign aid can help but, like windfall wealth, can also hurt. It can discourage effort and plant a crippling sense of incapacity.”* Another representative from Government held that this Programme would lead to the desired results of spending prudently, making savings and reducing on aid dependency because it was different from the past reform programmes, such as SAP, that were controlled by the external partners.

In relation to the outcomes of these measures undertaken, findings of this research show that some of these measures are still ‘work in progress.’ An example in this regard given are the reforms in public finance management. The study has also revealed that other measures are new and in the early stage of their implementation. For instance, the economic stabilization programme was officially launched in 2016 and results are yet to be seen.

4.4.1. Social, Economic and Political Implications of Zambia's Intention to Exit from Depending on Foreign Aid

This study has revealed that there are both positive and negative implications associated with Zambia's intention to exit from depending on aid as a major tool to implement development.

4.4.1.1. Positive Outcomes of Foreign Aid Exit

This study revealed that there are basically three main positive outcomes that can be associated with Zambia's intention to exit from depending on aid as a tool to finance development and these are;

- i) Minimal donor influence in national development decision making processes.
- ii) Increased efforts to utilize the available domestic financial resources for development purposes.
- iii) Reduction in the misapplication and misappropriation of public financial resource.

Minimal Donor Influence in National Development Decision Making Processes

The role of donors in influencing and directing development and governance in Zambia would be minimized in the case that Zambia managed to exit from depending on aid as a financing tool to development. According to an expert from the academia, the history of Zambia had illustrated that the extent of donor influence on the Country's development had largely been determined by the level of support given to the Country, including aid. And in some cases, this influence was not always in the favour of the Country's interests.

Similar views were echoed by a representative from CSO,

“Zambia was given a condition to privatize its copper industry as a prerequisite to qualify for debt relief under the HIPC. In this context, the World Bank and IMF saw this privatization as a necessary condition for improving the management of the mines, attracting investment and restoring fiscal balance of the country. This brought steady increase of Foreign Direct Investment over the years in the same sector. For instance from USD 70 million in 2001 to USD 2.4 billion in 2012 with a lot of tax holidays to benefit the investors. Furthermore, when the Government announced a 45% increase in Government salaries, which took effect in September 2013, IMF concluded that it was a loose fiscal policy and therefore raised interest rates for the country substantially.”

Stressing the importance of self-reliance and less dependency on external actors, an academician advised that *“Zambians should change the attitude and mind set in order to rekindle and strengthen Pan-African values of self-reliance, solidarity, hard work and collective prosperity.”* In his view, positive thinking of self-sustainability would build on African successes, experience and best practices to push the African model of development and transformation beyond aid dependence. Similarly, a respondent from CSO was of the view that *“every Zambian would wish this country to be self-sustaining.”* In the view of this respondent, dependency on aid could be expensive and unsustainable.

Increased Efforts to Utilize the Available Domestic Financial Resources for

Development Purposes

Withdrawing from depending on aid as a tool of development financing would compel Zambia to identify better ways of collecting and utilising domestically mobilised resources. As contended by a respondent from Quasi Government Institution, *“tax management is weak in Zambia because the tax laws are difficult to understand. Further, penalties to tax evaders are too light and the Country has unrevised old and nonfunctional tax policies. The loss of income through the mentioned problems by implication had been filled by aid. So if aid stops coming, there is a great opportunity for Zambia to intensify on tax collection.”*

Reduction in the Misapplication and Misappropriation of Public Financial Resources

Exiting from aid would also contribute to the reduction in the misapplication and misappropriation of public financial resources. It is in line with this observation that a Government Official argued that *“aid as in monetary value is not sufficient enough because it does not translate to effective assistance as it is fungible. This fungibility has resulted in the resources being misapplied as reflected in the Auditor General’s reports year in year out. So if people know that there will be no additional money coming in they tend to use the available resources on intended purpose effectively and efficiently.”*

In some respondents’ view, Zambia’s withdrawal from depending on aid to finance development projects would resolve the current problem of project and programme duplication. One example in this regard relates to the vertical programmes supported by USAID in the health sector. In this case, it was observed that core programmes in the Ministry often become compromised because workers that are involved with USAID programmes have a tendency to align themselves with such programmes because of the additional incentives that come with such programmes as opposed to Government funded

projects with little or no additional incentives. In the long run, this situation has created vertical programmes.

This study was also informed that political expedience on the utilisation of public financial resources would be minimized in the case that Zambia exited from depending on aid to finance development. As noted by a respondent from CSO, *“a political leader remains in an office and he is supported by donors to remain in that position so as to make decisions in accordance with the financiers’ demands.”* An academician also remarked that *“such kind of behavior has brought acrimonious political systems in that political elites who remain in power using that pathway tend not to listen much from the citizenry’s input regarding affairs of the Country but bulldoze everything because they know that they cannot lose popularity in a way.”* Withdrawal from aid dependency would resolve the problem of making decisions on expenditure based on policy expediency thereby contributing to the prudent use and better accountability of available financial resources.

4.4.1.2. Negative Outcomes of Foreign Aid Exit

This study has revealed that there are basically two (2) major negatives outcomes associated with Zambia’s intention to exit from depending on aid to finance development and these are;

- i) Increase in national Budget deficits.
- ii) Negative implications on State-donor Relations.

National Budget Deficits

According to the findings of this study, and supported by the literature reviewed, Zambia has had the long term standing problem of budget deficits. For example, the average budget deficit between the period 2010 and 2017 was 18.7 per cent. This is particularly the case with regards social sector and capital expenditures. Therefore, an attempt to withdraw from accessing additional resources in the form of aid would exacerbate the problem of budget deficits. In particular, direct project support will be negatively affected in the case that Zambia withdrew from acquiring aid as a financing tool. One Government representative conceded to this point and noted that *“Zambia cannot exit foreign aid because the economy is still weak.”*

Although the volumes of aid such as ODA to Zambia have been on the decline, these resources have been used to finance development sectors such as Social Protection, Water and Sanitation, Health and Education given that the Country has continued to face budget deficits. This study has established therefore that as long as Zambia remains a poor Country, has a narrow and fragile tax base, weak financial management systems coupled with absence of a strong political will to stop aid dependence, withdrawing from accessing additional financial resources in the form of aid would worsen its financial situation, thereby increasing its inability to deliver developmental goods and services to its citizens.

Negative Implications for State - Donor relations

As stated before, aid is one of the salient features of State-Donor relations and is based on globally agreed upon international and inter-state relations. This means that aid defines how Zambia should relate with other countries, especially the advanced states that are in position to provide financial resources such as aid. These aid relations are guided by globally set standards. As noted by a CSO representative, *“if Zambia stopped receiving aid, it would also mean restructuring bilateral ties especially in countries where Zambia has investment portfolios. Exit from foreign aid can in a way affect trade with countries that are currently trading with Zambia like China. This has a rappel effect on the development path way (Neo liberalism) that Zambia has chosen.”* Therefore, the intention to withdrawal from acquiring aid as a means of financing development, not only undermine the Country’s financial situation but more importantly, has the potential to jeopardise Zambia’s international relations, regionally and globally.

CHAPTER FIVE DISCUSSION AND INTERPRETATION OF THE RESEARCH FINDINGS

5.1. Overview

Chapter five presents the interpretation and discussion of the major and specific findings of the study entitled 'Feasibility of Zambia's Intention to Exit from Depending on Foreign Aid as a tool for Development Financing.' The discussion focuses on the following subjects; a) infeasibility for Zambia to exit from depending on aid to finance national development; the three (3) missing pre-conditions required for Zambia to exit from depending on aid as a source of development financing; the effectiveness of the measures taken so far to facilitate the Country's intention to exit from depending on aid as a source of fund for financing development and the social implications of the Country's intention to exit from depending on aid of State donor relations.

5.2. Discussion of the Major Findings of the Study

5.2.1. Feasibility of Zambia's intention to exit from depending on foreign aid as a tool for development financing

This study was set out to establish whether it is feasible for Zambia to exit from depending on aid as a source of financing development. The overall objective of the study was to find out whether it is feasible for Zambia to exit from depending on foreign aid as a tool for financing national development. According to the findings of this study, it is not feasible for Zambia under the current development conditions to exit from depending on aid as major source of financing development. First and foremost, Zambia has not put in place a comprehensive aid exit strategy to facilitate the implementation of this intention.

According to the literature reviewed, it is not only important but also necessary for the country that intends to exit from depending on aid to ensure that a comprehensive strategy that takes into account the economic, social, political and diplomatic implications of such an intention is put in place. In the case of Zambia, instead of developing a comprehensive strategy to exit from depending on aid for financing development, Government has focused on developing various but isolated institutional and policy measures. These do not suffice for a comprehensive foreign aid exit. According to the literature reviewed, such a strategy should have the following vital components; leaders should share a common concern that they can manage their development affairs without necessarily depending on foreign aid and the they should undertake rigorous assessment of their resource asserts for the purpose of development (McPherson, 2000 and Tandon, 2009).

Furthermore, the study has shown that Zambia lacks the three (3) core pre-conditions required for developing country that intends to exit from depending on aid as a source of development financing. At present, Zambia cannot delink from depending on aid as a source for development financing in the absence of the following three (3) pre-conditions namely; expansion and strengthening of domestic financial resource mobilization, prudent use of mobilized financial resources and the development and implementation of the comprehensive long term foreign aid exit strategy.

5.2.1.1. Pre-Requisite Conditions for Aid Exit in Zambia

5.2.1.2. Pre-Condition One (1): Expansion and Strengthening of Domestic Financial Resource Mobilization

This research argues that it is not feasible for Zambia to exit from depending on aid as a source of financing development as long as the Country is not able to mobilize adequate resources domestically for its development. A review of the Country's record on domestic resource mobilization shows that the Country's capacity to mobilise resources locally has been weak and this has contributed to the Country's dependency on aid (Easterly, 2006; Action Aid, 2011). For instance, much of the tax in Zambia is borne by few individuals in the formal sector (JCTR, 2011). In addition, the institution mandated with tax and revenue collection has proved to be inefficient and this problem is worsened by policy inconsistency on taxation. For instance, successive regimes have failed to come up with comprehensive and effective tax regimes for the mining sector which is the main contributor of domestic revenue since 1990s. One example in this regard relates to the attempt in 2008 by the MMD Government under the leadership of President Levy Mwanawasa's regime to change the taxation agreements (windfall tax) for the mining sector. But this attempt was never supported under the leadership of President Rupiah Banda who took over leadership after the demise of President Mwanawasa in 2008 and President Sata's regime opted not to support the change in 2011 after he assumed office (Rakner, 2017:7; Lundstol, and Isaksen, 2018). In other words, the State in Zambia appears not to have sufficient capacities to sanction the 'ideal' taxation regime on certain sections of the population such as the large foreign investors. The failure to put in place the most appropriate tax regime on mining in Zambia implies that the Country has continued to lose the revenues required for development in Zambia.

5.2.1.3. Pre-Condition Two (2): Prudent Use of Mobilized Financial Resources

This research contends that it's not feasible for Zambia to exit from depending on aid as long as the Country's ability to use public financial resources prudently remains weak. For instance, successive regimes have failed to ensure that public financial resources are properly accounted for. This is evident in the persistence number of cases related to the misuse and unaccountability for public finances. The 2016 Auditor General's Report provides a case in point. The misapplication of funds rose from about 28 million Kwacha in 2015 to about 162 million Kwacha in 2016 (GRZ, 2017: vii). The same report disclosed that unaccounted for revenue had increased from about 500 thousand Kwacha to about 3.7 million Kwacha while unaccounted for funds increased from about 190 thousand Kwacha to about 380 thousand Kwacha and unretired accountable imprest also increased from about 12million Kwacha to over 17million Kwacha (ibid: vii).

The weakness in public finance management has persisted even within the context of undertaking public finance management reforms such as MTEF, IFMIS and Activity Based Budgets. For example, a report prepared by the World Bank on loan contraction in Zambia revealed that the Government had failed to develop the implementation plan to accompany the spending of the third Eurobond amounting to US\$1,250 million (World Bank 2017:32). This made the expenditure of this loan prone to manipulation and abuse, with one outcome being excessive spending on road construction (Raballand and Whitworth, 2014).

Closely related to the misuse of funds is the rampant and high levels of corruption. A case in point is that of a former Ministry of Health chief Human Resource Development Officer, Henry Kapoko a public office bearer diverted a total of K14.7 million earmarked for national development programmes in the health sector (Chomba, 2018:1). Some analysts have argued that rampant and large-scale corruption has persisted in Zambia because of the weaknesses in political leadership (OSISA, 2017:285; TIZ and ACC, 2017:60). It is important to note that the Country has been losing colossal amounts of public finances required to boost national reserves through such acts.

Prudent use of resources is a necessary condition to exit aid because it will enable the Country save and increase its international reserves required to finance national development in a consistent manner. For example, the annual years 2017 and 2018, Zambia's gross international reserves barely covered two (2) months of import cover instead of the standard six (6) months national ceiling (KPMG, 2018:3). This means that Zambia has been failing to generate adequate resources for development financing and even make some savings for

future expenditures. It is not feasible for the country in this situation to pursue an aid exit intention if it is not able to meet the standard requirement for its gross international reserves.

Theft and misapplication of public funds and grand corruption has continued to rob the Country of necessary resource required to build national financial reserves and to spend for national development purposes. This means that Zambia, contrary to the proposition given in the Harrod-Domar Model has failed to use foreign aid resources to aid fill up its 'savings gap' (Chenery and Strout, 1966). To the contrary, evidence shows that the savings levels of the Country have declined (GRZ, 2017:8). Furthermore, the ranking on corruption index in Zambia has deteriorated especially on public resources (TIZ and ACC, 2017:60).

5.2.1.4. Pre-Condition Three (3): Strong and Sustained Political Will to Overcome Aid 'Dependency Syndrome'

This research also argues that it is not feasible for Zambia to exit from depending on aid for development financing in the absence of strong and sustained political will to overcome the aid 'dependency syndrome.' Political will in this context refers to a firm national political leadership and effective governance systems required to facilitate and manage the aid exit process by providing leadership at various levels, namely institutional, bureaucratic, political and economic, diplomatic as advanced by Tandon (Tandon, 2009). In the case of Zambia, some analysts have argued that there appears to be a link between the persistence of weak political will, symbolised through a strong informal political system of patronage and the heavy reliance on externally mobilised resources, especially aid (Rakner, 2003:42). This analyst also argues that this political set up has been perpetuated by the existence of pervasive system of patronage. For example, foreign aid and public resources in Zambia have be used as political capital to sustain incumbent and patronage politics linked to the executive (Rakner, 2012:184).

Second, other indicators of weak political will to sustain the Country's intention to overcome aid dependence in Zambia can be drawn from the persistent and rampant cases of corruption, failure to diversify the economy and the reluctance to extend domestic tax collection to social and economic groupings perceived to be relevant to political survival (GRZ, 2017;World Bank, 2016:34). The successive Governments, particularly the postdemocratization regimes (post 1991 regimes) have failed to develop a strong national political approach overcome aid dependency. To the contrary, aid has been entrenched as an integral part of the Country's means of financing development (Antonie de Kemp and Caspar Lob Brecht, 2016).

The persistence of rampant cases of abuse of public funds as revealed by Auditor General's office, the failure to diversify the economy so as to expand the tax collection base provide the evidence of weakness in the will to overcome aid dependency. It is not surprising that, for instance Zambia has been failing to meet most of its financial obligations, both domestic and foreign, on the bases of declining revenues. This also shows that the Country's inability to raise adequate resources nationally and domestically, will compile it to continue seeking for financial support in the form of foreign aid. It is on the basis of a narrow and weak domestic resource mobilization Base that the donors, the World Bank and IMF in particular, have been consistently calling for taxation reforms in Zambia (GRZ 2016; IMF 2017; World Bank, 2017).

In this regard, it can be argued that the mere pronouncement of an intention to exit from aid dependence as a source of development financing is not a sufficient condition to this goal. More importantly, there is need to ensure that this pronouncement supported by a political management structure that is capable of managing the process of exiting from depending on aid as a source of financing development. This assertion stems from the observation that undertaking the process of aid exit is not only an economic process but also has implications on other areas like social, diplomatic including political relations.

Putting in place a comprehensive strategy that takes into account the short, medium and long term social, economic and diplomatic implications for exiting from depending on aid as a source of development financing should be the first step taken in this direction. This is because the strategy will not only provide the guidance on how the exit process should be implemented but also provides a road map, targets, timelines and institutional/political and economic management mechanism as suggested by Tandon and McPherson foreign aid exit strategies in literature review (McPherson, 2000 and Tandon, 2009). Without such strategies in place, possible negative implications would include; disruption of diplomatic relations, worsening of budget deficits as well as failure to implement various development programmes especially in the social sector. An example can be drawn from the experience that Zambia underwent when the UNIP Government decided to cut aid ties with most donors in the mid-1980s. During that period, the Country witnessed severe financial problems for example, escalating prices for essential commodities, deterioration of social standards, run-away inflation and high cost of living which consequently led to the removal of the UNIP Government regime in 1991.

To conclude, Zambia must, first and foremost, develop a comprehensive aid exit strategy as well as embark upon reforms and processes that would assist the Country to meet the three (3) pre-conditions.

5.3. Discussion of Specific Findings of the Study

5.3.1. The Effects of Foreign Aid on the Financing of National Development in Zambia

5.3.1.1. Aid as Additional Resources for Financing Development

The first specific objective of the study focused on establishing the effects of foreign aid on the financing of national development in Zambia. This objective was guided by the following research questions; what sectors have been receiving foreign aid resources? What national development programmes have been financed using foreign aid resources? According to the findings of this research, there are three major effects that aid has had on the development in Zambia. One of the effects of foreign aid in Zambia has been increase in resources used to finance national budget there by contributing to the reduction of national budget deficits that the Country has been experiencing since the late 1980s (IMF, 2017). The second effect that aid has on Zambia relates to the financing of social development and poverty reduction interventions. Third, aid has contributed to the consolidation of State - donor relation (Rakner, 2012).

Aid has provided additional resources for financing development in Zambia (GRZ, 2017). This finding corresponds with the arguments advanced by Bacha in the literature reviewed (Bacha, 1990). Government's own pronouncement to re-engage with Cooperating Partners to increase the level of assistance during the presentation of the National Budget of 2017 is an admission that Zambia still requires additional resources such as aid to finance development (GRZ, 2017). Another example can be drawn from the current debt situation of the Country. The declaration of Zambia's external debt as unsustainable in 2015 is a sign that the Country has been accessing additional resources. In this case, the resources have been in the form of loans. This also means that Zambia has been failing to meet its debt repayment obligations.

Based on these financial conditions, it is not feasible for such a Country to embark on cutting aid ties. Zambia has demonstrated incapability to use aid resources to 'fill the savings gap' as advocated by the Harrod-Domar Model which stipulates that aid is used, overtime, to fill the savings gap in developing countries (Chenery and Strout, 1966). For this reason, it can

be argued that it is not always the case that acquiring aid will help fill up the budget deficits in particular countries associated with aid acquisition as posited by (Andrews, 2009). Instead, the case of Zambia highlights the arguments advanced by analysts from the school of dependency who contend that aid can lead to dependency of developing countries on advanced countries were developing countries begin to access aid from developed countries in exchange for them to willingly provide developed countries with access to natural resources and other primary commodities (Abdelghaffar et al, 2016; Chileshe, 2010). Eventually, this leads to a relationship of exchanging raw materials for aid (Frank, 1972).

5.3.1.1.2. The Contribution of aid to Social Development and Poverty Reduction intervention in Zambia

According to the findings of the study, aid resources have been used to finance social development and poverty reduction programmes in Zambia, particularly in the health education, water and sanitation sectors. These sectors are non-commercial sectors and thus, do not make profits required to sustain their operations and activities. From the literature reviewed and primary data collected (as indicated in the chapter of findings). Successive Governments in Zambia have been failing to raise adequate resources domestically required to finance expenditure in these sectors. As illustrated earlier in the chapter of findings, these sectors have relied mostly on external resources. It would, therefore, be difficult to ensure adequate and sustainable financing of these sectors in the event that the Country decided to withdraw from accessing aid.

The literature reviewed shows that Zambia needs substantial financial resources to address the current high levels of poverty and income inequality. Currently, statistics indicate that poverty has remained persistently high with 3.5million of a total population of 15.9 living in extreme poverty (GRZ, 2017:5). Furthermore, statistics on inequality in Zambia as measured by Gini coefficient stands at 0.74 (IGC, 2017:1). This figure places Zambia in the category of the most unequal countries globally (GRZ, 2017:86). In addition, the economic growth of seven (7%) percent average that the Country has experienced in the last 10 years has not translated into improving the lives of ordinary Zambians. This is evident in the poverty levels that are still high at 54.4 percent, with rural poverty at 76.6 percent (ibid: 86). The widening trade deficit and unsustainable debt stock with high debt serving ratios, budget allocation to these sectors based on domestically mobilised financial resources have declined drastically (World Bank, 2017). All these conditions imply that Zambia will need extra financial resources if it is to fight against poverty and income inequality.

5.3.1.1.3. Contribution to the Consolidation of State Donor - Relations

The literature reviewed as well as the primary data collected show that aid is an integral part of state donor relations and Zambia is not an exception. The findings of this study have shown that aid has been an integral and significant component in defining state donor relations since independence. These relations are ranged from political, economic, social and cultural in nature. Thus, aid constitutes a major feature of Zambia's diplomatic and international relations worldwide. Therefore, aid relations between Zambia and donors should not be viewed only from a financial or economic view point but also from a political and diplomatic perspective (Rakner, 2003).

In addition, Zambia is party to various international development agenda such as SDGs and the UN 2030. This means that Zambia has agreed to cooperate with the international community in terms of financing development commitments which have been domesticated or operationalized in the national development plans (GRZ, 2017). For instance, some of the international commitments that Zambia is part to include agreements to receive aid that is used to finance development programmes aligned to SDGs. Therefore, it is not possible for Zambia to undertake a solitary decision to abruptly and within a short term to cut off from such agreements. As experienced in Zambia during the reign of UNIP regime, such a decision has the potential to lead the Country into social, political and economic crisis. Here, it is also important to note that 'aid' is also tied to other aspects of international cooperation such as foreign investments (Musanta, 2017).

This form of state-donor relation has shown in the case of Zambia correlates with the a thesis advanced by the proponents of the Dependency Schools of Thought using the centre - periphery paradigm. These proponents observe that the development of Low Income Countries, particularly in form of economic development, is determined and conditioned by the changes and development in advanced countries (Frank, 1972; Peet and Hartwick, 2009).

The case of Zambia also provides evidence in support of the argument advanced by the Dependency School of Thought that aid dependency has not led to the provision of additional financial resources or increased investment in order for the Country to pursue sustainable development but has tied the Country to donor state relations where the recipient country of aid (Zambia) has been transformed into source of economic and natural resources for the donor countries (Frank, 1972; Dos Santos, 1970: 226; Ferraro, 2008).

On this basis, it is possible to argue that Zambia's intention to exit from depending on aid under the current national and international global governance situation would be a

disruption to the globally set standards between the developed and developing countries, including global governance institutions such as the United Nations. Such an intention would also send wrong signals politically and diplomatically because it would be seen as irrational for a Government that has been failing to meet the basic development needs of its citizens to opt to cut off aid ties. Thus, the cutting of such aid relations might not be feasible given that these are structurally entrenched and universally set relations.

In sum, this study argues that based on the current and universal accepted international and diplomatic relations between developing and developed countries, it is not feasible for Zambia to exit from depending on aid as a source of development financing.

5.4. Measures and Outcomes on Aid Exit intent in Zambia

The second specific objective of study focused on finding out the outcomes of measures undertaken so far in relation to the Government's intention to exit from depending on aid as a source of development financing. During 2015 and 2016 National Budget the Minister of Finance made a pronouncement that 'Government will further strengthen domestic revenue mobilisation so that an increasing proportion of the national budget is financed from domestic resources' (GRZ, 2014:14). Similarly, in 2016 National Budget, the Minister of Finance made a pronouncement that 'the treasury will act to consolidate the fiscal position so that Government expenditure is primarily financed from domestic revenues.'(GRZ, 2015:12). This objective was also guided by the following research question; what interventions and outcomes has the Government in Zambia implemented to exit from depending on foreign aid as a tool for financing national development?

This study discusses two key measures that Government has undertaken in this regard. These are; to reform institutional arrangements on public finance management and development of a policy on aid and strategy.

5.4.1. Reform on Institutional Arrangements on Public Finance

Based on the findings of this study, respondents particularly from Government institutions argued that Government had put in place the relevant institutions needed for the Country to pursue aid exit processes. The key institutions highlighted included Ministry of finance and Ministry of Foreign Affairs. However, it can be argued that the mere existence of institutions of management, financial management mechanisms and guiding documents, such as the policy on aid and strategy is not a sufficient condition to guarantee that the Country has the capacity to exit from aid dependency.

With regard to the existing institutional arrangements on public finance and the public finance reforms undertaken in Zambia, it is important to acknowledge that Zambia has been implementing reforms in this area since the early 1990s and results of these reforms have been largely unsuccessful while the reform process was still incomplete by the time of this research (2017). In fact, the reform of public financial management remains one of the major reform programmes under the current Seventh National Development Plan which was developed in 2017. This is an indication that mechanisms and systems for managing public resources as one of the pre-conditions that Zambia should meet before embarking upon an aid exit process is still weak. In addition other key institutions such as Auditor's office have continued to reveal cases of financial malpractices and abuse. This is an indication that the systems to restrain abuse, ensure accountability and prudent use of financial resources are not ineffective or totally absent in some cases. Furthermore these institutions are embattled with well-known and longstanding challenges of unaccountability and lack of transparency, poor inter-institutional coordination, low funding, and capture by particularistic interests and inadequate and sometimes poorly qualified human resource. These conditions make it difficult for a Country that is still financially and economically weak to embark upon a course of exiting from depending on aid as a source of public financing.

Despite technocrats interviewed in this study insisting that Government had put in place several measures to ensure the prudent use of resources and implementation of programmes, a report by World Bank revealed that there were no comprehensive and centralized mechanisms for managing projects (World Bank, 2017). This report also revealed that ideas for large public investment projects were created at political level and financed without appraisal with some not even adequately planned before financing was sourced. Based on these observations, the report recommended for the restructuring and building of technical capacities in the management of investments and the loan contraction processes, including record keeping (ibid). This is evidence enough that implementation capacities of bureaucracy in Zambia's public works is still weak, lacks transparency and suffers from political manipulation.

5.4.2. Policy and Strategy on Aid 2005

As revealed in the findings, the Government of Zambia has developed a policy and strategy on aid acquisition (GRZ, 2005). In practice, these documents play a contrary role to the pronouncement by Government to exit from aid as a source of financing because they provide guidelines and benchmarks for aid acquisition, utilization and accountability. In brief, they are used for aid management and not 'exit' for Zambia. They are not an 'aid exit

strategy.’ Therefore, it has to be acknowledged that Zambia has, up to date, not developed an aid exit strategy with at least similar features proposed in some of the existing strategies on aid exit like that of Tandon and Macpherson shown in the chapter on literature review.

In addition, this study argues that the formulation of development documents in Zambia is not necessarily the challenge. The main problem has been the ability to implement and enforce compliance. For instance, the implementation of good programmes such as the Fifth National Development Plan (FNDP) 2005-2010 and Sixth National Development Plan (SDNP) 2010-2015 was poor. Another illustrative example can be drawn from the rhetoric on diversification of the economy of Zambia. Successive Governments have pledged to diversify the economy but very little has been achieved in that regard (GRZ, 2017:9).

Furthermore, Governments, particularly the post-democratisation regimes, have pledged to strengthen public finance management systems but these systems have remained weak to date even with the installation of programmes such as IFMIS. Unless the efforts are undertaken to ensure that implementation capacities in the bureaucracy are strengthened, the realization of Zambia’s intention to exit from depending on aid to finance development will remain impossible.

5.4.3. Social Economic and Political Implications of Aid Exit in Zambia

The third specific objective of the study focused on establishing the social, economic and political implications of Zambia’s intention to exit from depending on foreign aid as a tool to finance development. First and foremost, Zambia continued accessibility of aid in various forms is a potent indicator that the Country still needs additional resources to finance its development. According to the findings of this study, most of these resources are provided by donors. Thus, it would be important to carefully understand the implication of the aid exit especially the social sectors and other public service areas.

The failure to finance these sectors would result in worsening the living standards of the section of population of Zambians that largely depend on public services. For example, poverty conditions in Zambia deepened in the late 1980s to early 1990s when the donors’ withdrew aid (Sekwet, 2000: 534). The impact of exiting from accessing aid resources will mainly be felt by the majority poor and the rural population. Secondly, aid resources have been used to implement capital projects such as building of schools, health institutions, water utilities, provision of income (Social Cash Transfer). Given Zambia’s weak financial position, it would be unrealistic to expect the Country to immediately find alternative sources of financing these sectors apart from aid.

As observed by some analysts, aid resources have in some cases assisted fragile regimes to deliver public goods and services that they would otherwise not afford (Rakner, 2003). With specific reference to Zambia, Rakner observes that the regimes that emerged in Zambia after 1990 largely used donor resources, mostly in the form of aid and not domestic revenues to deliver public goods and services. In this way, these regimes were seen to be meeting the promises that they make during political campaigns.

To conclude, based on the findings of the study and the discussion that followed, it is possible to conclude that although Zambia made pronouncements of an intention to exit from aid dependency in 2015 and 2016 National Budgets and that the Country had put some measures to that effect, this intention is not politically, economically and financially and diplomatically feasible due to narrow tax base, and weak economic and financial position of the Country and the poor management of public resources. Furthermore, by universal global governance standards, Zambia is still classified as an aid recipient Country, and as such, it is expected to engage with some developed countries and international development institutions on this basis. Other influencing factors to this impossibility are corruption and weak policy implementation capacities. Thus, to understand the social economic implications associated with aid or the withdrawal from aid dependency, it is important for the Country to make a clear connection between aid and effective institutions, strong economic and taxation base, improved social and human development conditions, political will to exit from aid dependency, prudent use of mobilized resources and strong policy implementation capacities.

CHAPTER SIX CONCLUSION AND RECOMMENDATIONS 6.1. Overview

This Chapter provides the overall and specific conclusion and recommendations of the study entitled: ‘Feasibility of Zambia’s intention to exit from depending on Foreign Aid as a tool for Development Financing.’ In addition, the Chapter suggests possible areas of further research on this topic.

6.2. Conclusion

Based on the overall objective of this research which was to find out whether it is feasible for Zambia to exit from depending on foreign aid as a tool for financing national development, this research has concluded that it is not feasible for Zambia to exit from depending on aid as a major tool for development financing. The reasons for this infeasibility

are diverse. The first relates to inability of the Country to raise sufficient financial resources to domestically finance national development. The second relates to poor public financial management and the third relates to lack of a strong and sustainable political will to overcome aid dependence.

The study has also shown that it is only feasible for Zambia to exit from depending on aid as a major tool for development financing under the following three pre-conditions: Expansion and strengthening of domestic financial resource mobilization mechanisms; Prudent use of mobilized financial resources and development; and Implementation of the comprehensive long term foreign aid exit strategy.

Therefore, this research has recommended that the Government of Zambia should reconsider its intention made through a public announcements by the Minister of Finance, Hon. Alexander B. Chikwanda in the 2015 National Budget speech that ‘Government will further strengthen domestic revenue mobilisation so that an increasing proportion of our budget is financed from domestic resources.’ A similar statement was issued by the Government in the 2016 National Budget that ‘the treasury will act to consolidate the fiscal position so that Government expenditure is primarily financed from domestic revenues.’

With regard to the first specific objective that guided this research namely; to examine the effect of foreign aid acquisition on the financing of national development programmes in Zambia, this research has concluded that the aid resources have been used to finance four major areas of development. The four areas of development are;

- 1) Education
- 2) Health
- 3) Water and sanitation
- 4) Social protection

In terms of the second specific objective that guided this research namely; to analyse measures and outcomes undertaken by the Government on Zambia’s aid exit intent, this research has concluded that it is not possible for Zambia to exit from aid because the Country has not put a comprehensive aid exit strategy in place to guide the pronouncement by Hon. Alexander B. Chikwanda in the 2015 and 2016 National Budget speeches that ‘Government will further strengthen domestic revenue mobilisation so that an increasing proportion of our budget is financed from domestic resources.’ Similarly, in 2016 National Budget, the

Minister of Finance made a pronouncement that ‘the treasury will act to consolidate the fiscal position so that Government expenditure is primarily financed from domestic revenues.’ Instead, this research observes that Zambia has only a set of policies on aid acquisition and management such as Zambia Aid Policy and Strategy of 2005. In addition, the Country is relying on conventional institutions such as Ministries of Finance and other spending Ministries to manage the use of public financial resources including aid financial resources. Furthermore, Government is relying on the newly adopted Economic Stabilisation and Growth Programme - Zambia Plus “Restoring Fiscal Fitness for Sustained Inclusive Growth and Development” of 2016 as a mechanism of addressing the Country’s economic challenges for the purpose of mobilising more resources at domestic level. Therefore, the study concludes that it is not feasible for Zambia to embark upon exiting from aid in the absence of a comprehensive a long term strategy on aid exit as highlighted in various theoretical and empirical reviews undertaken in this research.

With reference to the third specific objective which is to establish the social, economic and political implications of Zambia’s intention to exit from depending on foreign aid as a tool to finance development, this study has concluded that there would be more negative than positive social, economic and political consequences if Zambia decided to exit from aid as tool to finance development. This is largely because Zambia’s aid relations are connected to the international aid regime and international relations that are set by global - bilateral and multilateral - governance institutions. Similar to other developing poor countries, Zambia is one of the signatories to the global agreements and has committed itself to acquire and use aid resources to address social development challenges such as poverty, poor health and education. Therefore, delinking itself from this universally designed aid relations in the context of where Government does not have adequate resources to meet these challenges means Government will not only be failing to perform its duties but more importantly, will be a violation of its international commitments.

6.3. Overall Recommendations

This study recommends that Government should reconsider its intention to exit from aid as a source of finances for its development. First, the Government of Zambia must develop a comprehensive strategy on aid exit. This strategy must have a short, medium and long term dimensions. In addition, the strategy must contain the following;

- a. A clear analysis of the consequences of this intention on the social, economic and international development of the Country.

- b. Clearly spelt alternative sources of financial resources that will fill up the gaps/ deficits that the withdrawal from accessing aid would create.
- c. A mechanism for managing the process of Zambia's transition from aid recipient country to non-aid recipient country. This mechanism should clearly show the political arrangements that will support the process, the institutional and bureaucratic set up that will implement the activities of transition process and the monitoring, tracking and evaluation mechanisms for providing feedback and updates on the outcomes of this decision.

6.3.1. Specific Recommendations

The following are the specific recommendations that should be taken into consideration for Zambia's intention to exit from depending on aid as a major tool to finance development to succeed.

- a. Domestic Tax Restructuring and Strengthening: There is need for the Country to strengthen its capacity to collect domestic revenues. In addition, the Country should build its capacities in ensuring that the collected resources are effectively managed and prudently utilised.
- b. Economic Diversification: There is need for the Country to ensure that the economy is diversified especially with regard to agriculture, energy, and tourism sectors. These are the sectors which have the potential to generate the financial resources required by the Country in order to reduce financial deficits that have largely compelled the Country to resort to seeking for aid resources.
- c. Public Finance Reforms: There is an urgent need for Zambia to continue pursuing policies aimed at promoting fiscal discipline and accountability in the use of public financial resources.
- d. Aid Exit Negotiation Framework: Government should develop an exit negotiating framework to guide its engagement with the Country's donors and other closely related institutions such as those focusing on trade and investment.

6.4. Possible Areas for Further Research

- Political Patronage, expediency and aid dependency exit processes
- Aid for trade as a strategy for exiting aid dependency

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LIST OF APPENDICES Appendix 1 THE UNIVERSITY OF ZAMBIA SCHOOL OF HUMANITIES AND SOCIAL SCIENCES DEPARTMENT OF DEVELOPMENT STUDIES Department of Development Studies Interview Guide 1 VERSION 1: GOVERNMENT RESPONDENTS

(Ministry of finance, Ministry National planning Foreign affairs, Minister of finance)

PART I: INSTITUTIONAL, LEGAL AND POLICY FRAMEWORK

1. Would you explain to me the institutional frame work that guides Zambia’s foreign aid acquisition of foreign aid?
2. What is legal process involved in the acquisition of Aid by the Government of Zambia?
3. What policies have been put in place to guide the acquisition of Aid for Zambia?
4. Are there any challenges that have been encountered by Government in the use of the legal and policy frameworks so far?
5. If yes, kindly explain some of the challenge
6. If yes, kindly explain what measures Government has undertaken to overcome these challenges?

PART II: PROGRESS AND CHALLENGES

1. What factors prompted the Government of Zambia to embark upon foreign aid exit process?
2. What is the current position of Government regarding Foreign Aid and the prospects for exit?
3. What has transpired so far since the pronouncement of Government’s intention to strategize on exiting from Aid? a) At Legal level
b) At Policy Level
c) Institutional Level,
d) At Political Level
4. What would you consider are the main milestones achieved so far? And what factors would have influenced this outcome?
5. What challenges have emerged so far? And what factors would have influenced the emergence of these challenges?
6. Are there any steps that have taken to address these challenges? If yes, kindly mention these steps and If No, why?

7. In your view, is it practical for Zambia to exit from aid? If Yes, how and if no, why? (Donors)
8. In your own opinion, what would you recommend for Zambia regarding foreign aid exit preparation?

PART III: SOCIO - ECONOMIC AND POLITICAL IMPLICATIONS

1. How important has foreign aid been to the development of Zambia?
 - a) Economically
 - b) Socially
 - c) Politically
 - d) State-donor relations
2. What would be the possible benefits of Zambia exiting from Aid?
 - a) Economically
 - b) Socially
 - c) Politically
3. What would be the possible repercussions of Zambia exiting from Aid?
 - a) Economically
 - b) Socially
 - c) Politically
4. What measures should Zambia put in place as the Country contemplates or is in the process of thinking of exiting from Aid?
5. In your own opinion, what would you recommend as Zambia's coping strategies without foreign aid?
6. What changes would occur to state-donor relations in case of Zambia exiting from aid?

Appendix 2 THE UNIVERSITY OF ZAMBIA SCHOOL OF HUMANITIES AND SOCIAL SCIENCES Department of Development Studies Interview Guide 2 VERSION II: DONOR (UK): SOCIO AND ECONOMIC IMPLICATIONS

1. How important has foreign aid been to the development of Zambia?
 - a) Economically
 - b) Socially
 - c) Politically
 - d) State-donor relations
2. What would be the possible benefits of Zambia exiting from Aid?

- a) Economically
 - b) Socially
 - c) Politically
3. What would be the possible repercussions of Zambia exiting from Aid?
 - a) Economically
 - b) Socially
 - c) Politically
 4. What measures should Zambia put in place as the Country contemplates or is in the process of thinking of exiting from Aid?
 5. In your own opinion, what would you recommend as Zambia's coping strategies without foreign aid?
 6. What changes would occur to state-donor relations in case of Zambia exiting from aid?
 7. What factors prompted the Government of Zambia to embark upon foreign aid exit process?
 8. In your own opinion, what would you recommend for Zambia regarding foreign aid exit preparation?

Appendix 3 THE UNIVERSITY OF ZAMBIA SCHOOL OF HUMANITIES AND SOCIAL SCIENCES DEPARTMENT OF DEVELOPMENT STUDIES Department of Development Studies Interview Guide 3

VERSION III: CSOs (CSPR, JCTR, ACTION AID AND WATER AID):

PROGRESS AND CHALLENGES; THINK TANKS (ZIPA, EAZ, ACADEMICIANS)

1. How important has foreign aid been to the development of Zambia?
 - a) Economically
 - b) Socially
 - c) Politically
 - d) State-donor relations
2. What would be the possible benefits of Zambia exiting from aid?
 - a) Economically
 - b) Socially
 - c) Politically
3. What would be the possible repercussions of Zambia exiting from aid?
 - a) Economically
 - b) Socially

- c) Politically
- 4. What measures should Zambia put in place as the Country contemplates or is in the process of thinking of exiting from Aid?
- 5. In your own opinion, what would you recommend as Zambia's coping strategies without foreign aid?
- 6. What changes would occur to state-donor relations in case of Zambia exiting from aid?