



REPUBLIC OF ZAMBIA

REPORT

OF THE

COMMITTEE ON LOCAL GOVERNANCE, HOUSING AND CHIEFS' AFFAIRS

FOR THE

SECOND SESSION OF THE TWELFTH NATIONAL ASSEMBLY

APPOINTED ON THURSDAY, 21st SEPTEMBER, 2017

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REPORT OF THE COMMITTEE ON LOCAL GOVERNANCE, HOUSING AND CHIEFS' AFFAIRS FOR THE SECOND SESSION OF THE TWELFTH NATIONAL ASSEMBLY APPOINTED ON THURSDAY, 21st SEPTEMBER, 2017

Consisting of:

Mr N Samakayi, MP (Chairperson); Mrs S S Mulyata, MP (Vice Chairperson); Mr G Chiyalika, MP; Mr M M Kabanda, MP; Mr M Chikote, MP; Dr E I Chibanda, MP; Mr E Musonda, MP; Mr K Mukosa, MP; Mr D Livune, MP; and Dr C Kambwili, MP.

The membership of your Committee changed following the appointment of Mr K Mukosa, MP, to serve on the Committee of Public Accounts. He was replaced by Mr C Chali, MP.

The Honourable Mr Speaker
National Assembly
Parliament Buildings
LUSAKA

Sir,

Your Committee has the honour to present its Report for the Second Session of the Twelfth National Assembly.

Functions of the Committee

2.0 The functions of your Committee are as set out below.

- i. Study, report and make appropriate recommendations to the Government through the House on the mandate, management and operations of the Government ministries, departments and agencies under their portfolio.
- ii. Carry out detailed scrutiny of certain activities being undertaken by Government ministries, departments and agencies under their portfolio and make appropriate recommendations to the House for ultimate consideration by the Government.
- iii. Make, if considered necessary, recommendations to the Government on the need to review certain policies and existing legislation.
- iv. Examine annual reports of Government ministries and departments under their portfolio in the context of autonomy and efficiency of Government ministries and departments and determine whether the affairs of the said bodies are being managed according to relevant Acts of Parliament, established regulations, rules and general orders.
- v. Consider any Bills that may be referred to it by the House.

- vi. Consider international agreements and treaties in accordance with Article 63 of the Constitution.
- vii. Consider special audit reports referred to it by the Speaker or an Order of the House.
- viii. Where appropriate, hold public hearings on a matter under its consideration.
- ix. Consider any matter referred to it by the Speaker or an Order of the House.

Meetings of the Committee

3.0 Your Committee held fifteen meetings to execute its Programme of Work during the year under review.

Programme of Work

4.0 At your Committee's second meeting held on 28th September 2017, your Committee considered and adopted the Programme of Work as set out below.

- i. Consideration of the Action-Taken Report on the Report of the Committee on Local Governance, Housing and Chiefs' Affairs for the First Session of the Twelfth National Assembly.
- ii. Consideration of the Action-Taken Report on the Report of the Committee on Local Governance, Housing and Chiefs' Affairs for the Fifth Session of the Eleventh National Assembly.
- iii. Consideration of the Action-Taken Report on the Report of the Committee on Local Governance, Housing and Chiefs' Affairs for the Fourth Session of the Eleventh National Assembly.
- iv. The Implementation of the National Decentralisation Policy in Zambia.
- v. Tours.
- vi. Consideration and Adoption of the Committee's Report for the Second Session of the Twelfth National Assembly.

Procedure Adopted by the Committee

5.0 Your Committee requested for detailed memoranda on the topic under consideration from relevant stakeholders and invited them to appear before it in order to give verbal submissions and clarifications on issues arising from their submissions.

6.0 Arrangement of the Report

Your Committee's Report is in two parts. Part I deals with the topical issue and findings from the local tours. Part II deals with the Action-Taken Reports.

PART I

CONSIDERATION OF THE TOPICAL ISSUE

7.0 The Implementation of the National Decentralisation Policy in Zambia.

Background

Your Committee noted that Zambia was implementing decentralisation by devolution, which entails the transfer of some powers and authority, functions and resources to lower levels of Government through legal means. Your Committee also noted that the Revised National Decentralisation Policy (R-NDP) was launched on 16th June, 2013. The R-NDP's mission statement is "to promote a decentralised and democratically elected system of governance which enhances community participation in decision-making".

Further, Cabinet Office Circular No.10 of December, 2014 provided guidelines on the implementation of the R-NDP based on a sector-wide phased approach over a period of three years (2015-2017). There were three phases and each phase targeted to devolve some functions of specific Ministries.

Your Committee, recognising that the process had entered its third and final stage, resolved to undertake a study to determine the progress made in the implementation of the National Decentralisation Policy in Zambia. The objectives of the study were to:

- i. ascertain the regulatory and legal framework within which the decentralisation policy was being implemented and its adequacy;
- ii. determine the progress made towards the completion of the devolution of the selected functions to the local authorities;
- iii. acquaint the legislature with the functions that had been devolved or ear-marked for devolution to the local government level;
- iv. find out whether the local authorities had the capacity to perform the functions being devolved to them;
- v. ascertain the challenges if any, that were faced in the implementation of the decentralisation policy; and
- vi. make recommendations to the Executive on the way forward.

Stakeholders

Your Committee interacted with a total of twenty-one stakeholders who gave both oral and written submissions and these were:

- i. Ministry of Local Government;
- ii. Cabinet Office/Decentralisation Secretariat;
- iii. Ministry of Agriculture;
- iv. Ministry of General Education;
- v. Ministry of Health;
- vi. Ministry of Community Development and Social Services;
- vii. Ministry of Tourism and Arts;
- viii. Ministry of Lands and Natural Resources;
- ix. Ministry of Commerce, Trade and Industry;
- x. Ministry of Youth, Sport and Child Development;
- xi. Ministry of Water Development, Sanitation and Environmental Protection;
- xii. Ministry of Finance;
- xiii. Jesuit Centre for Theological Reflection (JCTR);
- xiv. Civil Society for Poverty Reduction (CSPR);
- xv. Policy Monitoring and Research Centre (PMRC);
- xvi. Zambia Institute for Policy Analysis and Research (ZIPAR);
- xvii. Local Government Association of Zambia (LGAZ);
- xviii. Zambia United Local Authorities Workers union (ZULAWU);
- xix. Teaching Service Commission;
- xx. Civil Service Commission; and
- xxi. Local Government Service Commission.

SUMMARY OF STAKEHOLDERS' SUBMISSIONS

7.1 Summary of Stakeholders' Submissions

7.1.1 The Regulatory and Legal Framework within which the Decentralisation Policy is being Implemented

Your Committee was informed that the implementation of the decentralisation process in Zambia was administered within the framework of several policies and legislation anchored on the Republican Constitution and the R-NDP. This framework provided the overall direction of the implementation process and also served as the basis for monitoring and evaluating the pace and effectiveness of implementation.

Your Committee was informed that other important pieces of legislation and regulation in this framework were the Planning and Budgeting Policy and the Human Resource Management Policy as well as the *Local Government Act, Chapter 281 of the Laws of Zambia*, the *Service Commissions Act, No. 10 of 2016*, the *Public Finance Act, No. 15 of 2004* and the *Rating Act, Chapter 192 of the Laws of Zambia*.

Your Committee was further informed that the R-NDP anchored the entire policy process by providing key aspects of the policy such as the Government's vision, mission and objectives with regard to the decentralisation process. The policy also laid down a wide range of strategies and policy measures to be pursued in the course of implementing the policy. Taken together, these aspects provided an appropriate basis upon which the policy may be implemented and evaluated.

7.1.2 The Progress made towards the Completion of the Devolution of the Selected Functions to Local Authorities

Your Committee was informed that according to the Decentralisation Implementation Plan (DIP), the devolution of the earmarked functions required a wide range of measures in ten different, but inter-related components. Apart from specifying actual activities to be undertaken, the components were important because they also served as a yardstick for measuring progress towards implementation of the policy in general and devolution in particular. The components were summarised into six main areas as set out hereunder.

- i. Development of appropriate policies, legislation and guidelines to support devolution.
- ii. Sensitising institutions and citizens to secure their sustained 'buy-in'.
- iii. Developing capacities of institutions and communities.
- iv. Undertaking the actual transfer of human resources and assets.
- v. Undertaking the practical transfer of fiscal resources.
- vi. Development of decentralised operating systems including, but not limited to, planning and budgeting processes, inter-governmental reporting formats and decentralised human resource management systems.

The progress made in each of the above aspects is indicated hereunder.

i. Development of Appropriate Policies, Legislation and Guidelines to Support Devolution

Your Committee was informed that the transfer of various functions from Central Government to local authorities was sanctioned by the Constitution. To date, all the essential instruments needed to start the transfer of functions had been developed and deployed. These included the Decentralisation Implementation Plan (2015 – 2017) and several Cabinet Office circulars as well as Sector Devolution Plans developed by individual line ministries. Sector Devolution Plans had helped to clarify the details of the transfer of functions with matching resources and continued to guide the process within respective sectors. To date all seven ministries scheduled for Phase 1 under Circular No 10 of 2014 had finalised their devolution plans while six had been approved. All seven ministries had started implementing their devolution plans. Of all the functions in Phase 1, the function of HIV Management which was under the National Aids Council had been transferred in full and the Local Government Service Commission was recruiting staff to deliver the function as part of the staff establishment of different local authorities.

Your Committee was informed further that an Inter-governmental Fiscal Architecture to guide the flow of fiscal resources to support devolved functions had also been approved and would be deployed in 2018.

ii. Sensitising institutions and citizens to secure their sustained ‘buy-in’

Your Committee was informed that the Government appreciated the importance of securing the ‘buy in’ of citizens in the implementation process of decentralisation. To that end, various initiatives had been undertaken to raise public awareness about the reforms. These initiatives included the use of all forms of media as well as development of partnerships with civil society organisations to sustain the media campaign.

iii. Developing Capacities of Institutions and Communities

a. Organisational Restructuring

Your Committee was informed that the Government had undertaken the process of restructuring all local authorities in order to provide them with organisational structures which enabled them to assume additional functions as required in the policy. This process had since been completed and all local authorities had adopted the structures.

b. Institutional Frameworks for Implementing the Policy

Your Committee was informed that in order to ensure effectiveness in the implementation process, the Government had developed and deployed an institutional framework through which to oversee the reforms. The framework covered institutions from the national to the sub-district level.

Your Committee was also informed that at the national level, the Secretary to the Cabinet oversaw the reform and was supported by the Deputy Secretary to the Cabinet (Administration). A committee of Permanent Secretaries from devolving ministries, facilitating ministries and provinces (Decentralisation Policy Implementation Committee – DPIC) chaired by the Secretary to the Cabinet had been established to steer the reforms. The Decentralisation Secretariat had been in operation to provide day to day management of the reforms since 2003. The Secretariat was a statutory institution within Cabinet Office and reported to the Deputy Secretary to the Cabinet while the Permanent Secretary for Management Development Division (MDD) facilitated its operations.

Your Committee was informed that to ensure technical coherence across broad subject areas, four Technical Working Groups (TWGs) had been established under the leadership of Permanent Secretaries of support ministries and institutions. The TWGs drew their membership from a variety of institutions with a stake in particular subject matters. The four TWGs covered Legal Reforms (chaired by Ministry of Justice), Planning and Budgeting (jointly chaired by Ministry of National Planning and Ministry of Finance), Capacity Development and Institutional Reforms (chaired by Ministry of Local Government) as well as Sector Devolution (jointly chaired by PSMD and MDD). At ministerial level, Sector Devolution Task Forces (SDTFs) had been established in all devolving ministries. Chaired by the Permanent Secretaries, SDTFs had the primary responsibility of defining the devolution process within their respective

ministries/sectors and producing Sector Devolution Plans (SDPs), which served as the principal road-maps for the devolution process.

Your Committee was informed that at the provincial level, Provincial Devolution Task Forces had been established in all provinces under the leadership of Provincial Permanent Secretaries to provide leadership and coordinate the implementation of the reforms across districts within their jurisdictions.

Your Committee was informed that at district level, Devolution Task Forces had been established in all districts under the joint leadership of local authorities and the district administration to ensure effective reception of devolved functions.

Your Committee further heard that Ward Development Committees (WDCs) had been elected and established at the sub-district level to provide for the enhanced participation of citizens in local governance and to provide the entry point for public sector planning and budgeting. To date, WDCs had been established at least in 80% of all wards.

iv. Undertaking the Actual Transfer of Human Resources and Assets

a. Transfer of Human Resources

Your Committee was informed that following the transfer of functions, the transfer of human resources had been the next key step in the devolution process. Under the approach taken by the Government, devolution would mainly entail the transfer of staff from different Service Commissions to the Local Government Service Commission, which would deploy those staff for service in local authorities in line with the *Service Commissions Act, No. 10 of 2016*. To date, the HIV Management function in phase 1 had been transferred in full while the rest of the functions were at the initial stage where they reported administratively to local authorities. It followed, therefore, that this important part of the reform process was behind schedule.

b. Transfer of Assets

Your Committee was informed that the R-NDP provided that all movable and immovable assets used in the discharge of devolved functions should be transferred to local authorities as part of the devolution process. Accordingly, Circular No. 10 of 2014 elaborated a clear process of asset transfer, requiring devolving ministries and institutions to prepare registers of all fixed and movable assets employed in the delivery of functions they were devolving in line with their Sector Devolution Plans. This process had been completed for functions related to the management of HIV. All other institutions were at different stages of registration.

c. Transfer of Fiscal Resources (Fiscal Decentralisation)

Your Committee was informed that successful implementation of the Decentralisation Policy required a comprehensive Intergovernmental Fiscal Architecture (IFA) in order to provide a stable, predictable and transparent fiscal framework. The IFA was essential to guide, match and integrate the allocation of expenditure functions, the assignment of revenue resources, the design

of the intergovernmental fiscal transfer system and the framework for local level borrowing and debt management. The ultimate objective was to promote responsive and accountable governance and improve the equitable, efficient and accountable delivery of public services.

Accordingly, the Government anticipated that resources for local level service delivery would be mobilised from a wide range of sources besides the treasury allocation for devolved functions and the Local Government Equalisation Fund. Additional revenue was expected from rates, levies, fees, rental income and permits.

The table below shows specific achievements so far.

	Key Deliverable	Implementation Status
1	Operationalisation of the Local Government Equalisation Fund	Operationalised since 2015: <ul style="list-style-type: none"> ▪ The Fund provided for the appropriation by Parliament of not less than 5% of the total amount projected to be collected as income taxes for the Republic for that financial year to support local governments and service delivery at the local level.
2	Development of the Intergovernmental Fiscal Architecture	<ul style="list-style-type: none"> ▪ Developed through the Planning and Budgeting Technical working Group and approved at the DPIC meeting held in August 2017 and formally approved by Secretary to Cabinet in November, 2017 ▪ Direct transfers in support of devolved functions expected to be implemented during the 2018 budget cycle. However, lack of clarity for some functions may delay commencement of the transfer for such functions.
3	local authorities indebtedness	The process to document and clarify the indebtedness of the local authorities had commenced and this would help determine the total debt situation in the local authorities

d. Development of decentralised operating systems

Your Committee was informed that effective implementation of decentralisation required the ongoing development of various operating systems to give effect to the decentralised service delivery arrangement.

To this end, the Government had developed, among others, human resources management systems which were scheduled to be implemented starting in 2018. The Government had also developed decentralised district planning systems to be validated and effected commencing in 2018. Inter governmental fiscal systems had also been developed and approved and were already being implemented through the Local Government Equalisation Fund. Additional aspects of the Inter governmental fiscal system such as the direct transfer of funds to provinces and districts were being implemented commencing in 2018.

7.1.3 Functions Ear-marked for Devolution or which have been Devolved to the Local Government Level

Your Committee heard that under Phase 1, which started on 1st January, 2015, the functions listed hereunder were to be devolved to local authorities.

1. Disaster and Risk Reduction Management under the Office of the Vice President.
2. Extension Services under the Ministry of Agriculture.
3. Extension Services under the Ministry of Livestock.
4. Primary, Early Education and Adult Literacy under the Ministry of General Education.
5. Primary Health Care under the Ministry of Health.
6. Social Welfare and Community Development under the Ministry of Community Development.
7. Local Tourism and Cultural Affairs under the Ministry of Tourism and Arts.
8. Urban and Regional Planning under the Ministry of Local Government.
9. Community Management of HIV and AIDS and TB Programmes under the National HIV/AIDS/TB/STI Council.

Your Committee was informed that of the above nine functions, only Disaster and Risk Reduction Management under the Office of the Vice President function, was yet to be devolved. Your Committee was further informed that under Phase 2, which was scheduled to start on 1st January, 2016, the following functions were to be devolved to local authorities:

1. infrastructure (local) development and management under the Ministry of Infrastructure Development and Housing;
2. land allocation and utilisation together with management and conservation of natural resources under the Ministry of Lands and Natural Resources; and
3. business development services, operationalisation of standards, and consumer protection and welfare under the Ministry of Commerce, Trade and Industry.

Your Committee also heard that under Phase 3, which started on 1st January, 2017, the following functions were scheduled to be devolved to local authorities:

1. sports development, community sport and youth/child development under the Ministry of Youth, Sport and Child Development;
2. water resource management under the Ministry of Water Development and Environmental Protection; and
3. community police and community prisons under the Ministry of Home Affairs.

7.1.4 Whether the Local Authorities have the Capacity to Perform the Functions being Devolved to Them

Your Committee was informed that in their current state, all local authorities did not have the capacity to deliver devolved functions. In this regard, the R-NDP had elaborated several

measures to ensure that local authorities had the capability to perform functions which were devolved to them. The principal measure to that effect was the provision in the policy stating that functions would be devolved to local authorities with matching resources. Accordingly, the Government was not only transferring the legal competence but also the operating capacity to discharge the devolved functions. In this regard, functions were being devolved together with staff, finances, operating systems as well as infrastructure being used by the Government in the course of delivering the affected functions.

Your Committee was informed that the above notwithstanding, decentralisation by devolution exposed the devolved function to a new management paradigm under the existing management and political systems of the local authorities. In view of the implications of this arrangement, the Government was taking several measures to ensure that capacity was built in both the administrative and political operatives at district level. One example of such measures was the on-going enhancement of the Chalimbana Local Government Training Institute (CLGTI) to provide appropriately advanced capacity development programmes to meet the emerging needs of affected officers. Other equally important measures were targeting the national and provincial level to ensure that they had the capacity to support local authorities in the discharge of their new mandates.

7.1.5 Challenges if any, that are faced in the Implementation of the Decentralisation Policy

Your Committee was informed that Zambia faced the challenges below in deepening and institutionalising decentralisation.

a. Capacity Deficiencies

Your Committee was informed that the question about the capacity of local authorities to manage devolved functions in addition to traditional functions was a frequent one from a wide range of stakeholders. The capacity of local government had consistently been on the decline. This was largely on account of the factors below.

- i. Persistent reduction in budgetary allocations by the central Government and reduced decision-making powers by local authorities as to how resources were to be allocated.
- ii. Frequent revisions of the local government statutes, which crippled their capacity to provide public services in their respective jurisdictions.
- iii. Failure to link policy, planning and budgeting in the medium term framework: the Medium Term Expenditure Framework (MTEF) was not fully integrated with the strategic plans of the local authorities, creating flaws in budget implementation. This often resulted in monitoring being reduced to discussions of activity completion rather than to performance or evaluation assessment in terms of outputs, outcomes or impact.
- iv. The creation of new districts had also impacted on the capacity of the local government system to deliver. These had often been created without corresponding budgetary allocations.

As a consequence of these and other factors, both existing and newly created local authorities had weak capacity to deliver public services in their respective areas. The amount of effort, resources and capacity building for both existing and newly created districts were quite colossal for there to be any significant impact on their respective capacities to deliver quality and sustainable public services. This put the implementation of the decentralisation process, and fiscal decentralisation in particular, into jeopardy.

b. Limited people participation

Your Committee was informed that for decentralisation to promote people's participation in the way they were governed, the people needed to understand their role in the decentralised system. One of the challenges in Zambia's decentralisation programme was that the Government seemed to assume that people knew their roles in the decentralised system, which was wrong, especially in a country where illiteracy levels were still high. For example, districts had been created all over the country but no civic education had been conducted to empower the masses to meaningfully get involved in local administration. This had led to a lack of consistency and compliance with the requirements under the decentralisation legal framework. The lack of awareness among the masses had further rendered the notion of decentralisation more of a myth than a reality since the envisaged people's participation in their governance remained sketchy and almost meaningless.

c. Limited participation of the private sector

Your Committee was informed that much of the focus of decentralisation had been on the decentralisation of the Government powers. It should be appreciated that this process was occurring at a time when there was increasing emphasis on market-related solutions to resource allocation problems and, associated with that, an examination of the potential role of the private sector in performing and/or financing many of the functions previously performed by the central Government. However, there appeared to be little attempt to explore the role of decentralised government in providing an enabling environment for private sector activities. It may, therefore, be useful to examine the role of the private sector in financing, producing and regulating goods and services which had previously been provided entirely by local government or that were provided by the central Government prior to decentralisation. Such functions as provision of electricity services, management of airstrips, public transport, water and sanitation services, vehicle licensing, recreation and amenities, housing, provision and maintenance of street lighting, agriculture support services, and other functions outlined in Schedule 3 of the National Decentralisation Policy, could be taken up by the private sector.

d. Politicisation of Decentralisation

Your Committee was informed that the main purpose for creating new districts was to ensure effective administration and the need to bring services closer to the people. However, the grounds advanced for the creation of new districts lacked specificity and could quite easily be exploited, as indeed had been the case. The Government had tended to use the creation of districts both as a reward for its supporters and as a condition for support in areas where it had

historically not enjoyed popular support. This politicisation of the decentralisation process had greatly undermined its performance. From seventy-two districts in 2011 when the Patriotic Front Government rose to power, Zambia now boasted of over 105 districts.

By using the creation of districts as a reward for political support, the Government had been steadily increasing its expenditure portfolio without necessarily balancing it with increased economic growth, which had naturally affected the local governments' ability to improve on service delivery due to their limited funding. The local government system envisaged a financial partnership with the central Government in the sense that while the central Government remained duty bound to fund national programmes through the local government, the local government too was expected to raise local revenue for the purpose of funding its budget. With limited funding and no reliable source of local revenue, the local governments had been reduced to mere agents of the centre. This had created increased dependence of local governments on the central Government, with the obvious effect of undermining the local governments' capacity to plan and perform effectively.

Your Committee was also informed that devolution continued to be delayed by the resistance of stakeholders (both politicians and bureaucrats) who perceived the transfer of functions with matching resources to provinces and councils as a loss of personal power.

e. Disharmony of Legislation

Your Committee was informed that there was lack of harmony among various pieces of legislation and the National Decentralisation Policy, with the *Constitution (Amendment) Act, No.2 of 2016*. Some provisions of the Constitution had contributed to the derailment of the implementation of the National Decentralisation Policy. Specifically, whereas the 2013 Revised National Decentralisation Policy (3rd Schedule) listed all the functions to be performed at district level, some functions were not fully provided for in Annex C of the Constitution. This meant that the devolution of the omitted functions had no legal backing. However, the devolution of some functions that had no legal backing, such as, the Disaster and Risk Reduction Management and Primary Education, had progressed substantially under the auspices of Circular No. 10 of 2014.

f. Role of District Administration

Your Committee learnt that the failure to address the status and role of district administration in the Constitution had led to misunderstandings between the district administration and local authorities in many districts and had thereby negatively affected the progress of the reforms.

7.2 Local Tour Report

Your Committee undertook a tour of selected local authorities in Central and Copperbelt Provinces. Specifically, your Committee toured local authorities in Mkushi, Serenje, Mpongwe, Ndola, Kitwe and Chingola districts. The main objective of your Committee's local tour was to appreciate the progress made in the implementation of the National Decentralisation Policy in Zambia. The findings of your Committee during the conducted tour of local authorities are as set out below.

- i. Fiscal decentralisation had not been actualised, making it difficult for local authorities visited to proactively respond to urgent matters and perform devolved functions satisfactorily, where matching resources were required.
- ii. All local authorities visited had harmonised and, in some cases, created new standing committees to accommodate devolved functions.
- iii. Council management meetings were being held in local authorities visited, with the devolved ministries.
- iv. All the local authorities visited, except Kitwe, had their Ward Development Committees (WDCs) operational, even without legislation to support the practice.
- v. The devolved departments had not officially been informed in writing to start reporting to town clerks and council secretaries, meaning that their collaboration was based on mutual understanding because it had no legal backing.
- vi. All the local authorities visited stated that they had human resource capacities that could be complimented by the devolving ministries, to carry out their devolved activities.
- vii. The declaration of district councils as planning authorities was lagging behind as all district councils visited had still not been given this status, posing a challenge on the accelerated implementation of the decentralisation process.
- viii. All councils visited had district devolution task forces in place.
- ix. The Department of Agriculture was administratively reporting to the council even when the parent Ministry's Sector Devolution Plan was not approved by the Decentralisation Secretariat.
- x. There was no harmony between the National Decentralisation Policy and other various pieces of legislation such as the *Local Government Act, Chapter 281 of the Laws of Zambia, the Education Act, No. 23 of 2011, Disaster Management Act, No. 13 of 2010, the National Health Services Act, Chapter 315 of the Laws of Zambia, the Service Commissions Act, No. 10 of 2016, the Rating Act, Chapter 192 of the Laws of Zambia and the Public Finance Act, No. 15 of 2004*, among others.
- xi. The creation and operationalisation of the Ward Development Committees (WDCs) had not been harmonised with existing legislation.
- xii. The disaster and risk management function had not been devolved to the local authorities visited.
- xiii. Local authorities received the Local Government Equalisation Fund (LGEF), monthly and 20 percent of it was meant to be utilised on capital projects, except for Serenje District Council where the Fund received had been banked and was not yet utilised for its purpose.
- xiv. Most local authorities visited had not been availed with Sector Devolution Plans for all devolved ministries.

7.2.1 Challenges

Your Committee's interaction with various local authorities during the local tour revealed that the implementation of the National Decentralisation Policy was facing challenges as set out below.

- i. Information dissemination on the implementation of the National Decentralisation Policy was inadequate and fragmented.
- ii. There was lack of clarity on who should be the head of department, where various departments had been merged, thereby causing anxiety on the affected employees.
- iii. In councils where Ward Development Committees (WDCs) were operational, the chairmanship position still remained an outstanding issue as councillors had wanted to be chairpersons because of the absence of a clear policy direction on the matter.
- iv. Some local authorities lamented that they had inadequate office space to accommodate devolved ministries, resulting in demand for the construction of office infrastructure.
- v. Frequent transfer of staff in councils negatively affected the implementation of development plans, due to lack of institutional memory.
- vi. The absence of a budget line to support management of devolved ministries through local authorities, had proved challenging in terms of accounting and auditing.
- vii. The delay by the Public Service Commission to process transfer letters for officers in devolving ministries had resulted into multiple reporting, thereby causing duplication of work and fragmentation of decisions. This has resulted in delayed implementation of the National Decentralisation Policy.
- viii. There was lack of funding of the District Devolution Task Force (DDTF) to conduct its activities for the smooth implementation of the Policy.
- ix. Harmonisation of salary scales for the devolved departments, with those that existed in the Local Government Service or vice versa had not yet been done. This had the capacity to create distortions in the salary structures and demotivate the affected employees.
- x. There was apparent resistance by the central Government to devolve functions to local authorities. This resistance was attributed to concerns about capacity challenges, especially in terms of managing fiscal resources. This had the potential to delay the implementation of the National Decentralisation Policy.

7.3 Committee's Observations and Recommendations

After analysing the written memoranda and carefully considering the oral submissions from various stakeholders and taking into account its findings from the local tour, your Committee makes the observations and recommendations set out hereunder.

- i. Your Committee is concerned that there is no harmony between the National Decentralisation Policy and various other pieces of legislation such as the *Local Government Act, Chapter 281 of the Laws of Zambia*, the *Education Act, No. 23 of 2011*, the *Disaster Management Act, No. 13 of 2010*, the *National Health Services Act, Chapter 315 of the Laws of Zambia*, the *Service Commissions Act, No. 10 of 2016*, the *Rating Act, Chapter 192 of the laws of Zambia*, the *Public Finance Act, No. 15 of 2004*. This was causing delays to the decentralisation implementation process and required to be addressed through necessary amendments.

Your Committee, therefore, recommends that the Government should urgently harmonise all identified pieces of legislation with the National Decentralisation Policy in order to expedite the decentralisation implementation process.

- ii. Your Committee observes with great concern that there exists a lack of harmony in the provisions of the Republican Constitution as amended by Act No.2 of 2016, which has contributed to the derailment of the implementation of the National Decentralisation Policy. Of specific concern to your Committee is that whereas the Third Schedule of the 2013 Revised-National Decentralisation Policy (R-NDP) lists all the functions to be performed at district level, these functions have not been fully provided for in Annex C of the Republican Constitution. This has left the devolution of some functions such as lands and Natural Resources, without legal backing.

Your Committee, therefore, strongly urges the Government to expedite the review of the Republican Constitution so that the National Decentralisation Policy can be the only basis for devolution of functions to the local authorities.

- iii. Your Committee observes that generally, there exist capacity deficiencies among the key stakeholders in the decentralisation implementation process, which has the potential to impact negatively on the whole decentralisation programme.

Your Committee, therefore, strongly recommends that the Government should urgently come up with capacity development programmes to support stakeholders such as ordinary community members, council staff, councillors, traditional leaders, Members of Parliament and the sub-district structures.

- iv. Your Committee notes with concern the lack of appropriate provisions in the Constitution to address the status and role of district administration. This has led to misunderstandings between district administration structures and local authorities in many districts, and has negatively affected the implementation of the decentralisation process.

Your Committee, therefore, recommends that the Government should, as a matter of urgency, take measures to clarify the roles and responsibilities and span of control of key stakeholders such as Mayors/Council Chairpersons, District Commissioners and Town Clerks/Council Secretaries in order to foster co-existence at district level and accelerate the implementation of the National Decentralisation Policy.

- v. Your Committee is concerned that devolution has continued to be delayed due to apparent resistance by stakeholders (both politicians and bureaucrats) who perceive the transfer of functions with matching financial resources to provinces and local authorities as a loss of power.

Your Committee recommends that the Government should institute measures to regularly track the progress made by every ministry and commission whose functions are earmarked to be devolved, so that necessary punitive measures can be meted out against those that deliberately frustrate the implementation process by failing to meet set deadlines.

- v. Your Committee expresses concern that the Local Government Service Commission has been undertaking unplanned and uncoordinated transfers of staff in local authorities

across the country. These have caused instability in the staff establishment and loss of institutional memory by the local authorities, which has the potential to impact negatively on the implementation of the Decentralisation Policy and staff output in general.

Your Committee, therefore, recommends that in order to ensure stability and continuity, the Government should put measures in place to regulate staff transfers in the local authorities so as to ensure the successful implementation of among others, the Decentralisation Policy.

- vi. Your Committee notes with concern delays by the various Service Commissions in completing the transfer of human resources. Your Committee further observes that although all heads of departments performing devolved functions have commenced to administratively report to the local authorities, most of them have not received transfer letters.

Your Committee, therefore, recommends that the Government urgently formalises the transfer of human resources to the local authorities so as to expedite the decentralisation implementation process.

- vii. Your Committee observes with concern that the Local Government Service Commission has not developed the Local Government Service Regulations which are crucial to the decentralisation implementation process.

Your Committee, therefore, strongly recommends that the Local Government Service Commission develops the Local Government Service Regulations without further delay.

- viii. Your Committee observes that although an Inter Governmental Fiscal Architecture to guide the flow of fiscal resources to support devolved functions had been approved, it has not been operationalised. This has the potential to weaken the performance of local authorities.

In this regard, your Committee recommends that Cabinet Office and the Ministry of Finance expedite the operationalisation of the Intergovernmental Fiscal Architecture (IFA) to strengthen the fiscal position of local authorities to enable them discharge their service provision mandate effectively at the local level.

- ix. Your Committee expresses concern that most local authorities face challenges of lack of equipment such as survey equipment and geographical information system (GIS) which is necessary for spatial planning.

Your Committee, therefore, recommends that the Ministry of Local Government should invest in procurement of tools such as survey equipment and GIS which are necessary for spatial planning in all local authorities, especially those with a poor financial base to enable them undertake their new physical planning functions better than has been the case in the past.

- x. Your Committee expresses concern at the delay in the implementation of some components necessary for the implementation of the decentralisation policy, such as the long delayed enactment of the Planning and Budgeting legislation.

Your Committee, therefore, urges the Government to expeditiously finalise the Planning and Budgeting Bill and present it to the National Assembly for enactment without further delay.

- xi. Your Committee is concerned that the legal and regulatory framework surrounding the establishment of the sub-district structures such as the Ward Development Committees (WDCs) is not adequate, causing confusion concerning their formation.

Your Committee, therefore, recommends that the Government should expeditiously enhance the legal and regulatory framework surrounding the establishment of the sub-district structures such as the Ward Development Committees (WDCs).

- xii. Your Committee expresses concern that the harmonisation of salary scales for the devolved departments, with those that exist in the local government service or vice versa has not yet been undertaken. This was likely to create distortions in the salary structures and demotivate the affected employees.

Your Committee, therefore, urges the Government to expeditiously begin the salary scale harmonisation process for the devolved departments with those that exist in the local government service.

PART II

8.0 CONSIDERATION OF THE ACTION-TAKEN REPORT ON THE COMMITTEE'S REPORT FOR THE FIRST SESSION OF THE TWELFTH NATIONAL ASSEMBLY

THE HOUSING SITUATION IN ZAMBIA

Review of Existing Legislation

Your previous Committee had recommended that the Government must review existing legislation, including *the National Housing Authority Act, Chapter 195 of the laws of Zambia, the Urban and Regional Planning Act, No 3 of 2015* and other pieces of legislation relating to the housing sub sector, in order to expeditiously seal the lacunas observed and facilitate the increased provision of housing in the country.

Executive's Response

Your Committee was informed that in order to address the lacunas as observed, the Government had commenced the process of reviewing the National Housing Policy and *National Housing Authority Act, Chapter 195 of the laws of Zambia* to encourage orderly development, remove

restrictions that had hindered housing development in order to provide a mechanism for ensuring that limited resources were put to their optimum use and thus promote adequate and affordable housing. The Government was also developing regulations to improve operationalisation of the *Urban and Regional Planning Act, No 3 of 2015*.

Committee's Observations and Recommendations

In noting the response, your Committee urges the Government to expeditiously finalise the reviewing of the National Housing Authority Act and the development of regulations to improve the operationalisation of the *Urban and Regional Planning Act, No 3 of 2015*. Your Committee awaits a progress report on the matter.

Finalisation of the New National Housing Policy

Your previous Committee had recommended that the Government must expedite the finalisation of the new National Housing Policy which was expected to resolve some of the bottlenecks in the delivery of decent housing to citizens. Your Committee had further noted that a good housing policy was only as good as its implementation. Your Committee, therefore, had called for full implementation of the National Housing Policy once revised, as it would remain an illusion as long as the necessary financial and other resources were not applied towards its realisation.

Executive's Response

Your Committee was informed that the Government was in the process of reviewing the National Housing Policy as well as relevant legislation. Once finalised and implemented, it was believed that the many bottlenecks in the delivery of decent housing would be addressed.

Committee's Observations and Recommendations

Your Committee notes the response and urges the Government to urgently finalise the reviewing of the National Housing Policy and submit a progress report.

Review of Policies on Housing Development

Your previous Committee had recommended that the new Ministry of Housing and Infrastructure Development should coordinate and liaise with other line ministries to review all policies that hinge on housing development as a matter of urgency so as to promote sustainable housing and human settlements.

Executive's Response

Your Committee was informed that the Government would undertake a consultative process to review all policies that contribute to promoting sustainable housing and human settlements. These include the building regulations under the *Public Health Act, Chapter 295 of the laws of Zambia* and the National Urbanisation Policy that would guide and control urban development.

Committee's Observations and Recommendations

Your Committee observes that the matter of consultation was urgent and therefore strongly urges the Government to finalise the process and submit a progress report on the matter.

Housing Finance

Your previous Committee had strongly urged the Government to maintain and meet its commitment in the National Housing Policy to allocate 15% of the national budget towards housing financing every fiscal year. Your Committee also urged the Government to ensure that funding of the construction of housing units was prioritised and released to the relevant ministry in time, in order to curb the shortage of housing, particularly in the new districts.

Executive's Response

Your Committee was informed that the Government had since streamlined the mandates of ministries by establishing a Ministry responsible for infrastructure development and housing with one of its core mandates being to oversee the National Housing Policy. The National Housing Development Department had moved from the Ministry of Local Government to the newly established Ministry of Infrastructure Development and Housing.

Committee's Observations and Recommendations

Your Committee, in noting the response, expresses concern at the failure by the Government to meet the 15% budget allocation to housing and urges the Government to provide an update on the challenges it is facing to fulfill this commitment.

Financial Sector Regulation through Government Intervention

Your previous Committee had strongly recommended that the Government must intervene, promptly, in the financial sector in order to make mortgages affordable to an average Zambian.

Executive's Response

Your Committee was informed that the Ministry of Finance and the Bank of Zambia would ensure that monetary and fiscal policies were coordinated so that actions on the fiscal and monetary side were better synchronised. Monetary policy would remain focused on maintenance of price stability to support restoration of macroeconomic stability and thereby aid fiscal fitness, as a basis for higher growth and development.

In the medium-term and beyond, the Bank of Zambia would adopt a target range for inflation of 6-8 percent commencing in 2018. The Kwacha exchange rate would continue to be market determined. Stability in the foreign exchange rate was essential for maintaining low and stable domestic prices.

Coordinated fiscal and monetary policy would spur economic activity and support financial system stability. Fiscal consolidation would reduce crowding-out of the private sector. The easing of liquidity, coupled with price stability was expected to contribute towards lower lending rates.

The Government was currently developing a National Financial Sector Development Policy and a National Financial Inclusion Strategy. This was to provide a framework for coordinating efforts of both public and private sector players towards achievement of effective financial inclusion. The Policy and the Strategy were expected to be finalised and launched in 2017. The Strategy would also encourage innovation on the part of banks and other financial service providers through the development of tailor-made products and simplified know your customer (KYC) guidelines.

Committee's Observations and Recommendations

Your Committee urges the Government to finalise the preparation of the National Financial Sector Development Policy and the launching of the National Financial Inclusion Strategy by December, 2018. Your Committee awaits a progress report on the matter.

Enhancement of Research and Development Programmes

Your previous Committee had strongly urged the Government to enhance its research and development programmes by stepping up the capacity of the relevant institutions so as to encourage the production and use of local (and likely cheaper) building materials and technologies. In this regard, there was need to enact legislation that would promote the use of local materials so that innovation and research into alternative durable building materials would also be fostered.

Your previous Committee had further recommended that the Government should seriously consider spearheading the establishment of standards for local building materials by the Zambia Bureau of Standards (ZABS).

Your previous Committee had further observed that, generally, there were no City Development Plans to guide the provision of housing in a formalised and orderly manner.

Executive's Response

Your Committee was informed that the Government was in the process of promoting the production and use of local building materials and technologies. To that effect, the Government had partnered with the University of Zambia (UNZA) Technology Development Advisory Unit (TDAU) to conduct training and dissemination of information on the use of local building technologies and materials. The Government would also engage the Zambia Bureau of Standards (ZABS) with a view of spearheading the establishment of standards for local building materials and technologies. The review of the Building Regulations under the *Public Health Act, chapter 295 of the laws of Zambia* would also be undertaken to address performance based standards in which any material that fulfilled the stipulated performance criteria was acceptable. This would allow easy inclusion of local material and technologies to be licensed by the National Council for

Construction. Therefore, the new regulations would be developed to suit the climate, affordability and other socio-economic conditions in Zambia.

Committee's Observations and Recommendations

Your Committee strongly recommends that the Government finalises the enhancement of research and development programmes by stepping up the capacity of the relevant institutions and provide a progress report.

Allocation of Land to Institutional Developers

Your previous Committee had strongly recommended that in order to ensure that there was efficiency and transparency in the delivery of land and build organised housing estates on a large scale, land must be given at a reduced rate to institutional developers with a bias towards the development of affordable housing schemes for different social economic groups. The local councils would benefit from this proposal as these areas would be well planned and would bring additional land rates payments and other income.

Executive's Response

Your Committee was informed that the Government was drafting guidelines for the preparation of Integrated Development Plans (IDPs) in line with the *Urban and Regional Planning (URP) Act, No 3 of 2015* . Once prepared, the IDPs would provide a spatial framework that would ensure efficiency in the utilisation of land as well as provide strategies that would encourage private participation and investment in the housing sector.

Committee's Observations and Recommendations

Your Committee notes the response and strongly recommends that the Government completes the drafting of the guidelines for the preparation of Integrated Development Plans and provide a progress report.

Non Provision of Bulk Services to Residential Areas

Your previous Committee had observed that service providers did not provide their services in bulk to residential areas, resulting in high cost of housing as new developers had to meet these costs in full and pass them on to the final consumer. As a result, it had strongly urged the Government to consider enacting the necessary legislation on utility services to compel service providers to bear the cost of their infrastructure, unlike passing that cost to citizens who bought houses offered by property developers. This would also help to reduce the cost of houses which would consequently encourage developers to build more houses for the citizens.

Executive's Response

Your Committee was informed that the Government would endeavour to facilitate the provision of bulk services to residential areas through the relevant utility companies.

Committee's Observations and Recommendations

Your Committee urges the Government to seriously consider enacting the necessary legislation on utility services to compel service providers to bear the cost of their infrastructure by December, 2018.

Tax Waiver on Imported Building Materials

Your previous Committee had urged the Government to seriously consider waiving tax on imported building materials to reduce the cost of construction in order to increase the uptake of housing units provided by property developers in the country. The Government was further urged to consider reducing Property Transfer Tax on housing so as to encourage citizens to purchase houses.

Executive's Response

Your Committee was informed that in accordance with Statutory Instrument No. 17 of 2014 – the Zambia Development Agency (Multi-facility Economic Zone and Industrial Parks) (Priority Sectors) (Declaration) Order, 2014, development of housing estates by approved investors was a priority area. This implied that eligible investors that were in the business of developing housing complexes were entitled to duty free importation of machinery and equipment for a period of 5 years. Further, such companies would enjoy company tax holiday for a period of 5 years from the time of commencement of operations. Further, the Government was looking into various modalities of encouraging citizens to purchase houses.

Committee's Observations and Recommendations

Your Committee notes the response and strongly urges the Government to address the matter of tax waiver on imported building materials so that every citizen that is in the business of developing housing complexes is cushioned. It further urges the Government to consider reducing Property Transfer Tax on housing by December, 2018.

Availability of Serviced Land for Housing Development

Your previous Committee had urged the Government to take measures to make serviced land available for housing development and streamline the land allocation system. This was because land is inaccessible to most settlers, hence the mushrooming of unplanned settlements around towns and cities.

Executive's Response

Your Committee was informed that the Government, through the Ministry of Lands and Natural Resources, had been implementing the Land Development Fund Programme. The Fund was meant to assist city, municipal and district councils to open up new areas for development. Any

council wishing to open up and develop a new area could to apply to the Ministry to access the Fund. The Fund covered the following scope of works:

- preparation of the layout plan;
- demarcation and surveying;
- opening up of roads;
- water reticulation; and
- electricity provision.

The Ministry had, therefore, been administering the Fund to ensure that new areas being opened up were fully serviced in line with the above stated scope of works. From 2006 to date, the Ministry had disbursed a total of K81.5 million to eighty seven district councils across the country towards servicing of newly opened up areas. The Ministry was liaising with Zambia National Service (ZNS) to open up roads in all the surveyed areas.

In accordance with Article 233 of the Constitution (Amendment) Act, No. 2 of 2016, the Ministry was in the process of establishing the Lands Commission, which would have offices in all the provinces and progressively to the districts. The Lands Commission would administer, manage and alienate land across the country. The operationalisation of the Lands Commission would ensure the delivery of service closer to the people as the land allocation would be decentralised to provinces and districts.

Committee's Observations and Recommendations.

Your Committee notes the response and urges the Government to prepare the Bill that seeks to operationalise the Lands Commission and put in place measures to roll out awareness programmes to Councils on the utilisation of the Land Development Fund, by December, 2018.

Upgrading of Informal Settlements

Your previous Committee had recommended that the Government must upgrade informal settlements through focused investments in housing-related infrastructure (such as roads, drainages, electricity, water and sewerage) and deal with land tenure issues (increasing the issuance of title deeds and occupancy licences) as this would encourage individuals to improve their housing.

The background to the recommendation was that over 60% of formal sector employees were regarded as the working poor as they earned very little and could not afford decent housing. Lack of social housing in the country, to accommodate a citizen who was unable to afford commercial housing, posed a great challenge and ultimately, contributed negatively to the housing situation in the country as such citizens were forced into informal settlements.

Executive's Response

Your Committee was informed that the Government would facilitate private investor participation in the urban renewal of some of the informal settlements so as to improve the living

environment for the poor living in those settlements. In addition, the Government intended to undertake housing surveys to determine current and future housing needs.

Committee's Observations and Recommendations

Your Committee urges the Government to provide an update by December, 2018, on how private investor participation in the upgrading of informal settlements, will be actualised.

Housing Cooperatives

Your previous Committee had urged the Government to consider coming up with housing cooperatives for all income groups. The Government could help low income earners by releasing public land, establishing an umbrella organisation for housing cooperatives which should build their capacity and establish a cooperative bank or guarantee mechanisms so that cooperative banks could lend money to housing cooperatives.

Executive's Response

Your Committee was informed that the Government was providing support to new housing cooperatives and strengthening existing ones. Further, the Government's policy was to encourage local authorities and the National Housing Authority to exploit alternative sources of finances for housing and infrastructure development.

Committee's Observations and Recommendations

Your Committee strongly urges the Government to consider coming up with housing cooperatives for all income groups by December, 2018.

Risk Management Framework in Loan Procurement

Your previous Committee had observed with concern that there was no proper risk management framework as regards the loans procured by Government entities. The loan obtained by the National Housing Authority (NHA) from Shelter Afrique for the construction of North Gate Gardens was a case in point. Your previous Committee contended that if there had been a proper risk management framework, the NHA would not be experiencing the challenges that it was currently facing in repaying the loan.

Your previous Committee had, therefore, urged the Government to ensure that it provided policy direction with regard to risk management on loans procured by Government entities.

Executive's Response

Your Committee was informed that the Ministry of Finance was in the process of formulating a Risk Management Policy on loan contraction by Government entities which included the central Government debt and debt contracted by state owned enterprises (SOEs). In this regard, the Ministry of Finance had undertaken several activities in formulating the risk management policy

in relation to the central Government. However, regarding the debt emanating from contingent liabilities such as the case of the National Housing Authority (NHA) from Shelter Afrique for the construction of North Gate Gardens, the Ministry of Finance was currently undertaking consultative meetings to assess how contingent liabilities could be incorporated into the roadmap to formulating a Risk Management Policy.

The roadmap was as follows:

1. assessing the current debt portfolio to determine the embedded risks;
2. legislative reforms to strengthen the legal framework;
3. strengthening institutional framework to reduce operational risks;
4. exhaustive consultative meetings with various stakeholders;
5. drafting the Risk Management Policy; and
6. submitting the Draft Policy to Cabinet for approval.

In relation to the above-mentioned activities, the Ministry of Finance was currently at the second stage and had undertaken the following:

Assessing the Current Debt Portfolio to determine the Embedded Risks

Your Committee heard that in February 2017, the Ministry of Finance developed a Medium Term Debt Strategy (MTDS) which was a plan that the Government intended to implement over the medium term in order to achieve a desired composition of the Government debt portfolio, which captured the Government's preferences with regard to the cost-risk trade-off. A Medium Term Debt Strategy (MTDS) had a strong focus on managing the risk exposure embedded in the debt portfolio, potential variations in the cost of debt servicing and its impact on the budget.

On the basis of the above, the Ministry of Finance had been able to quantify risks and recommendations and how to mitigate the risks. The MTDS and Debt Sustainability Analysis documents were expected to be submitted to Cabinet for approval within 2017.

Legislative Reforms to Strengthen the Legal Framework

During the month of March, 2017, the Ministry of Finance in collaboration with the Ministry of Justice undertook an exercise to amend the *Loans and Guarantees (Authorisation) Act, Chapter 366 of the Laws of Zambia* in order to align it to the *Constitution of Zambia (Amendment) Act, No.2 of 2016* which mandated Parliament to have oversight on debt contraction. To that effect, the Ministry of Finance submitted the draft amendment of the *Loans and Guarantees Act, Chapter 366 of the Laws of Zambia* to the Ministry of Justice for legislative drafting of the Bill and subsequent submission to Parliament for approval.

Strengthening Institutional Framework to Reduce Operational Risks

The Ministry of Finance was in the process of implementing a new organisation structure which had been approved by Cabinet. This would enhance efficiency and effectiveness in management of public debt. The new structure was expected to be in full operation by fourth quarter of 2017.

In addition, the Ministry of Finance would continue to build capacity in debt management through training of staff in order to improve the skills.

Further, the Ministry had planned to hold consultative meetings with various stakeholders in order to get their input into the mitigation strategies. All the above activities would form the building blocks in drafting the Risk Management Debt Policy which was planned for submission to Cabinet by July, 2018.

Committee's Observations and Recommendations

Your Committee in noting the response, urges the Government to finalise the formulation of the risk Management Policy on loans and guarantees contraction by Government Entities without further delay. Your Committee awaits a progress report on the matter.

Consolidation of the Fragmented Housing Funding

Your previous Committee had strongly urged the Secretary to the Treasury to consolidate the fragmented housing funding scattered across various ministries and channel it through the new Ministry of Housing and Infrastructure Development. Your Committee had, further, urged the Government to consider setting up a National Housing Fund into which all Government funding relating to housing should be paid. The Government should consider establishing a Special Purpose Vehicle (SPV) to administer the fund.

Executive's Response

Your Committee was informed that the Government, through *Treasury Authority (TA) No.9 of 2017*, had allowed the Ministry of Housing and Infrastructure Development to operationalise its administrative structure. This was with a view of consolidating the fragmented allocations related to housing and infrastructure sitting in various ministries.

Committee's Observations and Recommendations

Your Committee urges the Government to provide an update on the progress made towards operationalisation of the administrative structure by the Ministry of Housing and Infrastructure Development.

Public Private Partnerships (PPPs)

Your previous Committee had recommended that the Government should be encouraged to go into Public Private Partnerships (PPPs) as this would reduce financial pressure on it, while enabling developers to meet the housing shortfall and provide housing for all income groups. In particular, the Government should assist vulnerable groups, such as persons with disabilities, to acquire decent shelter through alleviation of their affordability problems. Your Committee, further, recommended that there was need to synergise the partnerships with quasi-government institutions and local authorities in order to have a well coordinated system of reducing the housing deficit in the country.

Executive's Response

Your Committee was informed that the Government recognised the need for synergies with quasi-government institutions and the local authorities and the importance of having a well-coordinated system that would reduce the housing deficit in the country. In doing so, the Government had continued to promote public-private partnerships between investors and the National Housing Authority and the local authorities by using land as equity for development and provision of off-takers for the developed houses.

Committee's Observations and Recommendations

Your Committee awaits an update on the specific measures that the Government is taking to enter into public private partnerships (PPPs) as a measure to reduce financial pressure, while enabling developers to meet the housing shortfall and provide housing for all income groups.

Contracting of Works Using Foreign Standards

Your previous Committee had cautioned the Government to desist from contracting works using foreign standards as was the case with the Chinese company which erected prefabricated houses for the Ministry of Defence. Your Committee encouraged partnerships with contractors like the one under the Ministry of Home Affairs housing project who had proved to be very capable and was helping the country in reducing the housing shortage being experienced by the Ministry.

Executive's Response

Your Committee was informed that the Government had taken note of the recommendation by your Committee and would endeavour to implement it. The Government had always encouraged local contractors to partner with foreign constructors to participate in construction jobs as long as they were capable and met the National Council for Construction requirements.

Committee's Observations and Recommendations

Your Committee, while noting the response, urges the Government to give an update on how and when the Government intends to implement your previous Committee's recommendation of desisting from contracting works using foreign standards.

Local Contractor Participation

Your previous Committee had recommended that the Government must encourage local contractors to participate in construction jobs by helping them to partner with foreign contractors, at the awarding of contracts.

Executive's Response

Your Committee was informed that the Government would endeavour to implement the recommendation. Currently, the Government was pursuing a policy that 20% of infrastructure projects should go to local contractors. It had, however, been noted that there was need to build capacity of the local contractors to improve service delivery.

Committee's Observations and Recommendations

Your Committee, while noting the response, awaits a progress report on the specific measures, other than the 20% of infrastructure projects earmarked for local contractors, put in place by the Government, to encourage local contractors to partner with foreign contractors so as to be able to participate in construction jobs.

9.0 CONSIDERATION OF THE ACTION-TAKEN REPORT ON THE COMMITTEE'S REPORT OF THE FIFTH SESSION OF THE ELEVENTH NATIONAL ASSEMBLY

STUDY OF THE MANAGEMENT OF THE CONSTITUENCY DEVELOPMENT FUND (CDF)

Review of Management of the Constituency Development Fund (CDF)

Your previous Committee had recommended that a thorough review of the management of the CDF be undertaken. In that vein, your previous Committee had suggested that the Government should work closely with Non-Governmental Organisations (NGOs) in order to carry out a large scale study to evaluate the CDF. The Government should also work with the NGOs in order to continuously monitor and evaluate the management of the CDF as this would improve the administration of the Fund.

Executive's Response

Your Committee was informed that the Government had already commenced consultations with the NGOs with a view to working closely with them and to learning from them before it undertook the study. In addition, the commissioning of the study by the Ministry of Local Government would depend on the availability of resources. Be that as it may, the Ministry remained committed to undertaking the study. However, should the fiscal challenges persist, the Ministry would share its terms of reference regarding the study with NGOs and request them to undertake the study on its behalf.

Committee's Observations and Recommendations

Your Committee notes the response and urges the Government to finalise the review of the management of the CDF and the consultations with NGOs by December, 2018 and provide a progress report.

Stakeholder Consultation

Your previous Committee had recommended that the Government should initiate a consultative process with all the stakeholders in the quest to expedite the formal adoption of the revised CDF Guidelines. Further, appropriate legislation, with effective enforcement mechanisms, should be enacted to govern the administration and management of the CDF, as opposed to mere Guidelines. Provision should also be made in the legislation for regular auditing of the CDF by the Office of the Auditor-General.

Executive's Response

Your Committee was informed by the Government that the draft revised CDF Guidelines had been shared with the members of the general public and the NGOs and their submissions had since been incorporated in the draft Guidelines. In this regard, the Ministry was also committed to sharing the draft document with Members of Parliament with a view to obtaining submissions from them before finalisation. In addition, the Ministry reported that the CDF was currently audited by the Office of the Auditor General regularly since the funds were a charge on the national budget.

Committee's Observations and Recommendations

Your Committee notes the response and urges the Government to finalise the preparation of the revised CDF Guidelines by December, 2018 and provide a progress report on the matter.

Draft CDF Bill and Guidelines

Your previous Committee had resolved to await a progress report on the review of the Draft CDF Bill and the Guidelines by the Ministry of Justice.

Executive's Response

Your Committee was informed that the draft Bill and Guidelines were still under review and not yet concluded. The Ministry of Justice was expediting the clearance of the CDF Bill and the Guidelines.

Committee's Observations and Recommendations

Your Committee strongly urges the Government to finalise the process of reviewing of the Draft CDF Bill and the Guidelines and present a progress report.

Stakeholder Participation in CDF Management

Your previous Committee had recommended that the management of the CDF should be carried out in a consultative, inclusive and participatory manner, involving all key stakeholders. Your Committee had further recommended that the number of community dialogue meetings be

increased to allow community members to interface with local officials and project implementers.

Executive's Response

Your Committee was informed that communities had always been involved in the management of CDF. However, sensitisation by the councils had been irregular and inadequate, thus contributing to low local participation. To that end, it had been emphasised in the revised draft CDF Guidelines that the selection of projects should remain the preserve of the communities. Without evidence of such, Provincial Local Government Officers had been directed to recommend to the councils not to approve such projects. In addition, to enhance local participation, communities had been advised in the draft Guidelines to elect project implementation and maintenance committees to monitor implementation and sustenance of projects.

Committee's Observations and Recommendations

Your Committee urges the Government to put in place measures to compel councils across the country to come up with periodic community sensitisation strategies on the management and utilisation of the Constituency Development Funds (CDF) by December, 2018. Your Committee will await a progress report on the matter.

Community Participation

Your previous Committee had recommended that to further enhance local community participation, Ward Development Committees (WDCs), Area Development Committees (ADCs) and other similar structures should serve as Community Education Committees. Their roles should include organising communities to respond to participatory community activities, educating communities on the benefits of participating and helping to build local capacities, which would enhance the involvement of the local labour force in CDF projects.

Executive's Response

Your Committee was informed by the Government that Ward Development Committees (WDCs) were performing the role of sensitisation and advocacy to the local communities, thus enhancing local participation in districts where they had been formed. However, councils were also performing these roles through the elected representatives, faith based organisations and many other local institutions in districts where WDCs had not yet been operationalised. In this regard, the Government would endeavour to ensure that all councils operationalised WDCs as these structures were more close to the members of the community and that there was already a Cabinet Circular directing councils to establish the same.

Committee's Observations and recommendations

Your Committee urges the Government to submit a progress report on the measures taken to enhance sensitisation and advocacy capacities of WDCs.

Government Enhanced Community Participation

Your previous Committee had resolved to await a progress report on the efforts the Government was making to enhance community participation and service delivery.

Executive's Response

Your Committee was informed that the Ministry of Local Government had guided all local authorities to come up with sub-district structures as they were a pre-requisite to improved community participation and service delivery. By 2018 all local authorities were expected to have fully functioning Ward Development Committees.

Committee's Observations and Recommendations

Your Committee strongly recommends that the Government ensures the establishment of the sub-district structures by local authorities, which are a pre-requisite to improving community participation and service delivery by December, 2018. Your Committee will await a progress report on the matter.

Constituency Based Financing

Your previous Committee had recommended that the quantum of finances allocated to each constituency under the CDF should take into account the characteristics and unique circumstances of individual constituencies, such as the physical size and population density, among other characteristics. The CDF should not be based on a 'one size fits all' approach.

Executive's Response

Your Committee was informed that among the many purposes, CDF was established to serve as a vehicle to provide easy micro finance to facilitate equalising of development at all levels. In the same vein, the CDF assisted in cutting down on bureaucracy which tended to slow down development in the constituencies. However, that was not to say that consideration had not been made to ensure that the best possible means of allocating the CDF were adopted. The CDF broad cycle was still undergoing reforms and one of the issues under discussion was the mode of allocating the funds. This would address issues regarding unique situations characterising the constituencies such as vastness, poverty, population, location and other factors necessary to ensure equity between urban and rural constituencies.

Committee's Observations and Recommendations

Your Committee notes the response and strongly urges Government to ensure that the reform process of the CDF broad cycle is concluded by December, 2018. Your Committee will await a progress report on the matter.

The Role of Members of Parliament in CDF Management

Your previous Committee had recommended that the role of an MP should be clearly spelt out and explained to both the community members and the employees of the councils so that they could appreciate this role and challenge any wrong doing.

Executive's Response

Your Committee was informed that the role of the Members of Parliament would still remain that of lobbying for regular scaling up of CDF in the national budget. In addition, the MPs retained their membership in the Constituency Development Fund Committee (CDFC). They would, therefore, have the same roles and authority as the other members of the Committee.

Committee's Observations and Recommendations

Your Committee urges the Government to finalise the awareness raising to both community members and council employees, about the role of an MP by December 2018 and provide a progress report.

Rules and Regulations of CDF Expenditure and Procurement

Your previous Committee had recommended that the rules and regulations relating to expenditure and procurement be strictly adhered to. It had further been recommended that all the stakeholders in the management of CDF should be actively involved in the procurement process. This would enhance transparency and accountability in both expenditure and procurement processes under the CDF.

Executive's Response

Your Committee was informed in the Action-Taken Report that accountability for CDF was purely a function of the members of staff of the councils. Therefore, members of staff of a particular council as custodians of the Fund should also be responsible for procurements, accounting for expenditure and management of projects. This was in keeping with the Financial Regulations, CDF Guidelines and *Zambia Public Procurement Act, No. 8 of 2008*, which outlined issues of accountability for public funds to officers serving in the institutions, charged with the responsibility over the funds. In this regard, members of the community had participated in the CDF cycle by identifying projects, implementation of projects, monitoring and sustenance of projects.

Committee's Observations and Recommendations

Your Committee notes the response and recommends that the Government considers integrating all the key stakeholders in both expenditure and procurement processes under the CDF, by December, 2018. Your Committee will await a progress report on the matter.

LOCAL TOUR OF THE FIRE TRAINING COLLEGE IN KABWE

Procurement to Construct a New Fire Training School

Your previous Committee had noted the response and urged the Government to expedite the procurement process. Your Committee awaited a progress report on the construction of the ultra-modern fire training college in Kabwe.

Executive's Response

Your Committee was informed that the expression of interest was issued and companies have been shortlisted and issued with Requests for Proposal (RFP). The procurement process was almost complete. A company had been recommended and a contract was being drafted which would be submitted to the Ministry of Justice in due course.

Committee's Observations and Recommendations

Your Committee urges the Government to urgently finalise the procurement process and start the construction of the ultra-modern fire training college by December, 2018. Your Committee will await a progress report on the matter.

10.0 CONSIDERATION OF THE ACTION-TAKEN REPORT ON THE COMMITTEE'S REPORT FOR THE FOURTH SESSION OF THE ELEVENTH NATIONAL ASSEMBLY

STUDY ON SOLID WASTE MANAGEMENT IN ZAMBIA

The Management of Solid Waste

The Public Private Partnership Amendment Act

Your previous Committee had resolved to urge the Government to expedite the process of amending the Public Private Partnership Act, No 14 of 2009.

Executive's Response

Your Committee was informed that the draft Public-Private Partnership (Amendment) Bill was currently undergoing the final legislative review by the Ministry of Justice prior to submission to Cabinet for final approval. Subject to the recommendations of Cabinet and its comments, the Bill shall then be submitted to the National Assembly of Zambia.

Committee's Observations and Recommendations

Your Committee strongly urges the Government to finalise the legislative review of the Draft Public-Private Partnership (Amendment) Bill by December, 2018. Your Committee will await a progress report on the matter.

Stakeholder Consultation Concerning Street Vendors

Your previous Committee had recommended that an update be submitted on the allocation of a specific trading area for street vendors and had urged the Government to expedite the consultation process with stakeholders on the matter.

Executive's Response

Your Committee was informed that the local authority was working with the Road Development Agency to pave the alleys or backstreets within the Central Business District of Lusaka which would then accommodate all vendors. It was further reported that procurement of contractors for paving was underway at RDA.

Committee's Observations and Recommendations

Your Committee urges the Government through RDA, to finalise the procurement of contractors for paving the alleys or backstreets by December, 2018. Your Committee awaits an update on the allocation of trading space to street vendors.

THE MANAGEMENT OF THE HOUSE OF CHIEFS

Review of the House of Chiefs Regulations

Your previous Committee had resolved to await a progress report on the matter of reviewing the House of Chiefs Regulations, Statutory Instrument No. 41 of 1998, the consultative process with various stakeholders and the update on the appointment of Sergeant-at-Arms for the House of Chiefs.

Executive's Response

Your Committee was informed that the review of the House of Chiefs Regulations, Statutory Instrument No.41 of 1998 commenced in 2016. The Regulations were tabled before the House of Chiefs during its sitting in July, 2016. Comments and observations made by the House were incorporated into the draft. Consultations with other stakeholders were on-going. It was expected that the process would be concluded in 2018.

On the appointment of the Sergeant-at-Arms, it was reported that the House of Chiefs used a retired Sergeant-at-Arms who used to work for Parliament until such a time when treasury authority was granted to the Ministry of Chiefs and Traditional Affairs to employ one.

Committee's Observations and Recommendations

Your Committee urges the Government to finalise the review of the House of Chiefs Regulations, Statutory Instrument No. 41 of 1998 by December, 2018 and submit a progress report on the matter.

Capacity Strengthening of the House of Chiefs

Your previous Committee had requested for an update on the efforts the Ministry of Chiefs and Traditional Affairs was making to enhance the autonomy of the House of Chiefs and to increase funding, staffing levels and to create an independent accounting and administration unit.

Executive's Response

Your Committee was informed in the Action-Taken Report that through the Ministry of Chiefs and Traditional Affairs, the Government was in the process of restructuring the House of Chiefs so as to increase staffing levels and, among other things, accommodate an accounting unit at the House of Chiefs. Further, the Ministry of Finance had been engaged in the quest for increased funding to the House of Chiefs.

Committee's Observations and Recommendations

Your Committee strongly urges the Government to complete the restructuring of the House of Chiefs by December, 2018. Your Committee will await a progress report on the matter.

Review of the House of Chiefs Regulations

Your previous Committee had urged the Government to ensure that the process of revising the House of Chiefs Regulations was expedited so that ministers were compelled to respond to summons to appear before the House of Chiefs. Your Committee resolved to await a progress report on the matter.

Executive's Response

Your Committee was informed that there was a proposal in the draft House of Chiefs Regulations that included a clause that would compel ministers to respond to summons when called upon to appear before the House of Chiefs. The process of reviewing the House of Chiefs Regulations was expected to be concluded in 2018.

Committee's Observations and Recommendations

Your Committee urges the Government to finalise the review of the House of Chiefs' Regulations by December, 2018 and to submit a progress report on the matter.

House Keeping Matters of Committees

Your previous Committee had requested an update on efforts to ensure the resumption of the fourteen days sitting sessions and on the establishment of standing committees to deal with specific issues such as succession and boundary disputes, and monitoring of chieftom development programmes.

Executive's Response

Your Committee was informed in the Action-Taken Report that the revised House of Chiefs Regulations would address the establishment of additional committees to deal with specific issues such as succession and boundary disputes and monitoring of chieftom development programmes. Further, the Ministry had engaged the Ministry of Finance to increase funding in order to meet additional costs of resumption of fourteen-day sittings as opposed to the current five-day sittings.

Committee's Observations and Recommendations

Your Committee urges the Government to put measures in place to finalise the review of the House of Chiefs Regulations by December, 2018. Your Committee will also await a progress report on the resumption of the fourteen days sitting.

Construction of Modern structure to Accommodate House of Chiefs'

Your previous Committee had urged the Government to ensure that the process of constructing a modern building to accommodate the members of the House of Chiefs was expedited to improve the current status.

Executive's Response

Your Committee was informed that the process of constructing a well-equipped modern building to accommodate the House of Chiefs was still under consideration, notwithstanding the fact that Government policy was to complete old capital projects before embarking on new ones.

Committee's Observations and Recommendations

Your Committee urges the Government to seriously consider commencing the construction of the well-equipped modern building to accommodate the House of Chiefs by December, 2018.

Note: Following the creation of the Committee on Local Government Accounts under Standing Order No. 157 (1) of 2016, and its operationalisation in 2018, your Committee on Local Governance, Housing and Chiefs' Affairs resolved to transfer all matters relating to local government finance contained in the Action-Taken Report to the newly created Committee.

11.0 Conclusion

Your Committee wishes to thank you for the opportunity rendered to undertake a study on decentralisation. It is generally the view that the implementation of the Policy has lagged behind.

Your Committee is, therefore, hopeful that the observations and recommendations made on the implementation of the National Decentralisation Policy will be favourably acted upon by the Executive.

Your Committee is indebted to all the stakeholders who appeared before it for their cooperation in providing the necessary memoranda and briefs.

Your Committee, Mr Speaker, also wishes to extend its gratitude to you for the guidance and support rendered to it throughout the year.

Finally, Sir, your Committee wishes to express its appreciation to the Office of the Clerk of the National Assembly for the invaluable and tireless assistance rendered throughout its deliberations.

N Samakayi, MP
CHAIRPERSON

June, 2018
LUSAKA

Appendix I

List of National Assembly Officials

Ms C Musonda, Principal Clerk of Committees
Mr F Nabulyato, Deputy Principal Clerk of Committees (SC)
Mr S Chiwota, Senior Committee Clerk (SC)
Mr M Chuba, Committee Clerk
Mrs A M Banda, Committee Clerk
Mrs B M J Mwandemena, Personal Secretary II
Ms A Choongo, Receptionist/Intern
Mr D Lupiya. Acting Committee Assistant