



REPUBLIC OF ZAMBIA

MINISTRY OF LOCAL GOVERNMENT AND HOUSING

POLICY STATEMENT

BY

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**ON THE PROGRESS CONCERNING THE DECENTRALISATION
IMPLEMENTATION PLAN (DIP) 2009 - 2013**

MLGH

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INTRODUCTION

Mr. Speaker, I wish to thank you for according me this opportunity to give a Ministerial Statement to apprise the house on the progress which Government has made on the Decentralisation reforms in general and the Decentralisation Implementation Plan (DIP 2009 - 2013) in particular.

Mr. Speaker, in his speech during the official opening of the Fifth Session of the Tenth National Assembly on 17th September, 2010, His Excellency the President Mr Rupiah Bwezani Banda, reaffirmed the commitment of Government to the Implementation of the National Decentralisation Policy. This affirmation was a timely follow up to the approval of the Decentralisation Implementation Plan (DIP) by Cabinet on 14th December, 2009. Since the approval of this Plan, Government has made much progress towards its implementation and it is now my pleasure to give this detailed statement on the progress made.

BACKGROUND

Sir, allow me to preface my statement with a brief background to the Decentralisation Reform Programme.

PUBLIC SECTOR REFORMS.

Mr. Speaker, when the Republic of Zambia reverted to plural politics in 1991, Government recognised the need to undertake complementary reforms in various sectors particularly in the area of the economy and the Public Service in order to orient these crucial sectors to providing an appropriately supportive framework for the nation's new democratic dispensation.

With specific regard to the Public Sector, the Government committed itself to undertaking a broad based long term reform with the overall goal of enhancing the capacity and performance of the Public Service to meet the expectations and obligations of Government. In pursuit of this

objective, Government developed the Public Service Reform Programme or PSRP in short. This programme specifically aimed to;

- a) Democratise decision-making through a wider use of the consultative process;
- b) Improve Government capacity to analyse and implement national policies and perform its appropriate functions;
- c) Effectively manage public expenditure to meet fiscal stabilisation objectives; and
- d) Make the Public Service more efficient and responsive to the needs of the country's population.

The PSRP includes the **Public Service Management (PSM)**, **Public Expenditure Management, Financial Accountability (PEMFA)** as well as **Decentralisation and strengthening of Local Government**. Through this last *component*, Government aimed at improving the delivery of basic services through decentralising various functions and resources from the Civil Service to democratically elected Councils.

Mr. Speaker, through the PSRP Government took the first steps towards Decentralisation through the deconcentration of Basic Education, Agriculture Extension and Primary Health Care functions to the district level in the Mid 1990s. Water Supply functions were devolved to Councils during this period. In order to define and determine the overall implementation of the Decentralization strategy across the Public Sector, Government undertook a broad based process of public consultation between 1995 AND 1996, which culminated in the development of the National Decentralisation Policy. This policy was adopted by the Cabinet in November 2002 and later launched by His Excellency the President on 20th August 2004.

THE NATIONAL DECENTRALISATION POLICY VISION AND OBJECTIVES

Mr. Speaker, the vision of Government is 'to achieve a fully decentralised and democratically elected system of Governance characterised by open,

predictable and transparent policy making and implementation processes, effective community participation in decision-making, development and administration of their local affairs while maintaining sufficient linkages between the centre and the periphery’.

THE SPECIFIC OBJECTIVES OF THE POLICY ARE:

- (i) To empower local communities by devolving decision-making authority, functions and resources from the centre to the lowest level with matching financial resources in order to improve efficiency and effectiveness in the delivery of services;
- (ii) To design and implement mechanisms to ensure a “bottom-up” flow of integrated development planning and budgeting from the district to the central government;
- (iii) To enhance political and administrative authority in order to effectively and efficiently deliver services to the lowest level;
- (iv) To promote accountability and transparency in the management and utilization of resources;
- (v) To develop the capacity of councils and communities in development planning, financing, coordinating and managing the delivery of services in their areas;
- (vi) To build capacity for development and maintenance of infrastructure at local level;
- (vii) To introduce an integrated budget for district development and management; and

- (viii) To provide a legal and institutional framework to promote autonomy in decision-making at local level;

THE DECENTRALISATION IMPLEMENTATION PLAN

Sir, the implementation of the Decentralisation Policy is guided by a detailed Decentralization Implementation Plan (DIP) which serves as the overall Government roadmap guiding the implementation of all activities specified under the policy. The DIP was approved by Cabinet on 14th December 2009 and runs for five years up to 2013.

Sir, the DIP was specifically formulated to meet the following objectives:

- (i) To clearly articulate implementation components of the decentralisation process;
- (ii) To define the steps, prioritisation, and sequence of the components/activities;
- (iii) To provide a guide for the preparation of detailed Annual Work Plans for each component;
- (iv) To provide the background and rationale for the proposed interventions, their timing and duration;
- (v) To indicate linkages between the major activities;
- (vi) To estimate the dip resource requirement for its effective implementation;
- (vii) To outline the institutional framework for implementing the policy and how the implementation process and inputs from the various stakeholders will be coordinated, monitored and evaluated; and
- (viii) To indicate the financing mechanisms for the plan.

CURRENT PROGRESS

Mr Speaker, following the definitive affirmation of Governments political will to implement Decentralisation Reforms as demonstrated through the approval of the DIP, my Ministry and other stakeholders have worked to accelerate the implementation process in the following components of the plan;'

SECTOR DEVOLUTION

Sir, Sector Devolution which is the actual transfer of functions together with matching resources to Councils is the backbone of the Decentralisation Policy. Under this component Government has identified and detailed all functions designated for devolution to Councils under the policy. All affected Ministries are presently at different stages in development of their sector devolution plans. It is planned that some Ministries including the Ministry of Education will finalise their devolution plans within 2010 while the rest will conclude their plans by the second quarter of 2011. Each Devolving Ministry has factored this element in their 2011 budget to complete their sector devolution plans. Our target is to secure Cabinet approval for these plans during 2011 in readiness for sector devolution to commence in 2012.

ORGANISATION STRUCTURES

Mr Speaker, the bulk of the managerial, technical and financial capacity needed to realise the Government's vision for Decentralisation is already available in the districts in the form of line departments of the Civil Service. The primary thrust of the DIP is therefore to facilitate the devolution of designated parts of this capacity to Councils as a way of strengthening the Local Government System and improving overall efficiency in service delivery in line with provisions of the Decentralisation Policy. In order to facilitate this process, I am pleased to report that Government has already developed new organisational structures for all City, Municipal and District Councils in line with the Decentralisation Policy. These structures are currently being assessed for

their cost implications. This process is expected to be completed in 2011.

PUBLIC SENSITISATION AND CIVIC EDUCATION

Mr Speaker, since the approval of the DIP, Government has also continued to undertake sensitisation and civic education campaigns to inform the public about the policy and its planned implementation arrangements. The policy has been translated into all major Zambian languages and disseminated to every part of the country.

LEGAL REFORMS

Mr Speaker, Zambia has a legislative framework that broadly supports decentralisation. This situation arises as a consequence of a past period during which various functions now performed by Central Government were performed by Councils. In order to facilitate the development of legislation that will drive the current decentralisation initiative, effort is being undertaken in a two-fold approach. On one hand, the Local Government Act Cap 281 of the Laws of Zambia is being amended to provide for new elements such as the enhanced participation of citizens in Local Government. On the other hand, Government is amending sector legislation to allow for the devolution of functions designated under these sectors. To date, progress in this component is underway in the sectors of Local Government and education. Progress in other sectors awaits the finalisation of respective sector devolution plans.

CAPACITY DEVELOPMENT

Mr Speaker, the primary strategy which the Government intends to use to uplift the human resource capacities of Councils is the operationalisation of the Local Government Service Commission. This strategy will enable the uplifting of capacities in Councils before devolution and will also facilitate the transfer of affected personnel to Councils as part of the devolution process. I am pleased to inform this House that following the

approval of the DIP, Government has prepared and this House has passed legislation to re-establish the Local Government Service Commission. The Commission will be in charge of personnel at principle and officer level in the Local Government Service.

Sir, as part of the above strategy, the Government is currently developing a comprehensive capacity development programme for decentralisation implementation. The first part of this process which involves undertaking a baseline survey to assess the existing capacity and capacity gaps in skills needed to implement the policy in Councils, provincial offices and the headquarters of the Ministry is underway. Meanwhile, an interim capacity development programme including such areas of training in leadership and Activity Based Budgeting (ABB) is being implemented. Other training areas including change management will be implemented starting in 2011. Further, to facilitate the introduction of Information Communication Technology (ICT) in the management of Councils and Provincial Offices, the Ministry has procured and is expanding a wide area network to connect all Councils. As of July, 2010, 33 out of 72 Councils were connected to the Ministry's Headquarters. These are focused strategies that will ensure success of our decentralisation process.

LOCAL DEVELOPMENT PLANNING

Mr Speaker, an important element of the Decentralisation Policy is the introduction of Area Development Committees (ADCs) in every ward to bring Government closer to the people and afford them an opportunity to participate more effectively in their local affairs. I am pleased to report that since the approval of the DIP, Government has concluded a detailed consultative process on the establishment of these Committees. This report will shortly be tabled before Cabinet following whose approval; appropriate legislation will be developed to facilitate the establishment of the Committees. The Ministry anticipates commencing the establishment of ADCs in 2011.

In addition to the foregoing, the Ministry also prepared the Urban and Regional Planning Bill, and once this is enacted into law, the functions of Planning Authorities under the Town and Country Planning Act will be devolved to all Councils (including District Councils). All Councils will thereby become Planning Authorities in their own right and will be responsible to develop and implement their integrated development plans in a participatory manner. Commencement of this process is anticipated in 2011.

FINANCIAL MANAGEMENT AND ACCOUNTING

Mr Speaker, in order to improve on the financial management and accounting of Councils and subsequently to facilitate devolution of functions, a new integrated chart of accounts has been developed and disseminated to all the Councils. With this chart, Councils will use the same account classifications and codes as the Central Government uses. This will allow councils to apply the Medium Term Expenditure Framework just as the Central Government does, and this will improve the Public Financial Management of the Government as a whole. My Ministry in collaboration with the Ministry of Finance and National Planning is conducting the piloting of the introduction of MTEF to seven (7) councils in 2010, and the MTEF will be rolled out to all the Councils in 2011.

Fiscal Decentralisation

Sir, Fiscal Decentralisation relates to the assignment of mandates and revenues as well as revenue sources between the Central Government and Councils. It aims to ensure that there is a balance between mandates and resources at all levels to avoid the incidence of unfunded mandates especially at the local level.

Mr. Speaker, since the approval of the DIP, my Ministry has revised the format of all the grants to Councils. In 2010, restructuring and recurrent grants have been disbursed on the basis of a new revised formula which

objectively takes care of the developmental status of each district. This formula based approach will be revised for the 2011 budget and onwards. In order to inculcate a performance oriented approach into the Councils, a performance assessment system for councils is also under development. The performance of Councils will henceforth be considered one of the key elements to determine the allocation of grants.

In addition to the above, my Ministry in collaboration with stakeholders is working out a holistic review of the revenue assignments between Central Government and Councils in accordance with expenditure assignments after devolution. This will entail a revision of the inter-governmental fiscal relationship between Central Government and Councils to include tax reform, grants reform and local government revenue reform. As part of the preparation for this process, the Ministry has been consolidating the information of the disbursement and the utilisation of the grants to Councils, and aims to develop a database of the financial information of the Councils.

In order to improve the councils' revenue base, the ministry is in the process of reviewing the rating act in order to simplify the updating process of the valuation rolls. The Ministry is also encouraging affected Councils to make use of municipal revenue opportunities provided for in various pieces of sector legislation such as the Mines and Minerals Act and the forest act.

IMPLEMENTATION APPROACH

Mr Speaker, the Ministry is aware that there is high anxiety at the district and sub-district levels of the country to expedite the decentralisation process. However, international experience has shown that a hurried up "big bang" approach poses tremendous risks, such as the possible creation of a vacuum of service delivery in some parts of the country. Thus, while my Ministry will take all necessary measures to ensure the speedy implementation of decentralization, it will also take caution to

ensure the sustainable implementation of the reforms. Further my Ministry has taken into account the available resource envelope and the adaptability to changes of the society as a whole to set the pace of the implementation of a comprehensive programme of DIP.

Mr. Speaker, I am glad to inform the House and the Nation that following the approval of the DIP, Government is on course to show concrete outputs and outcomes of decentralisation, and once devolution plans of the Devolving Ministries are finalised early next year, the implementation process will be accelerated.

Mr. Speaker, may I in conclusion take this opportunity to express my sincere appreciation and gratitude to all stakeholders who are working with Government in various ways to ensure the successful implementation of this complex reform process. Only the attainment of our collective vision of empowering our citizens to participate meaningfully in the development of this country can be a worthy reward in this quest. I therefore urge them to be untiring in their support until the implementation of the DIP and the achievements of the objectives of decentralisation are attained.

Mr. Speaker, I thank you.